



DAILY INFORMATION BULLETIN

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

Thursday, February 23, 1995

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Governor's question and answer session in LegCo

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Following is the transcript of the Governor the Rt Hon Christopher Patten's question and answer session in the Legislative Council today (Thursday):

The President: The Governor will answer questions on the four topics which have been indicated to Members. A Member who has asked a question may for the purpose of seeking elucidation only ask a short follow-up question. Show of hands please. Dr David Li.

Dr David Li: Sir, Government officials have openly admitted that it's not possible to return all Vietnamese boat people by the original target date of the end of 1995, and more than 100 boat people will be released into the open camp. Will you please inform this Council whether there will be a clear solution to the problem before 1997, in order to clear the refugee camps before the handover to China?

Governor: That is of course what we're working very hard to achieve and we'll keep on doing so. I think it's important to put our efforts into context. We've seen probably a more successful programme of repatriation from Hong Kong than anywhere else in the Region. We've seen the return of I think it's now over 44,000 migrants from Vietnam back to their own country and the difficulties that we had last year were partly associated with the fact that understandably we had to interrupt the mandatory programme after the unfortunate events at Whitehead. I think that that had an effect on the flow of those who were voluntary returning to Vietnam. The figures for voluntary returnees had been running at about 1,000 a month, about 12,000 a year for the previous two years and I think that represented extremely satisfactory progress. I hope that we'll be able to see the programme picking up again and it remains, as we've been arguing very strongly in Kuala Lumpur in the last couple of days, it remains our objective to see the return of those migrants as rapidly as possible.

I'd just add a couple of points. Vietnam is turning itself into one of the more successful economies in the Region and I think that people in the Region and outside regard it as astonishing that migrants should be declining to return to an economy which is picking up speed so rapidly, not least thanks to substantial investment from Hong Kong.

Secondly, the Regional Programme has I hope received a boost, a stimulus with the Kuala Lumpur meeting, that was preparing the way for another meeting of the participants in the Programme, probably early next month in Geneva, when I hope that we'll be able to see substantive progress which will enable us to get on top of this problem once and for all. But I do want to add, as I've said to the Council before, that those who actually implement the Programme and make it work, not least members of our Correctional Services Department, deserve the understanding and thanks of this Council and of the whole community.

Mr Hui Yin-fat: Government plans to move a motion debate in LegCo on March 8th, on a mandatory Provident Fund Scheme and if the Scheme won the obvious support in LegCo then our Government will consult the Chinese Government and appoint a consultant to work out details of the Scheme. I think the working procedure is absolutely correct but at the same time Government had said that she will not guarantee for any investment risk nor can she be specific about implementation date. Governor, how can we as LegCo Members recommend to the general public a retirement scheme which cannot immediately provide for their retirement benefits and which cannot guarantee any investment risk? And if the Government scheme cannot get obvious support from LegCo, does it mean that the retirement scheme will be shelved for ever? Thank you Sir.

Governor: I hope we'll have a chance of a few exchanges on this issue because it's an extremely important one. I'll answer the points which the Honourable gentleman has made but I hope we have some other questions on this important matter as well.

First of all, I don't think that it would be remotely right, remotely sensible for the Government to offer taxpayer guarantees against investment risk. I think that would be an astonishing way of behaving. It would encourage fund managers to behave recklessly with the money that was in their care. I'm sure it's right for us in devising a scheme to guard against fraud and related problems and to ensure that in its financing the scheme does that and provides us with some protection, some insurance. But I don't think that any responsible or prudent Government would seek to place on the taxpayer the liability for mistakes made by fund managers or by financial advisers in the private sector.

On timing, I guess, we've been talking about this for 30 years I understand, I guess that if the debate continues much as it has for the last three years or 30 years we could go on talking about it for 300 years. That's perhaps a conservative estimate. I just remind the Council what the position is. In 1992, we put forward for discussion proposals for an RPS which were strongly criticised, partly criticised on the grounds that they didn't deal with immediate need, that they didn't deal with the problems of the lower paid, that they didn't deal with the problems of housewives. So we went back to the drawing board and we tried to come forward with a scheme which met all those problems while remaining financially prudent and we put forward our Old Age Pension Scheme. I've looked at all the editorials and media coverage of the Pension Scheme and in case Honourable Members forget, it didn't receive an enthusiastic thumbs up from the media. It didn't actually receive an enthusiastic thumbs up from Chinese officials, from the business community or from this Council.

I had a very engaging afternoon earlier this week reading the debate once again that took place in this Council in November. There was only one Member of the Council, as perceptive and wise as ever, who gave us completely unqualified support for the introduction of the Pension Scheme, one, one Councillor out of this whole great august institution. So I'm slightly surprised now when people tell me that there was overwhelming support for the Scheme. I think the opinion polls show that there was a great deal of support for the Scheme and show that there's still a great deal of support for the Scheme, but the Legislative Council hasn't, perhaps in its wisdom, but certainly hasn't reflected that support.

So we're intent on proceeding this time, first of all by taking the view of the Legislative Council and I hope that that will demonstrate that we're nearer this time to establishing a consensual position on this issue. But if we don't, if we can't find a consensus on this issue, I don't think that the Legislative Council or anybody else should expect us to go away and think up a new scheme so that we can make this into a sort of annual ritual. We would very much like, having put in hand with the help of this Council, measures to greatly improve services for the elderly, we'd very much like as well to deal with the issue which many Honourable Members have talked about over the years, the issue of financial protection for the elderly. I think it would be very good for Hong Kong if we were able to resolve that issue before other very important issues come along in 1997, but if, if we can't do that, I beg the Council to understand that we can't indefinitely search our desk for new schemes.

So I hope that we can proceed on the basis that we're now suggesting, that seems to us to represent the best chance of finding an acceptable way forward, acceptable to the whole community, but it will be for the Council to make its views known on the 8th March.

Mr Lee Cheuk-yan: Mr Governor, I would now like to ask a question on the OPS as well. In your reply to Mr Hui Yin-fat you said that this Council has got only one Councillor giving unequivocal support to the scheme but I would say many Members here would support a tripartite pension scheme for the elderly; they don't want that only the employer and the employee would have to contribute, they want the Government to join in as well. But you are now raising the expectations of the elderly and then dashing their hopes. Do you still think that the OPS is the best option?

And secondly, how can you remedy the situation? You have raised their expectations and now they have got nothing. How are you going to make an account to the elderly people? What kind of measures will you take so that they can live a dignified life after retirement, because you know very well that a mandatory retirement scheme as spelt out in your Policy Address will take 20 to 30 years to be effective. So, I hope I can get from you a very clear answer so that we can give an account to the elderly people. We should give an account to those who are already retired. What can you do to protect their lives after retirement?

Governor: I think, first of all, I must welcome the Honourable Member to the Council. We have met in all sorts of places in the past - street corners, trade union meetings - but this is the first time we have met in the Council and I welcome him to this body where I am sure he will make an important contribution.

I think, if I may say so, - and one must of course be extremely polite to people in any legislature when one addresses them the first time, and I hope, subsequently - I think, with respect to the Honourable Member, he is pointing up some of the problems that I mentioned earlier. He was prepared to endorse our pension scheme provided we did things that we thought would be wholly imprudent and wholly wrong. We were actually proposing a pension scheme under which the Government would make a substantial contribution. In the early years, if you rounded all the figures up, we were, I think, contributing over 30 per cent. But whatever the Government proposed in that scheme, Honourable Members said, was not enough. We kept on being pressed to do more, to put in more, to add more to that scheme in a way which I think would have been wholly unreasonable and would have actually produced some of the difficulties and some of the problems which people anyway were accusing us - of doing things which made no financial sense in order to try to help elderly people.

Dashing hopes; well, I think that fewer hopes would have been dashed if some of those who now tell us that they were in favour of the pension scheme had argued for it and worked for it, without any of those massive nuclear qualifications, when we actually introduced it. If I was to be able to say, looking back on the Legislative Council's Debate in November: 'It was wonderful, there was only one person who spoke against it', I would be in a rather better position, because I do think that that scheme represented a prudent and generous and immediate way of dealing with the problem which we all recognise exists.

Unless we bring forward a scheme which has community support - and I mean by that which has the, at least, implicit endorsement of business, of the future sovereign - and the explicit endorsement of this Council, which enjoys support outside the Council too - unless we can do that, we are not going to be able to work for the elderly in a way which will last. I hope that we can get a scheme in place, because I think the elderly deserve it.

But what of those elderly who are in need today? I am obviously, principally aware of the figures of support for the elderly over the last three years, since the summer of 1992. I look at CSSA rates over that period and they have gone up considerably. It's not playing with figures. I'm not saying that it necessarily represents all that should or could be done but the figures are astonishingly impressive. For any single person on CSSA, the figures have increased by 58 per cent in cash terms since the summer of 1992, or 29 per cent in real terms, after allowing for inflation. The figures for a family of four or larger are even more impressive. So, we have increased the support that we provide for the elderly in need and for others in need. And when the Council or others say, 'But you haven't yet done enough', they do have to remember that we not only have to be as generous as we can be, but as prudent as Hong Kong must be over the next few years. So, I hope that in meeting our obligations to the elderly and to others under CSSA and in other ways, we will also remember our obligations to run the economy as smoothly as possible.

Mr James Tien: Thank you Mr President. Governor, the Liberal Party and the business community welcome the decision to shelve the OPS and we are very much in support of the Government's new proposal for a mandatory privately managed retirement scheme. We will support the motion as outlined by the Government yesterday. However, yesterday there was a press statement that was released which outlined several of the main features. However, one main feature that was not included is the point that we were worried that of the 2.8 million people that are working, when we have any mandatory retirement scheme we want to cover all of them. The point I want to raise is that, would Government consider either running or setting up a statutory body to manage those self-employed and the employees of the small employers, let's say with five workers or less. They will certainly not be the majority of the 2.8 million workforce; they possibly might total several hundred thousands. Otherwise, this group of people will be left out without any scheme and we certainly would not like to see that happen.

Governor, the second point is that, a Government spokesman who released the press statement yesterday - I assume it is not Mr Michael Leung, Secretary for Education and Manpower - the first statement he made was: If we are to propose an alternative to the OPS then we must have the clear support of the LegCo, clear support from LegCo will mean that we will proceed - and so on and so forth. We would like to understand a bit more on your wording of "clear support". I hope it doesn't mean 58-1. I hope it means something like 29-28 would still mean clear support and that you will go ahead and not defer this with further consultation into the SAR Government. Thank you, Governor.

Governor: I am comfortable with any sort of vote as long as it is a majority. As somebody once said: a majority is the best repartee. What we need to be able to do is to be reasonably confident that we can carry the Legislative Council with the overall thrust of our policy and put the main legislation and the subsidiary legislation in place thereafter. We are not hung up on any particular figure, though I have to concede to the Honourable gentleman that 58-1 sounds like a pretty good figure to me. I'm not sure who the one -- No, the one I think will be on the Honourable gentleman's left.

So, as far as we are concerned we want to take the Council's mind, we want to explore with the Council and with others in the community, whether there is a way, at last, that we can nail this issue down for once and for all. People have accused us of doing a U-turn on our policy. That is, strictly speaking, untrue; we have done two U-turns. We brought forward proposals in 1992 with good intentions - it is not part of some cynical exercise to put off reaching a decision, we are actually trying to crack a problem; that is what government should be about. We were told that that approach was no good, so we brought forward another set of proposals which we thought met the criticisms of the first set of proposals and then we were told that was no good. Now we have brought forward yet a third set and some of the people, even some of the media organisations which were denouncing us for what we said over the second set of proposals are denouncing the third set of proposals on the grounds that they don't meet the sort of objectives which the second set of proposals were trying to meet. When you lead, you do have to be able to look over your shoulder from time to time and see people behind you, and that is what I hope that we can do this time.

We are accused as well, and this is what I want to come to, the Honourable Member's first point - we are accused as well, of not having met every problem, having worked out every detail. We haven't. We wanted to get a broad steer from this Council and then go away with our consultants and try to hammer out all the detail afterwards, including the sort of points which the Honourable Member made in his first question. We have seen the clear necessity to get involved in helping to establish a scheme to deal with the problems of some of the smaller employers, some of the smaller groups of employees, who I think will need some sort of reserve scheme which the Government helps to establish. Whether we need to go beyond that is a matter that we will be very happy to discuss with the Honourable Member and other Honourable Members. I repeat, we can't make this work unless we can get support right across the community. And to follow what the other Honourable Member was saying a moment or two ago, there are expectations, there are hopes which we don't want to dash but which we want to meet in as sensible and generous and prudent a way as possible.

Mr Tam Yiu-chung (through interpreter): Thank you Mr President. I'd like to talk about retirement protection with the Governor. The Governor said that with regard to the OPS public opinion does not support it and therefore it has been shelved. Now the Government received submission on OPS and I would like to point out that recently a TV station commissioned a polling company to conduct a public survey for the OPS. It was found that 70 per cent of the respondents supported the OPS and the Governor stated that in this Council there was only one Councillor who supported the OPS unconditionally.

Now I would like to make the following points: with regard to the OPS, now in the consultation paper very often when it was debated in this Council, Councillors of course put forward suggested improvements. When we propose improvements that does not mean that we do not support the scheme and if the Government wants to proceed with a certain thing, I think the Government would have the support of the Council. Last time you pushed the reform package, that was a case in point and last night Government officials in the afternoon lobbied hard against Mr Ho's Private Member's Bill. So you yourself Mr Governor, and your subordinates are very skilful in lobbying and very often you are successful. So, on this point you need not be overworried and very often you say that you put forward proposals and many people criticise the proposals and there are counter proposals. That is quite o.k. With regard to retirement issues, if you want to find an absolute consensus, well you need not go further because you will not succeed. You will never get 100 per cent consensus.

Lastly, you said that for this mandatory private provident fund you would like to know the thinking of the Council. That is unfair to LegCo because you've just outlined the Scheme. You do not give us the details of the Scheme so that we can make a choice. That being so, if you ask us for support that is what is unfair because on these sketchy details we may not give you ready support and then if we do not give you ready support you will drop it. So on the 8th March, if you force Councillors to indicate their stand, that is rather unfair, that is unreasonable too. Thank you.

Governor: I'd like to say straightaway that while I read the Honourable gentleman's speech in the debate on the 9th November, and did find his conditions or qualifications fairly extensive, nevertheless it's true that the Honourable Member supported the thrust of the Government's proposals and did so, I think, from time to time extremely bravely. Both he and I, I guess, would have found ourselves lumped strange bedfellows in the same category as Euro-socialists which for some is, which is itself ideologically curious, apparently a term of abuse.

Let me correct something that the Honourable Member said. I don't think that I've ever said that public opinion didn't support our Old Age Pension Scheme. I think public opinion by every yardstick that's been applied, actually did support and probably still does support our Old Age Pension Scheme. Most of the polls, and there have been several in newspapers as well as the television poll that the Honourable Member referred to, most of the polls suggested support of between 60 and 70 per cent and I dare say that in other communities and in other constitutional situations that would have manifested itself more clearly in the debate on the 9th November, but it can't be said that we can point to as extensive support as we require elsewhere and I won't go through the litany of our critics once again.

I can assure the Honourable Member that I would not be backward in coming forward with examples of great support if they existed because I would prefer to get on with a Scheme that we were advocating in good conscience last year and not spin from U-turn to U-turn. But the sort of support that we need hasn't actually manifested itself, or maybe it will suddenly remanifest itself in the debate on the 8th March, we shall watch out for that with great interest.

Secondly, the Honourable Member was very complementary about the skills of the Government in securing majorities in this Chamber. We have, from time to time, been able to secure majorities for important parts of our strategy. Indeed we've normally managed to secure majorities, but I don't think that we had the impression after the 9th November, that we were going to be able to get even a majority of one on this. But conceivably the 8th March will prove us wrong. I shall see.

Thirdly, the Honourable Member said that it was unfair for us to expect the Council to reach a view on the 8th March, without having all the details in place, but if we put forward proposals with all the details carefully worked out and in place the Honourable Member and others would probably accuse us of not properly consulting the Legislative Council and not being prepared to listen to views and to listen to advice. So we'd be hanged whichever course we followed.

I don't know a better course than the one that we are now proposing. We're not, and perhaps the success of our recent whipping would confirm this in the Honourable gentleman's estimation, we're not complete political innocents. We do actually understand some of the hazards of the course of action in which we're involved but as ever in life and politics there are hazards whichever options one follows and I do want and I think that a majority of this Council wants, and I'm sure that the majority of the community wants to try to sort this issue out one way or another before 1997. It's not going to be any easier in 1997, I didn't make a political point. The Government of the SAR is going to have lots of problems to deal with on its plate, as we do today, and if we can get this one sorted out before then I think that will be helpful to the future SAR Government and certainly helpful to the whole community.

Mr Tam Yiu-chung (through interpreter): Thank you for allowing me to ask a supplementary question. First of all I thank the Governor for paying so much attention to my speech on the 9th November, I hope I can share the same view with you on many occasions but many a time I'm disappointed. I think if you give us the details of the plan Members here will not object to it because of the details attached. With details it will facilitate our expression of opinion on the Scheme and it is not the case that all the views expressed by the Administration will be accepted. Difference in opinion, in my view, is all right because difference in views will enable the Administration to take a more global view on the issue.

If the Governor attaches a great amount of importance to consensus then you should pay attention to this consensus, I don't think anyone in this Council will object to this idea. We would like to implement a plan to increase CSSA payment to \$2,500 per month. I hope the Governor will implement this as soon as possible.

Governor: On the first question, of course I will pay a great deal of attention to what the Honourable gentleman says during the next debate on retirement protection, just as I always pay attention to what he says. I hope I'm not blighting his career by these complements but of course I always take what he says very seriously and of course some of our detailed proposals will come out in the speeches from the Administration during the debate, but we won't have every issue, every detail hammered down by that debate. We hope that we can get consultants to work after that debate if the Council points us in the right direction and I hope that there will be enough detail in what we say to secure a good majority in the Council for dealing with this question for once and for all and not having to put it on the shelf for a later date.

The Honourable Member referred, and I think it's a point that we'll hear about frequently over the coming weeks and months, the Honourable Member referred to CSSA rates and to the desirability of establishing a rate for the elderly of \$2,500. I assume that \$2,500 is arrived at by taking the figure that was proposed in our pension scheme of \$2,300 and making an adjustment for inflation. It would be wrong of me to get too much involved in detail about this before the Budget and before the debate on the 8th March, and that's not meant as anything other than a statement of the obvious. But perhaps I can just make one or two cautionary remarks without once again repeating what I said earlier about the increase in CSSA rates over the last three years.

First of all, I am a little surprised that those who used to criticise us for mixing up, in their words, welfare and pensions and retirement protection, are doing precisely the same by applying the figure that we proposed for our pension scheme to the correct, in their view, benefit level for CSSA.

Second, we are, again in good faith, undertaking at the moment a review of CSSA, not only for the elderly but for everyone. We're looking at issues like eligibility criteria, we're looking at service to customers, we're looking at the payment of special grants and we're looking, with the help of the household expenditure survey, on how much in our view and the communities view, those who are in need, those who have financial needs which they can't meet through their own efforts, how much they actually require in Government help, in taxpayers support every week.

I think that it's important to deal with this issue rationally as well as generously and I hope that we won't think it correct to proceed by snatching figures out of the air without taking account of the broader picture. If one compares the needs of children, of single parents and the elderly, which priority does the community and does the Legislative Council want us to follow? I think it makes more sense to be able to consider these issues rationally rather than consider them in the way that some people are at present suggesting.

And there's one other point that I want to make. We have seen a very large increase in social welfare spending in the last three years. Some people think it's been too large. I think it's represented a proper response by an increasingly prosperous community to social need, but it's also been a generous response which we could afford and we've never, at any time, broken the iron rule which we've set ourselves of not allowing recurrent expenditure to increase faster than the trend rate of growth in the economy. I think it would be very very unwise for us to break that rule. Hong Kong isn't going to have as easy a time as one might like over the next two and a half years or I would suspect the two and a half years after that because a lot of the world is going to be watching us very carefully and assuming that we won't do as well as I'm sure we will do. Something we have to hold on to is our reputation for being financially responsible in conducting our affairs. I think that is absolutely imperative and I hope that we'll always remember that and I hope that we won't get into a sort of Dutch auction in welfare spending or other sorts of spending which would do irreparable damage to our reputation for running this community and running this economy exceptionally soundly.

Mr Peter Wong: Governor, those who are lucky enough to earn more than they need after paying their daily living expenses, taxes, and the contributions to the proposed mandatory contributory scheme, should be encouraged to save for their old age to attain a comfortable standard of living. Will the Government follow the World Bank Report to adopt measures to make voluntary schemes over and above the basic minimum, i.e. the third pillar in that Report, make it widespread?

Now, also, I must not forget the first pillar of the Report, that the welfare pillar has also got to be strengthened so that we can help all those who cannot really help themselves.

Governor: I think the World Bank Report which the Honourable gentleman referred to was extremely important and it did remind us all of the part which, what the economists call 'social equity investment', plays in successful and efficient economies. I don't happen to think, as some cruder critics appear to, that spending more money on education, on welfare, on health, somehow damages the economy. Actually, if you are sensible and prudent about it, it helps the economy and helps, I think, to add legitimacy as well as credibility to the system of market economics. I feel that extremely strongly.

The World Bank, of course, also counselled against the sort of extravagant welfarism which has had such dangerous consequences in some OECD countries, not just in Western Europe but in North America as well. And I think it would be curious if on the one hand we were to commend the World Bank's approach and allegedly counsel against that same famous Euro socialism, while on the other hand we were allowing public expenditure to rise faster than the economy was growing. I don't think one can have it both ways.

The Honourable Member is also right to say that we should encourage more saving than that implied in any given retirement protection scheme and that in particular, those who want to save over and above what is proposed in the basic scheme should be encouraged. I accept that, though I have some reservations myself about hanging on our tax structure lots of encouragements and incentives and inducements to this or that sort of economic or social behaviour. I think the best way you encourage people and the best way you incentivise people is by concentrating on basic rates of tax, whether profits tax or salaries tax, rather than opening up all sorts of new inducements and incentives.

Mr Peter Wong: I am not talking about incentives. I think one should really remove the disincentives. I, myself, being a professional practitioner, there is nothing that I can do tax-wise in order to save for my old age, whereas someone working for a company has all the tax incentives in the world.

Governor: I know the Honourable Member is an experienced professional in these matters, which I am not. In my personal life it is a pleasure to employ people like the Honourable gentleman and I will certainly follow what he said and discuss it with the Financial Secretary.

Dr Tang Siu-tong: Mr Governor, I would like to follow up on the point made by Mr David Li on Vietnamese migrants. The Government is saying that the Vietnamese economy is becoming better and the migrants may wish to return to Vietnam. Now, Mr Governor, is it true that by 1997 all the migrants will be returned to Vietnam? And for the thousand odd Vietnamese migrants who have criminal records, they will not be easily resettled; if they cannot be returned to Vietnam will they stay in Hong Kong after 1997?

Governor: It is our objective to see all Vietnamese migrants returned before 30 June 1997. We want to see them all return home and I don't want anybody to have the impression that if they hang around long enough they will be allowed to stay in Hong Kong or they will get an easy berth to some other community. I just add, that one of the reasons why Vietnam is doing as well as it is, is because of the huge Hong Kong investment in Vietnam. Our entrepreneurs, certainly I think in terms of cash but maybe also in terms of the number of actual investment opportunities, are top of the league in Vietnam.

Miss Emily Lau: Thank you Mr President. I want to ask the Governor a question on law and order. I think in these final days of colonial rule there is a lot of concern about possible deterioration in law and order amongst the entire community and also amongst the international investors and this concern stems from the fact that because of the rapid growing ties with China, the fact that in China there is scant regard for law and order and also there is rampant corruption and we're afraid that that sort of practice would be imported into Hong Kong. There is also concern because of law reforms to do away with some of the outdated and sweeping powers but people are afraid that the law enforcement agencies feel that some of their effective weapons have been taken away and so the question of finding the right balance and finally concern because of the declining authority of the Administration.

So Mr President, I want to ask the Governor whether he feels that these concerns are justified and why we all feel that Hong Kong is right now still a fairly safe city, does he already see signs that people should be concerned about and most importantly what is the Administration doing to address these concerns? Thank you.

Governor: The Honourable lady always manages to pack a great deal into a question and usually asks the most important questions and I don't think there is a more important question than this one for us all to address and concern ourselves with over the next two and a half years. Why? Because the rule of law is part of the magic that's produced Hong Kong. Apart from a harbour, Hong Kong has no natural resources to speak of, but it does have the entrepreneurialism of the people of Hong Kong and it does have a body of rules and laws which mean that people can go about their lives as they wish. That they can conduct business in a clean way. That they can know that their own rights and freedoms won't be abused by anybody, by anybody. They have those protections and they have that certainty which produces two things. First of all it helps to produce the ideal conditions for prosperity and secondly it produces a decent, generous, caring, ordered society.

One should never ever be complacent about things like crime statistics because for somebody who's just been mugged or for somebody who's been sexually assaulted or for somebody whose shop has been broken into or whose flat has been robbed, for somebody in those sort of situations the only statistic that matters is the terrible personal tragedy which they've just suffered. But putting that on one side, the statistics in Hong Kong, given what is happening in the rest of the world, are astonishing. And they say a good deal about this community and its values. I doubt there can be more than a handful of other places in the world which can actually point to violent crime figures falling. I doubt that there are many places which can point to detection rates rising. People often say when they're talking about Asia, one of the great things about Singapore is that crime is so low in Singapore. Crime is lower in Hong Kong than it is in Singapore. That's what the latest Interpol statistics tell us. We have far more policemen per number of population than most other comparable communities and we intend to keep things that way. All those things help to ensure that Hong Kong remains a place where people want to live and want to do business.

I think there are three things dealing with the specific issues that the Honourable lady made. Three things that we have to try to ensure between now and 1997.

First, that we don't do anything ourselves which undermines the rule of law. Honourable Members will know, and I won't go over the arguments again, the connections which I've always drawn and I think which the Honourable lady would draw, between the role of a Legislature cleanly elected and the rule of law, but that is just one aspect of the issue. I think we have to be absolutely determined that we don't do anything which allows the way we do business in Government to be less clean, that we do nothing which allows corruption to ooze into our way of life as though it was some natural and acceptable phenomenon, it's not. Start to think that a little bit of corruption is all right, that it's somehow culturally the regional way of doing things, allow any of that to start to happen and Hong Kong and other communities will very rapidly become a great deal less successful than they have been. So first of all we have to stand foursquare behind the rule of law.

Secondly, we do have, and the Honourable lady is entirely right to hound the Administration on this issue, we do have to clear up the statute book and to make sure that some antiquated laws which we would never dream of using today, that some antiquated laws which aren't in line with the Bill of Rights, are dealt with before 1997. I'm sure that others would want to deal with them otherwise after 1997, as unfortunate relics of colonialism. I don't want things that aren't in agreement with the Bill of Rights to still be hanging around for longer than they should. That affects a number of issues, it affects freedom of speech which the Honourable lady was questioning Administration officials about the other day, it affects other matters too. The Public Order Ordinance which the Council is at present considering is a good example of an area where one needs to make sure that legislation is brought into line with contemporary practice in a way which enhances rather than reduces the real authority and responsibility and powers of the Police Force.

And thirdly, I don't intend that the Administration should allow its authority to seep away, to decline between now and 1997. This is a point that I've made before. I think it is in the interest of the SAR Government that its predecessor should have the maximum authority, should have the maximum effectiveness, right up until midnight on the 30th June, 1997. The authority of Government, whether it's before or after 1997, matters to Hong Kong and I don't intend to do anything which relinquishes the Government's control of the agenda over the next two and half years. Yes, of course we want to talk and co-operate with representatives of the future sovereign power but we're not going to put difficult problems on hold. We're not going to put any difficulties in the freezer. We're not going to say, this or that problem is too difficult for us now we'll leave it to 1997. That would be bad for Hong Kong. It would be bad for the morale of the Civil Service and we're not going to do it.

Miss Emily Lau: Mr President, just a short follow-up to a very long answer. It's all very well for the Governor to say that you don't want authority to seep away, and I'm sure your officials would share that view, but how do you actually do it? I mean power is slipping away. You are a declining Administration. Your days are numbered and your ability to make decisions is getting smaller and smaller. So how can you convince us, the community and your officials, that this is not going to happen?

Governor: Well, I hate to sound too gloomy in responding to the Honourable lady but there's a real sense in which all our days are numbered and I suppose we should be aware of that from the first moment we get up in the morning.

Let me respond to the Honourable lady's rhetorical flourish like this. A good deal of the time I find myself being criticised and my colleagues are criticised for being too aggressive in taking things forward. For being too sharp in our interpretations of the agenda that we wish to pursue. It's not easy to criticise us on the one hand for being sharp-taloned eagles and on the other hand to criticise us as lame ducks. I think that we're and will remain an effective Administration. People have been talking about declining or waning authority since about 1982 or '83 but here we are still in business and still actually I believe running Hong Kong exceptionally effectively. Look at the statistics which tell their own story.

But, the closer we get to 1997, the more we will need to prepare the community for the change of sovereignty in 1997 and I am not unaware of the implications of that. I hope that those who will be responsible for Hong Kong after 1997, Hong Kong people running Hong Kong, will themselves recognise that the authority of Government matters before the 30th June, as well as afterwards.

Mr James To: Mr President, the Governor said he would not do anything to undermine the rule of law in Hong Kong. But I want to tell you one thing in passing here: recently a magistrate ruled in a case, against Ming Pao, he ruled that Article 30 of the POBO was against the Bill of Rights Ordinance, and before the Government even digested the ruling, the ICAC said this is just a ruling by a magistrate and it is not binding and therefore the rule will still be enforced, that is to say, Section 30 of the Prevention of Bribery Ordinance. Although he is just a magistrate, but the ruling was made in a judicial process. I wonder whether you are aware of this? And I think this is an important matter; the rule of law is at stake.

I hope the Governor will convene a summit meeting on drug abuse among youngsters. I am glad to learn this because if you personally take up the role to convene a meeting like this and then if you agree to the views and if the community supports the policy related to the issues, there will be implementation. How much time would you need to prepare yourself for this issue? Would you say that this summit meeting which will last for a short time will enable you to have a full grasp of the issue? And before you convene this meeting, what are the points that you consider to be crucial? What can be done before the meeting? And in planning for the summit, are you prepared to take in views from the community?

Governor: On the first question, we are considering, as the Honourable gentleman knows, the implication of the magistrate's decision in the Ming Pao case. The whole community has debated Section 30 on a number of occasions, most recently in relation to the Soham Committee's Report, and we will bear that in mind as well when we consider exactly what best to do about the judgment in that Ming Pao case. But as I said earlier, what the rule of law means is that everybody is subject to it, including the Governor and the Government, though that does not mean that the Governor and the Government can't, if they don't like or disagree with a decision in a particular case, appeal it to a higher court. But we are considering the implications at the moment of that decision.

Secondly, on drug abuse. The sort of summit which we are holding at the beginning of the week after next, is not the first such summit that we have held. We have held three in relation to the disabled - two on the Disabled and Public Transport and one on the Disabled Unemployment - and I think that they have helped both in a public expenditure role, and I think they have also helped to shape policy usefully, not least the certainty that they were going to be followed up. The Drug Abuse Meeting is in a slightly different category, not least since there will be more participants. One reason why I have called it is to try to focus more community attention on this issue. And why? Because one of the few areas where there is real concern for worry when one looks at our crime and other statistics, is the growth of drug offenders, the growth of abuse, not least among the young. The figures there are deeply disturbing. I have prepared myself for this summit in a number of ways. I have had a number of meetings; I visited the other day the Police Narcotics Bureau to have a full briefing for them. And I hope that out of the discussions at the beginning of March, with head teachers, with social workers, with the Police and with others who are expert in this field, we will be able to come forward with an agenda which means literally what it says, in other words, things to be acted on not just things to gab about, to talk about. The meeting isn't merely a public education exercise, it is to try to get a focus and try to get an agreed campaign going right across the community, so that we can stop in Hong Kong the same dreadful social problems that have ravaged other communities.

End/Thursday, February 23, 1995

New arrangement for entry of PRC fisherman deckhands

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The Government announced today (Thursday) a new arrangement allowing a limited number of fisherman deckhands from China (PRC) working on dually-licensed, Hong Kong-based fishing vessels to enter Hong Kong for a short stay.

"This arrangement aims to enable the smooth operation of Hong Kong's distant-water fishing fleet as well as to tighten immigration control over the entry of PRC deckhands," a Government spokesman said.

"The fishing industry in Hong Kong has been facing acute labour shortage as fewer and fewer local people join the industry.

"Previously, the employment of PRC fisherman deckhands had been included in the General Importation of Labour Scheme, but the scheme's conditions were incompatible with the industry's mode of operation.

"Furthermore, PRC deckhands cannot be regarded as imported labour since their employment contracts are entered into, and the great majority of their work conducted, outside Hong Kong," he said.

Under the new arrangement, a maximum of 3,500 PRC fisherman deckhands would be allowed to enter Hong Kong for a short stay for operational reason, mainly for helping to unload the catch at the wholesale fish markets.

Vessel operators who are interested should submit a preliminary application for permission to bring in PRC deckhands to the Agriculture and Fisheries Department via the Immigration Department.

Deckhands recruited in connection with this arrangement should hold valid PRC travel documents.

A multiple journey visa valid for one year and good for a stay of up to seven days on each landing would be issued to the successful recruit stipulating that the holder should be engaged solely in the operation of a specified vessel at all times and may travel only between that vessel and not more than two wholesale fish markets named by the vessel operator.

The visa application should be submitted to the Immigration Department.

"The master will be required to report his vessel's arrival and the number of PRC deckhands on board to the Harbour Control Section of the Immigration Department within three hours of arrival and present his deckhand list and their travel documents within 24 hours for immigration clearance," the spokesman said.

"This arrangement will allow Hong Kong-based fishing vessels to proceed directly to the wholesale fish markets with their employed PRC deckhands without going through clearance procedures at the immigration anchorages.

"Similar documentary procedures will be followed on departure," he said.

The spokesman pointed out that Hong Kong-based fishing vessels played an important role in the supply of fresh fish to Hong Kong, accounting for over 60 per cent of the fresh marine fish consumed.

Preliminary application forms are now obtainable from the Agriculture and Fisheries Department and the Immigration Department. Completed forms should be submitted between March 1 and 31. Late applications will not be entertained.

Enquiries about the new arrangement may be directed to the Agriculture and Fisheries Department on telephone 2733 2201 or to the Immigration Department on 2852 3421.

End/Thursday, February 23, 1995

No decision yet on Government broadcast channels

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The inter-departmental Working Group set up to examine how to make the best use of the Government channels on Wharf Cable's network has completed its report, which is now being considered within the Administration.

According to the Group's detailed study, there are two main ways in which the channels can be used, namely, as a public broadcasting service and as a public access service.

However, the Group has identified a number of substantive and complex issues, particularly in regard to a public access channel.

"For instance, abuse of the facility is a very real danger," a spokesman for the Recreation and Culture Branch said today (Thursday).

"Experience overseas shows that there is a possibility that due to the lack of interest by users amongst the general public, the facility could end up being dominated by and be a mouthpiece for, commercial or undesirable fringe elements seeking self-publicity," he added.

Another major difficulty is how to balance the need to ensure programmes do not offend public sensitivities to the same standards as are applied to broadcast TV, while at the same time safeguarding freedom of expression and avoiding pre-censorship.

"Therefore a decision to proceed with such a public access facility has to be taken with great care, and cannot be rushed," the spokesman stressed.

On a public broadcast service a major difficulty was its expense. Such a service would be likely to cost well over \$100 million to establish, while a single channel on Cable's multi-channel system has a comparatively limited audience reach.

The spokesman emphasised that it was unlikely for Wharf Cable to make available any channel for Government use until the latter half of 1996 at the earliest as there is no spare capacity in its existing microwave multipoint distribution service spectrum.

"Thus, it is important that the Administration gives thorough and careful consideration to this matter before arriving at a view," the spokesman said.

End/Wednesday, February 23, 1995

Residential mortgage survey results for January 1995

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The growth in residential mortgage loans for the purchase of properties in Hong Kong remained modest in January, according to a latest monthly survey conducted by the Hong Kong Monetary Authority (HKMA).

The latest figures show that the total amount of outstanding mortgage lending by the 33 institutions in the survey grew slightly by 0.4% or \$1.0 billion in January (0.6% in December) to \$238.1 billion. The growth rate is below the monthly average of 0.96% over the last 12 months.

"While the January figures may have been affected by seasonal factors, they reflect the current subdued condition of the property market," the Deputy Chief Executive (Banking) of HKMA, Mr David Carse, said.

The annualised rate of growth in lending over the last three months was 7.6%, compared with 6.8% in the three-month period to December. The 12-month average of outstanding loans dropped to an annualised growth rate of 11.5% from 12.4% in December.

The amount of new loans approved but not yet drawn decreased by 10.9% or \$0.3 billion to \$2.7 billion in January.

"These figures suggest that the growth of outstanding loans will continue to slow in February," Mr Carse said.

Lending for the purchase of properties in China grew by 2.6% in January to \$4.61 billion, compared with the 0.6% growth in December. A significant part of the increase was accounted for by loans for purchase of residential properties.

Gross loans made in January increased both in number (to 368 from 282) and in amount (to \$168 million from \$121 million).

New loans approved in January also rose both in number (to 242 from 213) and in amount (to \$186 million from \$179 million).

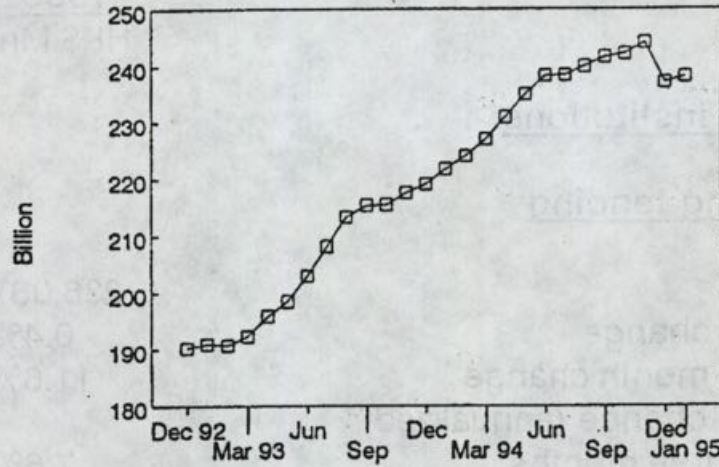
**Residential Mortgage Loans in Hong Kong
Results of Survey for January 1995**

	<u>Jan 1995</u> HK\$ Mn	<u>Dec 1994</u> HK\$ Mn
<u>33 authorised institutions</u>		
1. <u>Outstanding lending</u>		
a. Amount	238,087	237,061
b. Monthly change	0.4%	0.6% **
c. Twelve-month change	11.6%	12.5% **
d. Average change (annualized)		
Latest three months	7.6%	6.8% **
Latest twelve months	11.5%	12.4% **
2. <u>Gross loans made during month</u>		
a. Amount	4,846	6,583
b. Number	3337	4502
3. <u>New loans approved during month</u>		
a. Amount	4,559	5,017
b. Number	3010	3371
4. <u>New loans approved during month but not yet drawn</u>		
a. Amount	2,694	3,024
b. Number	1798	1985

Note : ** Adjusted for the effect of re-classification of loans, securitization and sale of residential mortgage loans by some institutions amounting to HK\$8.6 billion.

RESIDENTIAL MORTGAGE LOANS IN HONG KONG
(33 institutions)

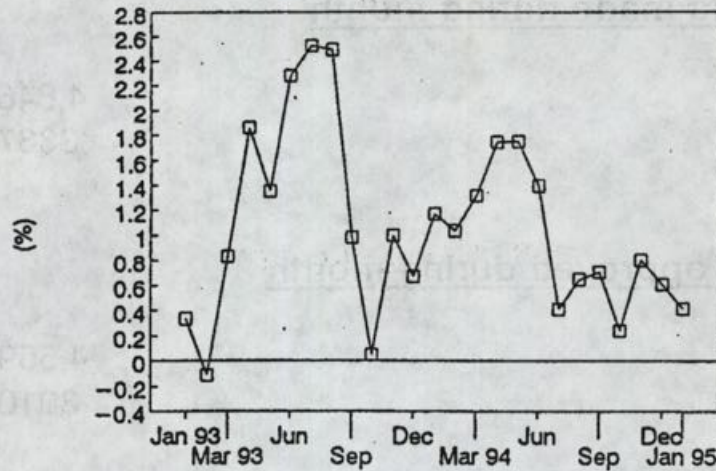
Outstanding balance at end of month



A1

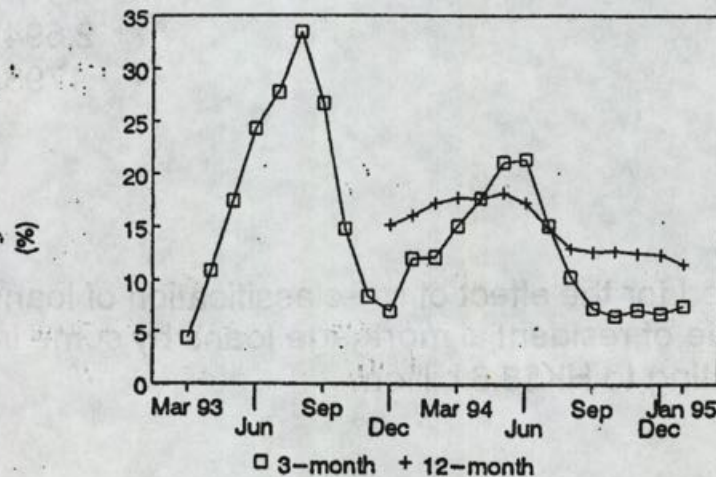
Remarks : The significant fall of outstanding balance in December 1994 was due to the effect of reclassification, securitization and sale of loans by some institutions.

Monthly growth rate



A2

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



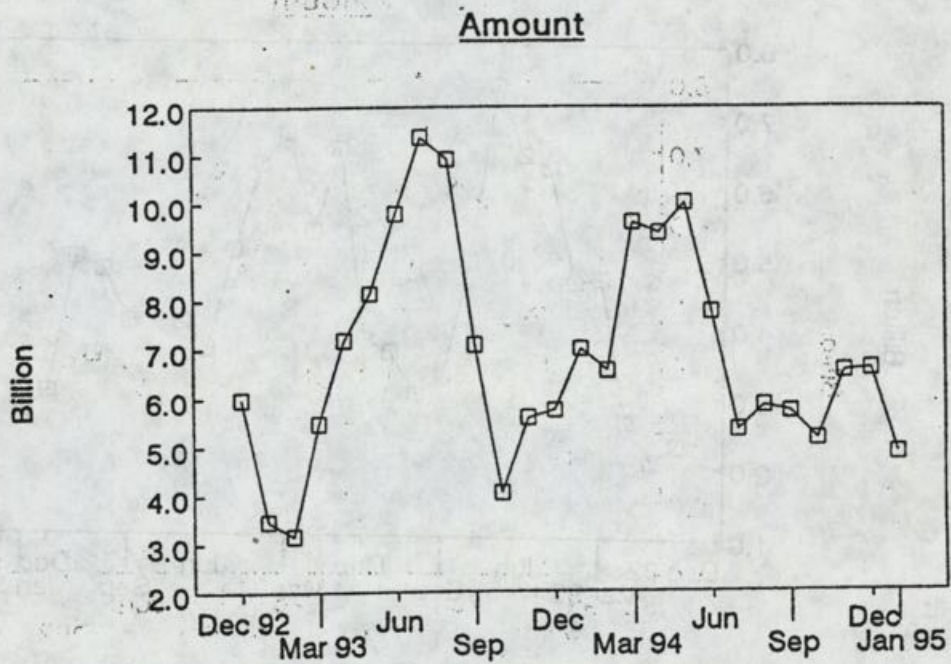
A3

□ 3-month + 12-month

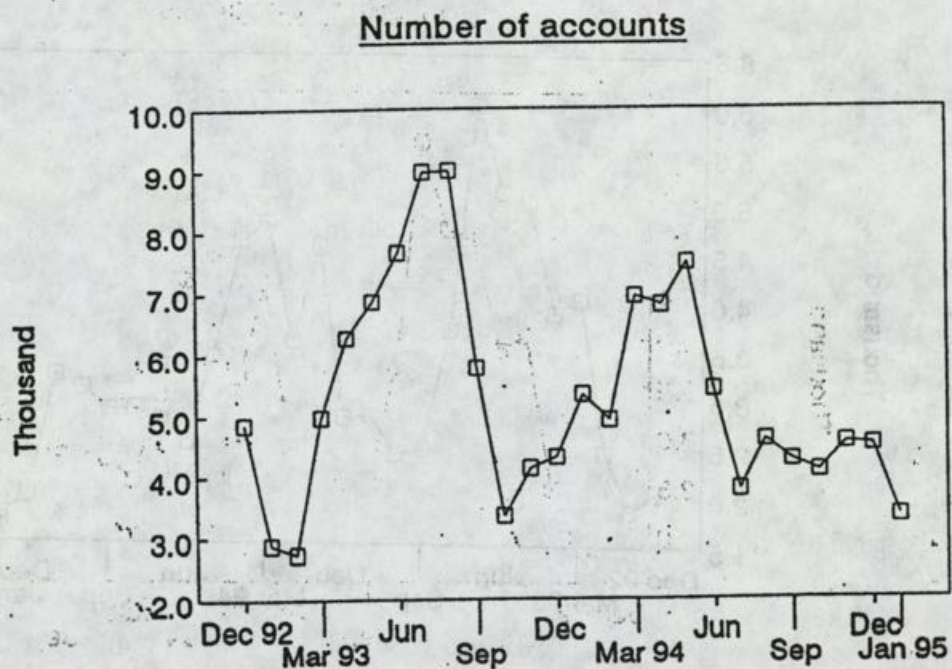
Chart B

RESIDENTIAL MORTGAGE LOANS IN HONG KONG
(33 institutions)

GROSS LOANS MADE DURING THE MONTH



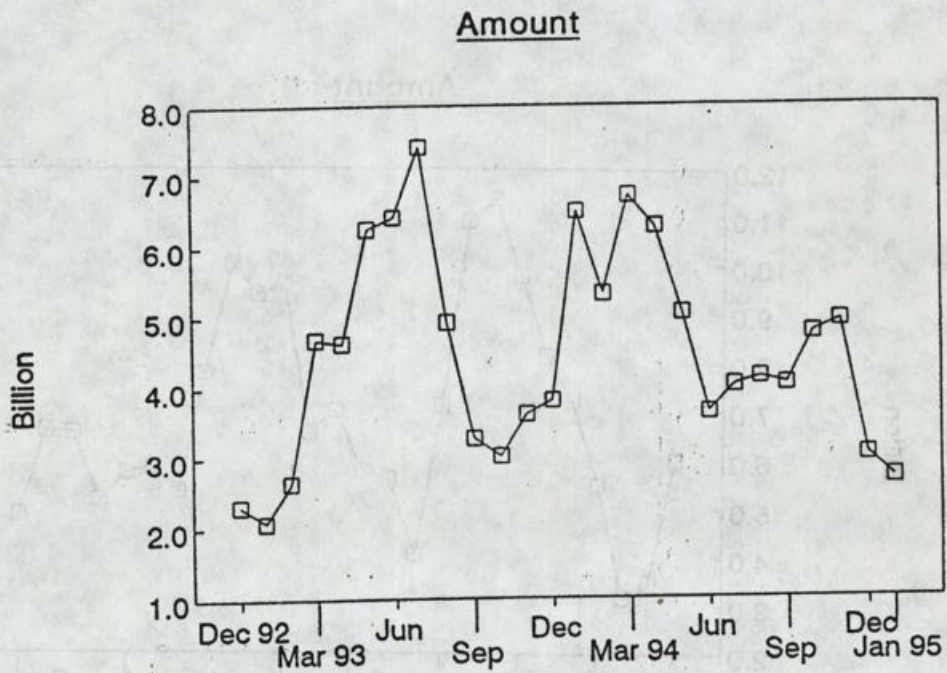
B1



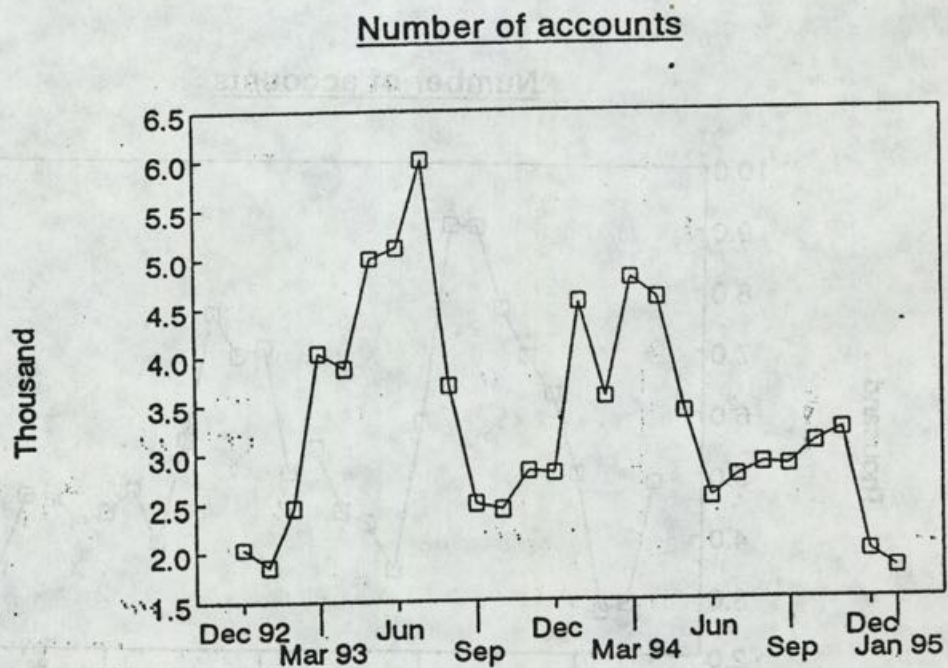
B2

RESIDENTIAL MORTGAGE LOANS IN HONG KONG (33 institutions)

NEW LOANS APPROVED BUT NOT YET DRAWN



C1



C2

Transcript of FS

The following is the remarks by the Financial Secretary, Sir Hamish Macleod, at the Sunday Money Fund Manager of the Year Awards Ceremony at the Ritz-Carlton Hotel today (Thursday).

Tonight was perhaps a useful reminder that we have a thriving fund management industry here, still growing. I noticed that one of them in the papers today said it was becoming too competitive but I take that as a compliment. It is good for the industry and it is good for the consumers, the customers that we have a very competitive and very successful fund management business. So I hope that will continue to be the case.

Any questions? But could I just say - I know you will try - the Budget is next week, not this week.

Question: Can you tell us what colour the paper will be ...?

FS: The colour will be revealed, as usual, the day before the budget, plus one or two other little small snippets, but I'm afraid the Budget must remain for March 1st.

Question: Is it a deficit budget?

FS: That must also remain for March 1st.

Question: (on mortgage lending)

FS: I am entirely at ease on the luxury apartments, that was an extra measure which was taken by some banks on the more expensive flats but I think the basic 70 per cent guideline which the banks actually introduced, still seems to me to make sense. The auction - I must say I have never read such a wide range of different headlines on the auction but from my perspective the auction, so far as the residential properties were concerned, was fine. You may remember that one of the criticisms, looking back to last year, of our property market, was that it was dominated by the very large players, the very large companies, so those who were worried about that should take encouragement from the fact that this time, apparently, a smaller or medium size player is emerging. I feel quite encouraged by that.

Question: How about the industrial land...?

FS: Industrial land - I don't know enough about whether the sites were good ones or bad ones. I know that there are a number of auctions coming up in the next few weeks and they include some industrial land, so it may simply be that the sites coming up in the very near future are better. But I think the main focus has not been, after all, on industrial land, that is not the problem. The problem has been residential and office, and particularly residential. So the market is still alive and kicking.

Question: (on withdrawal of sites from land auction)

FS: I don't know. I mean that is really for the Director of Lands and Tony Eason to sort out. As I say, the residential is actually what everybody has been focusing on. The residential market, as I say, is alive and kicking, so from that point of view I am encouraged.

Question: (on Government policy to curb speculation)

FS: Yes, remember that the aim which we announced last year was basically twofold. First of all, to reduce speculation - and we have done that, I think, rather successfully. Secondly, it was, in the medium to long term, to increase the supply. That, of course, will happen over the next year, two years, three years. So both those will happen. Prices, of course, of residential property have gone down somewhat - somewhat; not a huge amount, I would say, but anyway they have gone down around 14 per cent as at sometime in January, from the peak. So they are still well above 1992/1993 levels.

Question: How are you going to further increase the supply of residential land?

FS: When we announced the package last year we announced a considerable number of sites and since then we have filled in some more details of sites which are being added to the Land Sales Programme. I don't have the list, obviously, in my head but we did announce the details at the time.

Question: Since the market prices of property have been going down, so do you think that Government will relax your policy on property market?

FS: I think we should let the market find its equilibrium. I am not going to judge whether it is the right level at the moment or not, I think it is for the market to find its equilibrium. One more question.

Question: Sir Hamish, do you expect that inflation may be going up further this year?

FS: I'm afraid that will be in the Budget. Thank you very much.

End/Thursday, February 23, 1995

HK's way of handling business attracts international fund managers

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Hong Kong's simple way of handling business will continue to attract international fund managers to base their regional operations here, the Financial Secretary, Sir Hamish Macleod, said today (Thursday).

Speaking at the Sunday Money Fund Manager of the Year Awards Ceremony, Sir Hamish said the new measures on cash rebates announced by the Securities and Futures Commission (SFC) which would take effect on July 1 this year, would help increase the transparency of the market.

SFC's decision was to prohibit retention of cash rebates received by fund managers from stockbrokers in respect of mutual fund accounts and to tighten up regulation on soft dollar practices.

"This is a development that will benefit both investors and the industry," he said.

Sir Hamish noted that Hong Kong was the regional centre of portfolio management activity.

"Broadly speaking, I believe we have achieved a reasonable balance, in the sense that there is adequate regulation to ensure sound business standards and confidence in the institutional framework."

"But we have avoided over-regulation," he said.

Sir Hamish said he was glad to see that there was continued growth in the fund management industry. The number of unit trusts and mutual funds had increased to 978 at the end of 1994 from 895 a year earlier.

"This is due mainly to the continued efforts of fund managers to develop new products to meet the requirements of the investing public," he said.

End/Thursday, February 23, 1995

Incorporated owners support clearance of illegal rooftop structures

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Members of Incorporated Owners of the Mirador Mansion in Tsim Sha Tsui today (Thursday) pledged support for the Buildings Department's actions in dealing with unauthorised structures on the rooftop of their building.

They called on the Assistant Director of Buildings, Mr Edward Lok, urging the department to see to it that the removal orders issued by the department are complied with by the owners of the unauthorised structures.

At the meeting, the visitors also informed Mr Lok of the problems caused by the unauthorised structures to tenants and flat owners of the Mirador Mansion.

Referring to a number of electronic transmission devices found on the rooftop, Mr Lok urged the public, including private companies, to submit proper plans for approval prior to construction.

"This procedure is to ensure that the building in question can withstand the loading of the structure to be erected and that the structure will not pose any hazard to residents of the building. This is primarily to protect public interest and safety," Mr Lok added.

End/Thursday, February 23, 1995

New school building for Ju Ching Chu English College

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In response to press enquiries on the new school building for the Ju Ching Chu English College in Tuen Mun, a spokesman for the Education Department said today (Thursday):

"Ju Ching Chu (JCC) English College in Tuen Mun is an aided secondary school which requires re-provisioning. The target date for completion of works for the new school in Area 31A, Tuen Mun was February 1995.

"The project is undertaken by a private architect employed by the school. The Education Department had secured the Buildings Department's agreement to give priority in processing JCC's application for an Occupation Permit.

"The school intended to resume operation in the new premises after the Chinese New Year holidays. However, up to now, no Occupation Permit has been issued owing to some outstanding works.

"The school is now extending the holiday to Monday, February 27, 1995, on the understanding that the architect could make good the outstanding works and get the Occupation Permit in time.

"The Education Department has repeatedly instructed the school to rectify the situation as soon as possible and to approach the Buildings Department for final approval.

"The Buildings Department has also been requested to treat the matter with top priority. Advice has been given to the school to draw up a contingency plan if the Occupation Permit is not available for the school to commence operation in the new premises on Monday.

"In case outstanding works take time to complete, the school will be advised to resume schooling in its previous borrowed premises at Castle Peak Buddhist School as soon as possible.

"Up until today, the school has missed four school days. To make up for the loss of teaching time, the school will, after consulting parents, arrange for additional lessons per day; cut short holidays, for example, Easter; and shorten the summer holidays.

"The Education Department will continue to monitor the situation closely and liaise with all parties concerned."

End/Thursday, February 23, 1995

Fire station open day

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Kwong Wan Fire Station in Wan Chai will be open to the public from 10 am to 6 pm on Sunday (February 26) as part of this year's Fire Prevention Campaign programme.

Visitors will be able to see various types of modern appliances, and fire-fighting and rescue equipment, including survivor detection system, chemical protection suit, breathing apparatus and defibrillators.

Fire officers will also be on hand to give fire safety advice.

The fire station is at 14, Harbour Road, opposite to the Hong Kong Convention and Exhibition Centre.

End/Thursday, February 23, 1995

Volunteers wanted to help offenders

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The Social Welfare Department is looking for volunteers to help with the rehabilitation of offenders.

People who are aged over 21, preferably of secondary education standard and are interested in the rehabilitation of offenders, are invited to join the Volunteer Scheme for Probationers (VSP).

"Some 500 volunteers have taken part in the scheme which was introduced in 1976," a spokesman for the department said today (Thursday).

"The range of services include helping probationers with school work, providing care, guiding them in proper use of leisure time and developing meaningful habits and interest," he said.

Successful applicants will be arranged to attend an orientation course before they start serving the probationers.

Application forms are now obtainable at all probation offices and the Centre of VSP on the seventh floor, Wu Chung House, 197-221 Queen's Road East, Wan Chai. Enquiries can be made on tel 2892 5117.

A certificate-presentation ceremony will be held on Saturday (February 25) to pay tribute to 59 volunteers who have taken part in the VSP.

Mr Justice Patrick Chan and the Assistant Director (Youth and Rehabilitation) of the department, Mr Anthony Chan, will officiate at the ceremony.

Attention News Editors:

Your representatives are invited to cover the VSP certificate presentation ceremony to be held at 2.30 pm on Saturday (February 25) at the Assembly Hall, fourth floor, North Tower, The Salisbury - YMCA of Hong Kong, Tsim Sha Tsui.

Information officers of the department will be on hand to assist.

End/Thursday, February 23, 1995

BOE members visit Princess Alexandra Red Cross Residential School

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The Director of Education, Mr W K Lam; Chairman of the Board of Education, Dr Tam Man-kwan; and four other board members, today (Thursday) visited Princess Alexandra Red Cross Residential School which operated its first class for handicapped children in 1969.

The Kwun Tong school started its first secondary class in 1983.

The other Board members visiting the school were Miss Bow Sui-may, Mr Michael Hong Man-hoi, Mrs Grace Hui Wong King-man and Mrs Minnie Lai Wei Kit-lin. The party was accompanied by the Principal Education Officer (Services), Mr Clement C K Wong.

On arrival, the group was welcomed and briefed by the school supervisor, Mrs Sydney S W Leong, and the school principal, Mr Chiu Wai-ming.

They were told that Princess Alexandra Red Cross Residential School was registered under the Education Ordinance in March 1963 and started to receive subvention from the Education Department in September 1964.

The School offers two preparatory, 11 primary and five secondary classes up to Secondary Five level. It also operates three special classes in the primary section for physically handicapped children with moderate grade mental retardation.

It is a whole-day co-educational special school equipped with air-conditioned dormitories providing a maximum boarding facilities for 86 physically handicapped children.

At present it accommodates 79 boarders, including six from the Spastics Association of Hong Kong Kwai Shing School.

End/Thursday, February 23, 1995

Analysis of Hong Kong's re-export trade statistics in 1994

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Re-exports accounted for 81% of the value of total exports and 39% of the total value of external trade of Hong Kong in 1994. In 1993, the corresponding shares were 79% and 39% respectively.

These figures, affirming the growing importance of re-export trade, are amongst the detailed re-export statistics released by the Census and Statistics Department today (Thursday).

China remained the largest partner for Hong Kong's re-export trade. Of the total \$947.9 billion of re-exports going through Hong Kong in 1994, 89% or \$841.6 billion involved China in either direction. As a source, re-exports originating in China accounted for 58% of Hong Kong's re-export value in 1994. As a destination, China's share was 34%.

It is noted that much of the re-export trade involving China is related to outward processing, as raw materials and semi-manufactured goods are exported to China for processing, with the final products subsequently returned to Hong Kong, and re-exported to the major overseas markets.

Other main origins of Hong Kong's re-exports in 1994 included Japan (accounting for 13%), Taiwan (7.6%), the United States (4.6%) and South Korea (2.9%).

The main destinations in 1994, besides China, included the United States (accounting for 22%), Japan (5.8%), Germany (4.4%) and the United Kingdom (2.9%).

Table 1 shows the changes in the value of re-exports from the 10 main origins in 1994 compared with 1993.

Comparing 1994 with 1993, increases were recorded in the value of re-exports from all main origins: Malaysia (+42%), Singapore (+27%), South Korea (+27%), France (+18%), the United States (+17%), China (+15%), Taiwan (+11%), Japan (+11%), the United Kingdom (+6.6%) and Germany (+2.3%).

Of the value of re-exports originating in China in 1994, 36% went to the United States, 8.3% to Japan and 7.2% to Germany.

For goods of Japan origin, 74% of the value of re-exports through Hong Kong in 1994 went to China, 4.2% to the United States and 2.8% to South Korea. For re-exports originating in Taiwan, an overwhelming proportion (92% of the value in 1994) went to China.

As regards re-exports originating in the United States, 66% of the value in 1994 were shipped to China, 4.4% to Taiwan and 4.2% to Singapore.

Table 2 shows the changes in the value of re-exports to the 10 main destinations.

Comparing 1994 with 1993, increases were recorded in the value of re-exports to all main destinations: Japan (+24%), Australia (+21%), Singapore (+19%), China (+18%), the United States (+16%), Canada (+12%), the United Kingdom (+11%), South Korea (+6.1%), Taiwan (+2.3%) and Germany (+2.0%).

Analysed by commodity, significant increases in the value of re-exports to China were recorded for textiles (by 10.9 billion or 24%); telecommunications and sound recording and reproducing apparatus and equipment (by \$7.8 billion or 42%); and plastics in primary forms (by \$5.6 billion or 40%).

However, decreases in the value of re-exports to China were recorded for machinery specialised for particular industries (by \$4.0 billion or 25%); and road vehicles (by \$2.5 billion or 9.4%).

As regards re-exports to the United States, significant increases in value were recorded for miscellaneous manufactured articles consisting mainly of baby carriages, toys, games and sporting goods (by \$8.4 billion or 18%); telecommunications and sound recording and reproducing apparatus and equipment (by \$6.9 billion or 42%); and footwear (by \$3.7 billion or 13%).

However, decreases in the value of re-exports to the United States were recorded for clothing (by \$1.3 billion or 4.8%); and vegetables and fruit (by \$79 million or 16%).

Detailed statistics on Hong Kong's re-export trade are published in the December 1994 issue of the "Hong Kong External Trade" report which will be available for sale at \$86 a copy around the end of this month.

The report can be purchased at the Government Publications Centre on the ground floor, Low Block, Queensway Government Offices, 66 Queensway, Hong Kong; or at the Publications Section of the Census and Statistics Department on the 19th floor, Wanchai Tower, 12 Harbour Road, Wan Chai.

Enquiries about subscription to the report may be directed to the Information Services Department at French Mission Building, 1 Battery Path, Hong Kong (telephone 2842 8802) and enquiries on trade statistics to the Census and Statistics Department (telephone 2582 4915).

TABLE 1 : RE-EXPORTS FROM THE TEN MAIN ORIGINS

ORIGIN	JAN-DEC	JAN-DEC	YEAR-ON-YEAR CHANGE	
	1994 (HKD Mn.)	1993 (HKD Mn.)	(HKD Mn.)	(% CHANGE)
CHINA	545,831	474,007	+ 71,824	+ 15.2
JAPAN	121,936	109,949	+ 11,987	+ 10.9
TAIWAN	72,060	64,649	+ 7,411	+ 11.5
UNITED STATES	43,678	37,424	+ 6,254	+ 16.7
SOUTH KOREA	27,444	21,685	+ 5,759	+ 26.6
SINGAPORE	15,069	11,836	+ 3,234	+ 27.3
GERMANY	14,588	14,256	+ 332	+ 2.3
MALAYSIA	9,461	6,681	+ 2,779	+ 41.6
UNITED KINGDOM	8,983	8,426	+ 557	+ 6.6
FRANCE	8,732	7,419	+ 1,313	+ 17.7

TABLE 2 : RE-EXPORTS TO THE TEN MAIN DESTINATIONS

DESTINATION	JAN-DEC	JAN-DEC	YEAR-ON-YEAR CHANGE	
	1994 (HKD Mn.)	1993 (HKD Mn.)	(HKD Mn.)	(% CHANGE)
CHINA	322,835	274,561	+ 48,274	+ 17.6
UNITED STATES	210,077	180,349	+ 29,728	+ 16.5
JAPAN	54,745	44,156	+ 10,589	+ 24.0
GERMANY	41,617	40,798	+ 818	+ 2.0
UNITED KINGDOM	27,318	24,536	+ 2,783	+ 11.3
TAIWAN	22,416	21,910	+ 506	+ 2.3
SINGAPORE	20,346	17,143	+ 3,203	+ 18.7
SOUTH KOREA	16,483	15,538	+ 945	+ 6.1
CANADA	14,199	12,656	+ 1,543	+ 12.2
AUSTRALIA	13,877	11,425	+ 2,452	+ 21.5

Salesman fined for making incorrect tax returns

* * * * *

A salesman pleaded guilty in the North Kowloon Magistracy to making incorrect statements in his Salaries Tax Returns without reasonable excuse.

The defendant, Cho Hing-cheung, was charged with making incorrect claims for dependent parent allowance in his tax returns for the years of assessment 1991/92 and 1992/93.

Despite the death of his father on August 15, 1990, the defendant still put down his father's name in his tax returns and claimed for the dependent parent allowance.

He was fined \$24,625.

A spokesman for the Inland Revenue Department today (Thursday) reminded taxpayers that they must file correct tax returns.

Under the Inland Revenue Ordinance, a tax evader is liable to a maximum sentence of three years' imprisonment and a fine of \$25,000 on each charge, in addition to a further fine equivalent to three times the amount of tax undercharged.

End/Thursday, February 23, 1995

Latest education and careers information for expo visitors

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Tens of thousands of students, young people and working adults visited the 5th Education and Careers Expo today (Thursday) to see for themselves the latest information on opportunities for further study and career choices.

It is estimated that the four-day exhibition would attract about 180,000 visitors.

During the visit, they are able to obtain details of training courses and jobs from more than 200 education and careers booths.

The expo, organised jointly by the Hong Kong Trade Development Council (TDC) and the Labour Department, was officially opened this morning by the President of the Chinese Manufacturers' Association of Hong Kong, Mr Herbert Liang.

Other officiating guests included TDC's Executive Director, Mr Francis Lo and the Commissioner for Labour, Mr Stephen Ip.

After the opening ceremony, Mr Liang, accompanied by Mr Lo and Mr Ip, visited some of the exhibition booths and chatted to exhibitors.

A series of video shows, introducing a wide range of careers and the work of professional bodies and public utilities, will be presented throughout the exhibition to further enhance visitors' understanding of the world of work.

To encourage secondary school students to visit the exposition and collect careers information actively, the Labour Department's Careers Advisory Service has arranged a series of group visits for more than 10,000 students from some 100 schools.

More than 60 seminars to be conducted by experts in various fields have received overwhelming response.

The expo, featuring some 180 exhibitors from a wide range of trades, government departments, professional associations, local and overseas educational and training institutes, is open to the public until Sunday (February 26) on Level 7 of the Hong Kong Convention and Exhibition Centre in Wan Chai. Admission is free.

The opening hours are:

February 23 (Thursday)	10.30 am - 7 pm
February 24 (Friday)	10.00 am - 7 pm
February 25 (Saturday)	10.00 am - 7 pm
February 26 (Sunday)	10.00 am - 6 pm

End/Thursday, February 23, 1995

Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	1,813	0930	+1181
Closing balance in the account	2,396	1000	+1181
Change attributable to :		1100	+1131
Money market activity	+1,138	1200	+1138
LAF today	-555	1500	+1138
		1600	+1138

LAF rate 4.25% bid/6.25% offer TWI 120.4 *+0.0* 23.2.95

Hong Kong Monetary Authority

EF bills		EF notes/Hong Kong Government bonds				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.11	15 months	2605	6.35	99.40	6.97
1 month	5.40	24 months	2702	7.50	100.52	7.35
3 months	5.96	29 months	3707	6.95	99.21	7.44
6 months	6.19	35 months	3801	8.00	101.33	7.62
12 months	6.83	58 months	5912	8.15	100.72	8.12

Total turnover of bills and bonds - \$32,414 MN

Closed February 23, 1995

End/Thursday, February 23, 1995