



## DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES  
GARDEN ROAD, 5th-8th FLOORS, MURRAY BUILDING,  
HONG KONG. TEL.: 2842 8777

Friday, November 29, 1996

<u>Contents</u>	<u>Page No.</u>
Governor meets Canadian Prime Minister in Tokyo .....	1
Economic situation in the third quarter of 1996 .....	2
JLG experts to hold talks on defence and public order .....	10
Chinese language allowed in the High Court from December .....	10
Higher minimum wage for foreign domestic helpers .....	11
Appointments to Commission on Remuneration for LegCo Members .....	12
Post-Release Supervision Scheme comes into operation tomorrow .....	13
New fare scale for green minibuses .....	13
Supermarkets to provide free delivery service for the disabled .....	14
10 per cent surcharge on tax overdue to be imposed from next month .....	16
Preparation of new valuation lists .....	17
More signatories join Community Charter on AIDS .....	18
Miscellaneous environmental fees to be revised .....	19

DAILY INFORMATION BULLETIN

Contents

Page No.

School Administration and Management System made easy .....	19
TOC exhibition to open tomorrow .....	20
Mobile exhibitions to explain environmental protection .....	22
Draft Sha Tin Outline Zoning Plan amended .....	23
Hi-tech identification for dogs to be implemented next week .....	25
UC Chai Wan Complex tenders invited .....	26
Government plans to reconstruct footbridge in Tuen Mun .....	27
Repair works for 13 reinforced concrete piers .....	27
Gurkhas triumph at trailwalker .....	28
Phonecards and mailing tubes available at all post offices .....	29
Monetary statistics for October .....	29
Further issue of 28-day Exchange Fund bills to be tendered .....	32
Hong Kong Monetary Authority Money Market Operations .....	33

### Governor meets Canadian Prime Minister in Tokyo

\* \* \* \* \*

The Governor, the Rt Hon Christopher Patten, today (Friday) met the Canadian Prime Minister, the Rt Hon Jean Chretien, in Tokyo to discuss Hong Kong issues.

Mr Chretien is on a state visit to Japan.

The Governor and the Prime Minister discussed a range of transitional issues including Hong Kong's economic prospects, the civil service and the Police.

Mr Patten said later that he took the opportunity to assure Mr Chretien that things in Hong Kong at this stage of the transition were looking a lot better than many people would have predicted a few years ago.

On visa-free access, Mr Patten noted that the Canadian Government had already agreed in principle to provide visa-free access for Hong Kong passport holders after July 1, 1997.

He said that following the recent agreement with Canada signed in Hong Kong on the returnability of passport holders, a final announcement by the Canadian Government on the question of visa-free access was expected soon.

Mr Patten noted that Mr Chretien and other Canadian officials raised the Hong Kong issue and Canada's interest in a successful transition, when they talked to Chinese leaders. The Governor welcomed this as an indication of international concern about Hong Kong's future.

The meeting was also attended by Mr Raymond Chan, Secretary of State (Asia Pacific) of the Canadian Government.

Later in the morning, the Governor had a meeting with members of the Japan Hong Kong Parliamentarian League before attending a lunch hosted by the Hong Kong Economic and Trade Office in Tokyo for Japanese businessmen and officials.

Mr Patten then went to Osaka in the afternoon, where he attended a reception of Kansai political and business leaders.

He will spend tomorrow (Saturday) in Kyoto before returning Hong Kong on Sunday (December 1).

End

Economic situation in the third quarter of 1996

\* \* \* \* \*

In the November update of the economic forecasts for 1996, the forecast of overall GDP growth rate in real terms for the year is maintained at 4.7%, which is closely in line with the growth rate attained last year. The forecast of consumer price inflation, as measured by the CPI(A), is lowered further, from 6.8% to 6.0%.

Overall economic conditions in Hong Kong improved further in the third quarter of 1996, from the setback in the latter part of last year and early this year.

Locally, consumer demand continued to revive, as evidenced by the steady pick-up in retail sales. Investment demand also continued to grow, albeit at a relatively less rapid rate than in the preceding two quarters, as the Airport Core Programme (ACP) had already reached its peak. Meanwhile, inventory accumulation in the local economy was lowered to a more normal level.

Externally, the growth in exports of goods so far this year was considerably slower than that attained last year. Its dampening effect on overall GDP growth was nevertheless offset by the concurrent marked slow-down in imports of goods for local use, resulting in a further narrowing of the visible trade deficit. Another pertinent factor was the on-going structural shift in the pattern of trade, which gave rise to compensating increases in both exports of services and investment income inflows. The latter is not reflected in GDP, but will be shown up in GNP.

The visible trade deficit continued to narrow. This in turn contributed positively to overall GDP growth.

The following factors should help to underpin domestic demand :

- \* Labour market conditions have turned better, with both the unemployment and underemployment rates moving down in recent quarters, and with the growth rate of total employment picking up from last year. Better employment opportunities and sustained real increase in earnings should lend good support to consumer demand.
- \* Consumer price inflation has moderated further. This should have enhanced real purchasing power and in turn consumer spending.
- \* The stock and property markets are particularly bullish. Apart from the positive wealth effect this could bring to consumption, increased take-up of flats should also give rise to more purchases of household durables and greater demand for fitting out and interior decoration work.

- \* Moreover, buoyancy in the residential property market should induce more private sector building activity.
- \* The Public Housing Programme is keeping up with its momentum. Work on the ACP should remain intensive in the near term. Public sector investment in ACP-related machinery and equipment is also expected to remain strong for some time. On the other hand, private sector investment in machinery and equipment seems likely to consolidate further, after the marked increases for almost two and a half years.

On exports, the following factors should support growth in the last quarter of the year :

- \* While the US dollar has remained generally strong, it seems to have stabilised in recent months. The earlier and stronger adverse exchange rate effect on Hong Kong's export performance will tend to be alleviated.
- \* Import demand in the United States has shown signs of revival in the third quarter, suggesting that the inventory adjustment since the early part of this year is probably nearing completion. As to the other major overseas markets, import demand is expected to hold generally steady.
- \* Consumer demand in China has remained strong, supported by sustained rapid economic growth and rise in household income. Exports from China have also picked up in recent months. These together should uphold China's imports of consumer goods for domestic consumption, as well as material inputs and capital equipment for outward processing.

Tourism has remained robust, and the growth momentum is expected to carry beyond the end of 1996. This, coupled with continued increases in offshore trading as well as in exports of financial and other professional and business services, should contribute to a further growth in overall exports of services.

There has been little price pressure from imported inflation, given the relative strength of the US dollar and continued low inflation in the major supplier economies like China, Japan and the United States. Domestic inflationary pressures have also been subdued, given a more balanced situation in the local labour market and generally more stable rentals in the property market. Taking into account the outturn in the first ten months of the year, with consumer price inflation as measured by the CPI(A) averaged at 5.9%, the forecast inflation rate for 1996 as a whole is lowered further to 6.0%, from the August update of 6.8%.

### The external sector

In the third quarter of 1996, total exports grew steadily, by about 5% in real terms over a year earlier, following increases of 5% and 4% in the first and second quarters. For the first nine months of 1996 taken together, the growth rate in real terms was about 5%, considerably slower than the 12% increase for 1995 as a whole. Within this total, re-export growth decelerated markedly to about 7% in real terms in the first nine months of 1996, against a 14% increase in 1995. Domestic exports fell by about 9% in real terms over the same period, in contrast to a 2% increase in 1995.

A number of factors had weakened export performance so far this year. These included the relative strength of the Hong Kong dollar in line with the US dollar, slow-down in import demand in the United States and China, tension across the Taiwan Strait early in the year, and the China-US dispute over protection of intellectual property rights under Special 301. Added to these were the trade diversion effect of the North American Free Trade Agreement (NAFTA) and the abrupt downturn in the electronic product cycle, which had caused many economies in the region to suffer significant setback in export growth.

Analysed by major market, exports to the United States were generally weak in the first half of 1996. But there was a marked turnaround in the third quarter, in line with a pick-up in US import demand in the most recent months. While exports to China rose steadily, those to the United Kingdom maintained a notable growth so far this year. Exports to Japan however decelerated somewhat in the third quarter, following strong increases in the first half of the year. Exports to Germany remained slack.

Imports grew by about 3% in real terms in the third quarter over a year earlier. For the first nine months of 1996 taken together, imports rose by about 4% in real terms. Apart from the marked deceleration in growth of re-exports, the significant slackening in retained imports also contributed to this modest growth. The latter fell by about 6% in real terms in the third quarter over a year earlier, and by about 3% in the first nine months of 1996 taken together. The reduction was largely caused by an adjustment to the large inventory build-up last year.

Amidst the relative strength of the Hong Kong dollar and low inflation in the major supplier economies, import prices showed a larger decrease than export prices, leading to a steady improvement in the terms of trade so far this year. Reflecting this as well as the marked slow-down in imports, the visible trade deficit narrowed to \$102.1 billion in the first nine months of 1996, equivalent to 9.0% of the value of imports, from \$114.0 billion or 10.3% of the value of imports in the same period last year.

### Domestic demand

During the course of this year, there was a steady revival in consumer spending. Total retail sales rose by 2.5% in volume terms in the third quarter of 1996 over a year earlier, led by significant growth in the purchases of consumer durables and motor vehicles, at 12.1% and 20.2% respectively in volume terms.

The growth in overall investment spending was generally sustained in the third quarter of 1996, though at a relatively less rapid rate than in the preceding two quarters. Activities related to the major infrastructural projects, particularly those under the ACP, remained intensive. But growth should have tapered as the ACP had already reached its peak. The Public Housing Programme maintained its momentum. Also, the revival in the residential property market should have led to increased output from private building projects. Meanwhile, the on-going process of automation, mechanisation and office computerisation continued to support growth in spending on machinery and equipment.

### The labour sector

Labour market conditions continued to improve in recent months. The seasonally adjusted unemployment rate came down to 2.6% in the third quarter, from 3.2% in the first quarter and 3.1% in the second quarter. The underemployment rate likewise fell further, to 1.4% in the third quarter, from 2.0% in the first quarter and 1.8% in the second quarter. The proportion of the employed population working longer hours also stayed at a high level.

Employment in most of the major service sectors expanded further in June 1996. The only exception was the wholesale and import/export trades. The decline was concentrated in the import/export trade, affected by the more moderate trade growth so far this year. Employment in the local manufacturing sector continued to be dampened by the progressive relocation of labour-intensive processes across the border and the weak performance of domestic exports in recent quarters.

Vacancies in the private sector remained on a downtrend in June 1996, although the rate of decline had come down most recently. This trend should nevertheless be viewed against the concurrent pick-up in employment and the fall in numbers unemployed in recent quarters.

Earnings in most of the major sectors continued to show respectable growth both in money terms and in real terms. Combining all the major sectors surveyed, earnings as measured by payroll per person engaged were 11% higher in money terms or 4% higher in real terms in the second quarter of 1996 over a year earlier.

### The property market

On residential property, sales in the primary market were generally met with an enthusiastic response, and trading in the secondary market was also very active in recent months. Flat prices registered further gains. By September 1996, the prices of flats in selected residential developments had rebounded by 22% over the trough in October 1995, and was 18% higher than the level at end-1995. However, they were on average still 10% lower than the peak in April 1994. The cuts in local interest rate, the offer of more attractive mortgage terms by the banks as competition for mortgage business intensified, and the intensive sales promotion as well as offer of more flexible payment terms by developers all contributed to such an intensive activity in the residential property market. The favourable response to the land auction held in the third quarter further boosted sentiment. On the rental side, rentals for newly leased flats appeared to have bottomed out, with increases of around 1-2% recorded in the second and third quarters.

Trading in office premises also recovered noticeably, with prices particularly for Grade A office strata titles in prime locations firming up in the third quarter. On the other hand, rentals for office space remained generally soft, continuing on a downtrend since October 1994. The sales market for shopping premises showed signs of improvement in certain segments. Rentals for shopping premises in prime locations stayed firm, but those in less popular areas remained slack.

Sales activity in the industrial property market was generally sluggish, and prices continued to fall. There was nevertheless some rekindled interest in acquiring traditional flatted factory premises for redevelopment or for godown use. Leasing had turned more active recently, yet rentals eased further.

### Inflation

Consumer price inflation moderated further. The year-on-year rate of increase in the CPI (A) slowed down to 5.4% in the third quarter, from 6.2% and 6.4% respectively in the first and second quarters. Taken together, the CPI(A) increased by an average of 6.0% for the first nine months of 1996 as a whole, significantly below the average increase of 8.7% in 1995. The CPI(B) and Hang Seng CPI followed a similar easing trend. Combining the three indices, the Composite CPI was up by an average of 6.4% in the first nine months taken together, also significantly lower than the average increase of 9.1% in 1995.

Domestically-generated inflationary pressures were subdued, helped by a more balanced situation in the local labour market and generally stable rentals in the property market. A stronger US dollar, coupled with mild inflation in the major supplier economies, also helped to reduce price pressure from imported inflation.

### The financial sector

The market exchange rate of the Hong Kong dollar against the US dollar remained on the strong side of the link during the third quarter of 1996, moving within a narrow range of 7.732 to 7.741. The movements in the exchange rates of the Hong Kong dollar against other major currencies were mixed during the third quarter, reflecting closely the trends of the US dollar. For the third quarter as a whole, the Hong Kong dollar strengthened by 1.7% against the Japanese Yen but depreciated by 0.7% against the Pound Sterling, whilst remaining unchanged against the Deutschemark. In all, the trade-weighted Effective Exchange Rate Index of the Hong Kong dollar edged up from 124.5 at end-June 1996 to 124.7 at end-September.

The growth in Hong Kong dollar deposits (adjusted to include swap deposits) climbed back to 4.2% during the third quarter, having decelerated from a 3.8% growth during the first quarter to 2.9% during the second quarter. Hong Kong dollar loans as well as loans for use in Hong Kong however showed a slower increase during the third quarter, following a rapid expansion during the second quarter.

The local stock market put up a strong performance in the third quarter, with the average daily turnover rising to around \$4.6 billion, from \$3.8 billion in the second quarter. At end-September, the Hang Seng Index closed at 11 902, the highest in 31 months. Concurrently, stock market capitalisation rose to \$2,957 billion at end-September 1996, from \$2,694 billion at end-June 1996 and \$2,257 billion at end-September 1995.

### Updated forecasts

The GDP and price forecasts for 1996 have again been reviewed by individual components. The updated forecasts are summarised in the table annexed.

In the external sector, the forecast growth rate in real terms of total exports of goods in 1996 is revised further down to 5.4%, from 6.5% in the August update. This revision is mainly to take account of the actual export performance in the first nine months of the year. Within the total exports, the forecast growth rate in real terms of re-exports in 1996 is lowered to 8% and that of domestic exports to -7.5%, from 9% and -5.5% respectively in the earlier forecast.

Exports of goods are expected to show a better performance in the fourth quarter. The US dollar, though still relatively strong, has tended to stabilise in recent months. This should help to relieve the earlier and stronger adverse exchange rate effect on Hong Kong's export competitiveness in the world market. Import demand in the United States also shows signs of revival most recently, as the inventory adjustment since the early part of this year is probably nearing completion. Strong consumer demand in China, coupled with the pick-up in its exports lately, should underpin its import demand for both domestic consumption and export production. As to the other major markets, sustained economic growth in the United Kingdom as well as economic recovery and trade liberalisation in Japan should continue to lend support to import demand in these two countries.

The forecast growth rate in real terms of imports of goods in 1996 is also revised further down to 4.5%, from 5.7% in the August update. Underlying this revision is the slower growth in re-exports and the decline in retained imports in the first nine months of this year. Conceivably, the decrease in retained imports is largely a consequence of the inventory adjustment process that has been going on since the latter part of last year. With inventory accumulation in the economy returning to a more normal level, some pick-up in retained imports is expected for the fourth quarter of this year.

With the slower growth in exports matched by an even faster deceleration in growth of imports, the visible trade deficit should narrow further thereby keeping a positive net effect on overall GDP growth.

The forecast growth rate in real terms of exports of services in 1996 is likewise revised down, from 10% to 7%, mostly as a result of the more moderate growth in trade-related services. Exports of financial and other professional and business services should nevertheless continue to grow at a healthy pace. Moreover, the sustained surge in tourism should also render a key impetus to growth in overall exports of services. Affected by the moderation in trade-related services, the forecast growth rate in real terms of imports of services in 1996 is concurrently revised down, from 6% to 3%.

In the domestic sector, the forecast growth rate in real terms of private consumption expenditure in 1996 is maintained at 4%. The economic environment in relation to consumption has clearly turned more favourable in recent months. Better employment opportunities along with a lower unemployment rate, generally rising earnings in real terms, subsiding consumer price inflation, stable interest rates, and strong economic confidence as evidenced by buoyancy in both the stock and the property markets should all contribute to a continued revival in consumption demand in the next few months.

The forecast growth rate in real terms of government consumption expenditure in 1996 is also maintained at 5%.

On investment spending, gross domestic fixed capital formation is now forecast to grow by 9.6% in real terms in 1996, slightly up from the August forecast of a 9.2% growth. Within this total, expenditure on building and construction is forecast to rise by 7.2% in real terms, down from the earlier forecast of a 9.2% increase. This is mainly attributable to a downward revision in the forecast growth rate in real terms of public sector expenditure on building and construction, from 18.5% to 13%, reflecting largely the peaking of activities on the ACP. But against this, the buoyant residential property market should lead to increased expenditure on private building projects on the one hand, and a greater demand for fitting out and interior decoration work on the other. Thus the growth rate in real terms of private sector expenditure on building and construction is revised slightly upward, to 2.5% from 2% in the earlier forecast. In line with this, the growth rate in real terms of real estate developers' margin is also raised, to 2.5% from the earlier forecast of -1%. As to expenditure on machinery and equipment, it is forecast to grow by 11% in real terms in 1996, up from the earlier forecast of a 9.8% increase. Within this total, public sector expenditure particularly for ACP-related projects is expected to remain strong. But private sector expenditure is expected to grow less rapidly, at 8.5% in real terms in 1996, after the marked increases for more than two years.

Putting the component forecasts together, the forecast growth rate in real terms of GDP in 1996 is maintained at 4.7%. This is closely in line with the growth rate attained in 1995. The rate of economic growth touched a low in the first quarter of 1996 and has been reviving since.

The CPI(A), as a common measure of consumer price inflation, is forecast to increase by an average of 6.0% in 1996, down from the 6.8% increase forecast earlier. The inflation outturn so far this year has continued to be better than expected. For the first ten months of 1996 taken together, the CPI(A) rose by an average of 5.9% over a year earlier; in August, the increase decelerated to a low of 4.9%. Present indications are that the situation is likely to remain steady for the rest of the year.

The Third Quarter Economic Report 1996 is now on sale at the Government Publications Centre on ground floor, Lower Block, Queensway Government Offices, at \$30 a copy.

End

JLG experts to hold talks on defence and public order

\* \* \* \* \*

The 21st round of expert talks in the Sino-British Joint Liaison Group (JLG) on Hong Kong's defence and public order will take place in Hong Kong on Monday (December 2, 1996).

The British side will be led by British Representative, Mr Alan Paul. The Chinese side will be led by Chinese Representative, Mr Chen Zuo'er. They will be assisted by experts of the two sides.

End

Chinese language allowed in the High Court from December

\* \* \* \* \*

The acting Chief Justice, Mr N P Power, has designated December 1, 1996 as the date on which the High Court may use either Chinese or English in the hearing of appeals from the magistrates' courts, the Labour Tribunal and the Small Claims Tribunal.

The same applies to applications for leave to appeal from the Labour and Small Claims Tribunals.

The Official Languages (Transitional Arrangements) Notice under section 6(1) of the Official Languages Ordinance was published in today's (Friday) Government Gazette.

"The objective is to put in place a bilingual system that would allow suitable cases to be heard in Chinese or English," a spokesman for the Judiciary said.

"From December 1, an appellant in an appeal from the magistrates' courts, the Labour Tribunal and the Small Claims Tribunal can indicate the official language in which he wishes his appeal to be conducted.

"In each case, the judge has the discretion to decide which official language to be used with the aim to ensure the just and expeditious disposal of the case," he said.

Hitherto English has been the only official language in the High Court. Interpreters have to be used even when every person in court speaks or understands Chinese.

"This move will enable Chinese-speaking appellants to present his grounds of appeal, communicate directly with the judge and dispense with the need for interpretation," the spokesman said.

"In appropriate cases, this will speed up proceedings and save court time.

"In cases involving non-Chinese speakers or difficult points of law, the appeal will not normally be conducted in Chinese," he said.

The spokesman urged the public to bear in mind the difference between being able to speak Chinese in court and being able to present legal arguments in court.

"For cases involving complex legal principles or a mixture of both facts and law, it is important that appellants seek and act on professional legal advice.

"The guiding consideration in the choice of languages in any case must be to ensure the just and expeditious disposal of that case," he said.

"The Judiciary is committed to enabling Chinese to be used in all courts by July 1, 1997. This is an important step towards achieving that goal," the spokesman said.

It is expected that the first appeal or application for leave to appeal will be heard in the High Court in Chinese in early 1997.

End

#### Higher minimum wage for foreign domestic helpers

\* \* \* \* \*

The Government today (Friday) announced an increase in the minimum wage for the employment of foreign domestic helpers in Hong Kong.

Employment contracts notarised by relevant consulates on or after 1 December (Sunday) must indicate a wage not less than \$3,860 per month prior to submission to Immigration Department for processing. The current minimum wage is \$3,750.

A Government spokesman said the level of wage increase of \$110 per month has taken into account the wage movement of local workers in comparable sectors and other relevant factors.

"It is, of course, up to individual employers to pay above the minimum wage should they wish to do so by reason of the long service or qualifications of the foreign domestic helper," the spokesman added.

At present, there are more than 160,000 foreign domestic helpers working in Hong Kong. Of these, 82 per cent come from the Philippines, 12 per cent from Indonesia and 3.7 per cent from Thailand.

End

#### Appointments to the Commission on Remuneration for LegCo Members announced

\* \* \* \* \*

The Government announced today (Friday) a number of appointments to the Commission on Remuneration for Members of the Legislative Council.

The Honourable James D McGregor has been re-appointed as the Chairman of the Commission. Other re-appointed Members are Dr Thomas Leung Kwok-fai and Miss Gladys Li Chi-hei.

Three new members, Ms Anna Wu Hung-yuk, Mr John Lee Luen-wai and Mr Justein Wong Chun, have been appointed to succeed Mr Lawrence Lam Yin-ming, Dr Cheng Hon-kwan and Mr Christopher Cheng Wai-chee.

The term of appointment for the Chairman and all Members will be for one year starting from December 1, 1996.

A Government spokesman paid tribute to the three outgoing members for their significant contributions to the Commission.

"But we are very pleased that Ms Wu, Mr Lee and Mr Wong have agreed to join the Commission and I am sure we will benefit greatly from their extensive experience," he added.

The terms of reference of the Commission are to carry out regular reviews of the remuneration package for Legislative Council Members to enable them to discharge their functions efficiently, and to advise the Government on the interpretation of the guidelines on the use of the allowances paid to them and on any other issues relating to their remuneration package.

End

### Post-Release Supervision Scheme comes into operation tomorrow

\* \* \* \* \*

The Post-Release Supervision Scheme, which aims at helping certain discharged prisoners to reintegrate into the society, will come into operation tomorrow (November 30), a Government spokesman said today (Friday).

The scheme places certain categories of prisoners under supervision after early release. Its objective is to provide them with guidance and assistance to help them return to society and lead a normal, useful life, thus minimising recidivism.

"The scheme is necessary because many prisoners, after serving long periods in prisons and with limited preparation for what to expect after their release, often did not know how best to reintegrate into the society in a law abiding manner," the spokesman explained.

Under the scheme, an independent and statutory Post-Release Supervision Board will consider each eligible prisoner's case to determine whether he should be granted early release subject to supervision, and if so, make a supervision order specifying the conditions and length of supervision.

The spokesman stressed that the supervision period under this scheme would not be longer than the remitted part of the prisoner's sentence granted under the current penal system.

"Since the original sentence imposed by the court would not be increased, the period of supervision is not an extension of the prisoner's sentence," he said.

"Rather, it may be viewed as an alternative method, in the form of after-care supervision, of completing the punishment set by the court."

The scheme is applicable to prisoners serving sentences of six years or more and those prisoners sentenced to two years or more for specific types of offences, such as triad-related offences, sexual offences and crimes of violence.

End

### New fare scale for green minibuses

\* \* \* \* \*

The Transport Department has given approval for an increase in the fare ceilings of green minibus (GMB) services from December 1, a spokesman for the department said today (Friday).

"The new scale sets out the maximum fares which may be charged for GMB services at different journey distance," he said.

"However, the revision of the fare scale does not mean that individual GMB operators are allowed to set their fares automatically at the ceiling level," the spokesman stressed.

"If a GMB operator wishes to increase the fare of a specific route, he must apply to Transport Department with supporting information and data. The department will consider it on its own merit.

"Fares of GMB routes can only be adjusted upon obtaining the written approval from the department."

The new and existing fare scales for GMB are as follows:

<u>Journey distance not exceeding (km)</u>	<u>Existing scale (\$)</u>	<u>New scale (\$)</u>
3	\$3.5	\$4
5	4.8	5.8
7	6	7
9	6.6	7.8
11	7.2	8.5
15	8.5	10
20	10.5	12.5
30	13.5	16
40	16	19
50	19	23

End

#### Supermarkets to provide free delivery service for the disabled

\* \* \* \* \*

Four groups of people with a disability will benefit from free delivery service by two major supermarkets in Hong Kong starting from Sunday (December 1).

The service, proposed by the Hong Kong Council of Social Service, will be provided by Park'N Shop and Wellcome on a trial basis.

"About 60,000 disabled persons will benefit from the scheme," the Commissioner for Rehabilitation, Mr Augustine Choi, announced this at a press conference today (Friday). "We will review its operation and effectiveness six months later."

Mr. Choi said the following four groups of people as well as their families and carers would be eligible for the service :

- \* severely physically handicapped people, including those suffering from
- \* cerebral palsy and those using wheelchairs or walking aids;
- \* blind people or severely visually impaired people;
- \* severely mentally handicapped people (IQ 40 or below); and
- \* autistic people.

"Rehabilitation service providers will verify the identity of their clients while the Social Welfare Department will verify applicants who are 100 percent disabled and are recipients of the Disability Allowance and Comprehensive Social Security Assistance," Mr. Choi said.

"Other disabled persons who are eligible can send their verification letters issued by doctors to the Rehabilitation Division of the Health and Welfare Branch."

Mr. Choi said the Rehabilitation Division would play a co-ordinating role by recording the information of qualified applicants in the Central Registry for Rehabilitation and then referring the certified applications to the supermarkets.

Detailed arrangements are set out in pamphlets produced by the two supermarkets. The pamphlets, together with application forms, are obtainable at the rehabilitation service units and special schools serving the four groups of people, as well as the social security branches and family service centres of the Social Welfare Department.

Braille copies of the pamphlets and application forms are also available at the rehabilitation units serving people with visual impairment.

End

10pc surcharge on tax overdue be imposed from next month

\* \* \* \* \*

The Inland Revenue Department (IRD) will from next month (December) impose a 10 per cent surcharge on tax overdue for more than six months after the due date.

In calculating the surcharge, the original five per cent surcharge will also be included.

Announcing this at a press conference today (Friday), the Commissioner of Inland Revenue, Mr Wong Ho-sang, said: "Before the surcharge is to be added, a newly-designed final payment notice will be sent to the default taxpayer specifying the deadline for payment of the overdue tax and the five per cent surcharge.

"If the overdue amount is not fully paid on or before the stipulated payment date, a further surcharge of 10 per cent will be imposed. Hence, defaulting taxpayers are advised to pay their outstanding tax early to avoid further penalty."

He said the surcharge was enforced in response to the recommendations made by the Public Accounts committee of the Legislative Council on tax recovery and the increase in workload would be met by working overtime in the meantime and deploying additional manpower from next year.

He also said IRD would claim the court fee of \$630 and fixed costs, including the cost of \$300 on service of writ and the additional amount of \$40 for every defendant after the first defendant, incurred on each civil jurisdiction action taken for the recovery of unpaid tax.

"In addition, interest will be charged on judgment debt from the date of commencement of proceedings till full payment," Mr Wong added.

Mr Wong also announced IRD's programmes for the "Serving the community Week", which will take place from December 1 to 7.

The department will hold an exhibition on the ground and seventh floors of Revenue Tower between December 1 and 7. Seminars and guided tours for undergraduates, practising accountants and others will be conducted from December 2 and 6.

On IRD's other initiatives to better serve the public, Mr Wong said the IRD Home Page in Chinese was launched on October 4. Up to now, there are 1,500 "screens" in the IRD Home Page following the recent uploading of IRD Annual Report for 1995/96.

"The annual report has, for the first time, been published in bilingual mode and was released on November 11," Mr Wong said.

"Arrangement is now also being made to enable the public to obtain IR Forms on the Internet.

"And from next Monday (December 2), some IR Forms are obtainable through the new 'Fax on Demand' service."

IRD also introduced an optional "pay-as-you-earn" scheme for government pensioners on November 1. Deductions from monthly pay will be made by the Treasury in respect of those pensioners who join the scheme.

Before today's press conference, the Chief Executive of the Hong Kong Community Chest, Mr Darwin Chen, presented certificates of appreciation to 39 IRD staff members who have participated in the Community Assistance Raised by Employees (CARE) Scheme for more than three years.

IRD has supported various Community Chest activities and its staff members have made contributions of more than \$1.3 million to the Community Chest during the past three years.

End

#### Preparation of new valuation lists

\* \* \* \* \*

The Governor has directed the Commissioner of Rating and Valuation to prepare new valuation lists for the Urban Council and Regional Council areas and designated July 1, 1996 as the reference date for valuation purposes.

A notice of the direction was published in the Government Gazette today (Friday).

"This means that all properties included in the new valuation lists which will take effect on April 1, 1997 will be valued by reference to rental values at July 1, 1996," a spokesman for the Rating and Valuation Department said today.

Rateable values were last reviewed effective April 1, 1994 and are currently based on rental values at July 1, 1993.

In anticipation of this direction, staff of the department have been preparing valuations for all rateable properties throughout the territory. The valuation work is expected to be completed early next year.

Ratepayers will be informed of the new rateable values when they receive the second quarter 1997 rates demands in late March or early April 1997.

They will also be able to inspect the valuation lists in April and May 1997 when they will be able to make proposals objecting to the new rateable values. The valuation lists will be available at the department's office or at District Offices.

End

#### More signatories join Community Charter on AIDS

\* \* \* \* \*

Twenty-six organisations joined the Hong Kong Community Charter on AIDS as new signatories at a signing ceremony held this (Friday) morning.

This is the third batch of organisations signed the charter since the scheme was first launched in December 1994, bringing the total number of signatories to 75.

The new signatories include the 18 District Boards, the Hong Kong Council of Social Service and the Society of Rehabilitation of Offenders, Hong Kong.

The Hong Kong Government is one of the founder signatories of the charter scheme, which is jointly organised by the Department of Health and the Lions Club International, District 303 - Hong Kong and Macau.

The main objectives of the charter scheme are to enhance AIDS awareness and to encourage adoption of non-discriminatory policy in the workplace.

By signing the charter, the company or organisation is fully committed to the principle of non-discrimination in the handling of employees who are HIV infected or at risk of HIV infection.

Employees with HIV infection or AIDS would be treated in the same way as others without the infection in his/her work, and that the HIV status of an individual, if known, would be treated in the strictest confidence.

More information on the scheme can be obtained from the AIDS Unit of the Department of Health on 2780 8622.

End

Miscellaneous environmental fees to be revised

\* \* \* \* \*

The Government intends to increase fees related mainly to the issue of various types of permits and licences specified in a number of environmental regulations concerning air, noise, water pollution control and waste disposal.

With effect from January 10, 1997, fees under the subsidiary regulations of seven ordinances, namely Waste Disposal, Water Pollution Control, Noise Control, Air Pollution Control, Road Traffic, Ozone Layer Protection and Dumping at Sea will be revised.

A government spokesman said today (Friday) that the proposed fee increases would generate about \$2.6 million additional revenue a year.

He said that most of the fees were last revised in 1994.

"The revision is based on a costing review conducted recently by the Government which shows that many of the existing fee levels recover only a fraction of the costs involved. It is general government policy that fees should recover the full costs.

"However, we recognise that to immediately recover the total cost would come as a surprise in some cases. In these instances we intend to phase in the increases over a number of years.

"The proposed increase represent a small portion of the operating costs borne by the relevant trades which should not affect their operations," he said.

Details of the proposed revisions are gazetted today.

End

School Administration and Management System made easy

\* \* \* \* \*

The Education Department will organise four School Administration and Management System (SAMS) days next month (December) to present a comprehensive picture of the system.

SAMS is one of the Information Systems Strategy projects of the department.

Installed in some 650 schools, SAMS is aimed at providing all public sector schools with a networked computer system to assist them in their administration and management processes and enable electronic transmission of information between schools and the department.

Bearing the theme "SAMS Made Easy", the SAMS Day features a variety of activities ranging from exhibitions, multi-media demonstration, video tape show, talks, workshops, hand-on sessions and SAMS schools experience sharing exhibits.

It will focus on how the system can be applied in daily administrative work and activities.

The first SAMS Day will be held at Lui Kee Education Services Centre at 269 Queen's Road East, Wan Chai on December 2 (Monday) between 9 am to 5 pm.

Three similar open days will be staged at SSY Ho Ngai Prevocational School at 8 Oi Ming Lane, Tuen Mun from December 10 (Tuesday) to December 12 (Thursday) between 10 am to 5 pm.

Teaching and non teaching staff are welcome to participate.

End

#### TOC exhibition to open tomorrow

\* \* \* \* \*

The Education Department will stage a roving exhibition on Target Oriented Curriculum (TOC) starting tomorrow (Saturday).

Teachers, parents and members of the public visiting the exhibition will be able to see how the new curriculum being implemented in Hong Kong's Primary One and Two classes.

Under the theme, Collaboration: Key to Implementing TOC, the exhibition is to inform the public of the latest development of curriculum with focuses on advantages of its learning cycle and the importance of the collaboration of teachers, students and parents in implementing the curriculum.

The 11-day roving exhibition will be staged at five venues throughout the territory. Details are as follows:

<u>Venue</u>	<u>Date</u>
Level Two promotion area of Landmark North, Sheung Shui	November 30 to December 2
Exhibition area of Chai Wan MTR Station	December 3 and 4
Exhibition area of Mong Kok MTR Station	December 5 and 6
Exhibition area of Admiralty MTR Station	December 7 and 8
Exhibition area of Tsuen Wan MTR Station	December 9 and 10

Education Department officers will be available to answer enquiries at the exhibition area daily between 9 am and 8 pm.

Meanwhile, teachers and members of the public are invited to visit the two TOC resource centres to acquire a better understanding of the services and resources support available.

The open days of the TOC Resource Centre (New Territories Region) at Units 709-711, seventh floor, Landmark North, Sheung Shui, will be held from November 30 to December 7 between 9 am and 5 pm.

The Hong Kong centre on the 14th and 15th floors, CRE Building, 303 Hennessy Road, Wan Chai, will be open from December 1 to 8 between 9 am to 5 pm.

Teachers, parents and members of the public are welcome to visit the exhibition and resource centres to get a comprehensive picture of the curriculum.

End

### Mobile exhibitions to explain environmental protection

\* \* \* \* \*

A mobile environmental resource centre is to be set up for the first time to enable the public an easy access to information on environmental protection.

The centre is operated by the Environmental Protection Department (EPD) in support of the Serving the Community Week organised by the Government. It will be stationed at several locations throughout the territory from December 2 to 6.

Introducing the mobile centre, Community Relations Officer of EPD, Ms Mabel Mak, said that through viewing of exhibits there, members of the public could get a better understanding of the various facets of work by the department on protection of Hong Kong's environment.

"The touch screen environmental information system installed in the mobile centre will provide viewers with in-depth data in an interesting way," she said.

"People with no computer knowledge can easily obtain information in both Chinese and English from the system."

The mobile centre will be parked at the following locations and be opened to the public from 10 am to 6 pm:

December 2	Po Lam Estate, Tseung Kwan O
December 3	Tuen Mun Town Hall
December 4	Yuen Long Children's Playground
December 5	Sheung Shui Community Town Hall
December 6	New World Centre, Tsim Sha Tsui

Ms Mak said in addition to the mobile resource centre, local control offices of EPD would also mount a series of exhibitions during the Serving the Community Week.

Display boards to show achievements on the environmental front over the last ten years and pollution problems at various districts will be exhibited at Tai Koo MTR Station (December 2 and 3), Tuen Mun Town Hall (December 3), Yuen Long Children's Playground (December 4), Sheung Shui Community Town Hall (December 5), Sha Tin KCR Station (December 6), Western Gallery of New World Centre (December 6) and the lobby of Tsuen Wan Government Offices (December 7).

Other activities organised by EPD during the Serving the Community Week include environmental protection game stalls at the kick-off carnival at Fa Hui Park on December 1.

"Participants will learn more about protecting the marine environment as well as waste separation and recycling through two specially designed games," Ms Mak said.

As the finale of the week, EPD will organise an open day of the Sha Tin Transfer Station on December 7. Visitors from invited secondary schools, voluntary agencies and youth organisations will be briefed on the operation of the refuse transfer station and the waste disposal strategy in Hong Kong.

End

#### Draft Sha Tin Outline Zoning Plan amended

\* \* \* \* \*

The Town Planning Board today (Friday) announced amendments to the draft Sha Tin Outline Zoning Plan.

A number of undeveloped sites within the Yuen Chau Kok Industrial Area bounded by Ngan Shing Street, Sha Tin Wai Road, Siu Lek Yuen Road and Chap Wai Kon Street have been rezoned from "Industrial" ("I") to other land uses which are urgently in demand, in particular, residential development.

Opportunity is also taken to rezone several plots of land in the Yuen Chau Kok Industrial Area to "Commercial" ("C"), "Government/Institution/Community" ("G/IC"), "Open Space" ("O") and "Other Specified Uses" annotated "Petrol Filling Station" ("OU(PFS)") to reflect their existing and planned uses.

A 5.98-hectare site at the junction of Sha Tin Wai Road and Ngau Pei Sha Street has been rezoned to "Residential (Group A)" for a Home Ownership Scheme development which will accommodate about 16,000 people in 4,890 flats.

A site at the junction of Chap Wai Kon Street and Ngau Pei Sha Street, with an area of about 0.95 hectare, has been rezoned for private residential development.

Five sites have been rezoned from "I" to "G/IC". Among them, a 2.13-hectare site located to the east of Ngan Shing Street has been reserved for the development of a primary school, a secondary school and an indoor recreation centre. The remaining four smaller sites are rezoned to reflect either their existing or future uses.

Another 0.51-hectare site at the junction of Sha Tin Wai Road and Siu Lek Yuen Road has been rezoned to "O" for a local open space, while a 1.03-hectare site bounded by Yuen On Street and Ngau Pei Sha Street has also been rezoned as "O" to reflect an existing soccer pitch and the development of sitting-out areas.

A 0.41-hectare site at the junction of Yuen Shun Circuit and Ngau Pei Sha Street has been designated for "C", while another site at the southern junction of Yuen On Street and Yuen Shun Circuit has been rezoned "OU(PFS)" to reflect existing uses. These uses are developed as the result of approved planning applications.

Meanwhile, three sites at the interchange of Tolo Highway and Tate's Cairn Highway have been rezoned from "Other Specified Uses" annotated "Sewage Treatment Works" and "Road" to "G/IC". This is to reflect the existing uses of a Highways Department's maintenance depot and a vehicle weighing station of the Royal Hong Kong Police Force, and the future development of a permanent marine police base.

The amendment plan (No S/ST/8) is available for public inspection until December 20 during normal office hours at:

- \* Planning Department, 16th floor, Murray Building Garden Road, Central, Hong Kong;
- \* Sha Tin, Tai Po and North District Planning Office, ground floor, Sha Tin Government Offices, Tung Lo Wan Hill Road, Sha Tin, New Territories; and
- \* Sha Tin District Office, sixth floor, City Link Plaza, Sha Tin Station Circuit, Sha Tin, New Territories.

Any person affected by the amendments may submit written objections to the Secretary of the Town Planning Board, c/o Planning Department, 13th floor, Murray Building, Garden Road, Central, Hong Kong on or before December 20.

Copies of the draft plan are available for sale at the Survey and Mapping Office, Lands Department, 14th floor, Murray Building, Garden Road, Central, Hong Kong and the Kowloon Map Sales Office, ground floor, 382 Nathan Road, Kowloon.

End

Hi-tech identification for dogs to be implemented next week

\* \* \* \* \*

Dogs in Hong Kong will be identified by means of a microchip system administered by the Agriculture and Fisheries Department (AFD) starting from next Monday (December 2).

From that date, when dogs are taken to be vaccinated and licensed, a microchip will be injected under the loose skin at the base of the neck between the shoulders.

The microchip will last for the life of the dog. It contains a unique coded number, which will identify the dog when read by a scanner.

"The system is safe, accurate, permanent, tamper-proof and will allow better management and control of dogs," said an AFD senior veterinary officer, Dr Dick Rubira.

"It only causes minor discomfort to the dog at the time of injection of the chip."

He reminded dog keepers that all dogs over five months of age must be licensed.

"Failure to do so constitutes an offence and renders the keeper liable to a fine of up to \$10,000," he added.

Dogs can be vaccinated and microchipped at Royal Society for the Prevention of Cruelty to Animals (RSPCA) clinics and authorised private veterinary clinics, in addition to government kennels and inoculation centres.

The dog licence is valid for three years. Dr Rubira advised dog owners to ensure that they receive a written copy of the licence.

Those dogs which are currently licensed are not required to be microchipped until their current licence is due for renewal.

They will also be given a plastic tag to place on the dog's collar after vaccination.

A licence fee will be charged. The fee is \$70 for dogs vaccinated by a government officer and \$40 for those vaccinated by another authorised person, such as a veterinary surgeon, who will also charge an additional fee for their professional services.

Dog keepers must advise AFD of any change of ownership of the dog or their address within five days to ensure records are kept up-to-date.

Failure to do so is an offence and renders the keeper liable to a fine of up to \$5,000. The original keeper would also be responsible for the dog's actions until notification is made.

"Stray dogs found by the various agencies will be identified by the chip. Their keepers will be contacted and advised where they can collect their dog," said Dr Rubira.

"This is a major advantage of the system. Lost dogs will be returned to their keepers and fewer dogs will have to be destroyed."

Other species, such as cats, can also be vaccinated and microchipped by private veterinary surgeons if their owners so wish, but it is not compulsory.

Further details on the programme can be obtained from AFD on 2733 2235 or any government kennels. The telephone numbers of the kennels are: Victoria Road (2551 8586), Sung Wong Toi (2362 4147), Sha Tin (2691 2191) and Shek Wu Hui (2670 2201).

End

#### UC Chai Wan Complex tenders invited

\* \* \* \* \*

The Architectural Services Department is inviting tenders for the construction of the Urban Council Chai Wan Complex on Hong Kong Island.

The project will comprise the construction of a two-storey basement and foundation for the complex and associated drainage works.

Works will commence in February next year for completion in March 1998.

Tender forms and further particulars of the project can be obtained from the Architectural Services Department, 34th floor, Queensway Government Offices, 66 Queensway, Hong Kong.

Tender offers will close at noon on Friday, December 20.

End

Government plans to reconstruct footbridge in Tuen Mun

\* \* \* \* \*

The Government intends to build a footbridge at Luen On San Tsuen in Tuen Mun to replace the existing one which is now in dilapidated condition.

Works will commence in August next year for completion in July 1998.

About 49 hectares of foreshore and seabed at Tai Lam Chung will be affected by the work. Details are described in a notice published in the Government Gazette today (Friday).

Any person who considers that he has an interest, right or easement in or over the foreshore and seabed involved may submit a written objection to the Director of Lands on or before January 29, 1997.

The objection should describe the interest, right or easement of the objector and the manner in which he alleges he will be affected.

The notice (in both English and Chinese) together with related plans can be seen on notice boards posted near the site.

The plan can also be seen at the Lands Department's Survey and Mapping Office, 14th floor, Murray Building, Garden Road, Hong Kong (where copies can be purchased on order) and at the Tuen Mun District Office, second floor, Tuen Mun Government Offices, 1 Tuen Hi Road, Tuen Mun, New Territories.

End

Repair works for 13 reinforced concrete piers

\* \* \* \* \*

The Civil Engineering Department is inviting tenders for structural repairs to 13 reinforced concrete piers in the territory.

The 13 piers are Queen's Pier, Pak Sha Wan Pier, Tap Mun Public Pier, Sha Lo Wan Pier, Chi Ma Wan Pier, Ping Chau Public Pier, Tsing Yi Yau Kom Tau Minor Ferry Pier, Ap Chau Public Pier, Tai Po Railway Pier, Kai Tak Airport Pier, Kennedy Town Old Cattle Pier, Ex-Government Dockyard Pier (Mine Storage) and Tung Lung Island Pier.

These are all aged piers and some of their reinforcement bars have been badly corroded by sea water, which leads to cracks and spalling off of the concrete.

The repair works will include removal of damaged concrete, the replacement of severely corroded steel reinforcement and reinstatement of concrete.

Works are expected to start in February next year for completion in 12 months.

The works have been designed and construction will be supervised by the Technical Services Division of the Civil Engineering Office of the department.

Tender forms and further particulars can be obtained from the Chief Engineer of the Division on the fourth floor of Civil Engineering Building, 101 Princess Margaret Road, Ho Man Tin, Kowloon.

Tender offers will close at noon on Friday, December 20.

End

#### Gurkhas triumph at trailwalker

\* \* \* \* \*

Triumphant soldiers from the Queen's Wkha Signals celebrated a magnificent victory in the early hours of this morning when they regained their trailwalker title in a time of 13 hours and 28 minutes.

Signalmen Danbir Limbu, Nareshkumar Rai, Tirtha Rai, and Devbahadur Sherpa were only ten minutes short of the record, bringing to an end is years' involvement in one of Hong Kong's most testing sporting events.

The Commanding Officer of the Queen's Gurkha Signals, Lieutenant Colonel Jeremy Ellis, who ran the last three stages with his team, said their victory was a fitting farewell tribute.

Hot on their heels - and bringing further success to the Gurkhas and the British Garrison - were the Queen's Own Gurkha Transport Detachment who finished second in 13 hours and 54 minutes.

End

Phonecards and mailing tubes available at all post offices

\* \* \* \* \*

The Postmaster General, Mr Robert Footman, announced today (Friday) that the Post Office will sell Hong Kong Telecom Phonecards at all post offices, and extend the sale of mailing tubes to all post offices (except the mobile post offices) as from Monday (December 2).

"These initiatives are part of our contribution to the Serving the Community Week. They will expand our range of services in response to customer needs," said Mr Footman.

The Hong Kong Telecom Phonecards will be available in two types: the Definitive Hello Phonecard with denominations of \$100, \$200, and \$300 and the Definitive SmartCard with denomination of \$100.

The mailing tubes have previously been available only at 22 selected post offices. The tubes are in two sizes - a large tube (740 mm in length and 50 mm in diameter) at \$12 and a small tube (445 mm in length and 50 mm in diameter) at \$6.3.

The tubes are made of strong cardboard paper with a water-proof inner lining and a plastic cap at each end. Each tube is sold with a self-adhesive address label.

End

Monetary statistics for October

\* \* \* \* \*

According to statistics published today (Friday) by the Hong Kong Monetary Authority, both deposits and loans and advances rose during October 1996. Table 1 summarises figures for October 1996 and comparisons with earlier months.

Deposits

Total deposits rose by 1.7% in October, following a growth of 0.7% in September. The increase was attributable to a 3.1% rise in HK\$ deposits, which outweighed the slight fall of 0.1% in foreign currency deposits.

HK\$ deposits recorded notable growth across the board. Demand deposits expanded further by 2.2% in October, having risen by 9.6% in September. Savings and time deposits rose more rapidly in October, by 2.3% and 3.5% respectively, compared to their respective growth of 0.8% and 1.4% in the previous month.

The fall in foreign currency deposits was entirely due to a further decline of 0.7% in non-US\$ foreign currency deposits, while US\$ deposits were up by 0.5%. Non-US\$ foreign currency deposits have fallen for three months in a row, cumulating a total reduction of 3.6%.

#### Loans and advances

Total loans and advances grew slightly by 0.1% in October, following a decline of 0.9% in September. The rise reflects a further expansion in domestic credit by 1.0%, which more than offset the decline of 0.7% in offshore loans. Of the domestic credit, loans for trade financing fell further by 0.7% in October, after a decline by 3.7% during the September quarter. On the other hand, other loans for use in Hong Kong continued to increase by 1.2%, fueled by a further strong growth in mortgage loans.

The result of the October 1996 Residential Mortgage Survey of 33 authorised institutions showed that outstanding residential mortgage loans grew by 2% during the month, the highest growth rate since June 1995.

As for offshore loans, the contraction can largely be attributable to the valuation effect stemming from a further depreciation of the Japanese yen.

Analysed by currency, HK\$ loans increased by 0.8% during the month while foreign currency loans declined by 0.3%. As HK\$ loans grew slower than HK\$ deposits, the HK\$ loan-to-deposit ratio fell from 106.2% at end-September to 103.9% at end-October.

#### Money supply

HK\$M1 rose by 0.9% in October as the rise in HK\$ demand deposits more than offset the 1.1% decline in currency held by the public. Compared to a year earlier, HK\$M1 rose by 10.2%. The strong transaction demand for money was boosted by improved retail sales and the more active asset markets. HK\$M2 and HK\$M3 both increased by 2.6% in October, having risen by 1.8% in September.

-----

**TABLE 1 : MONETARY STATISTICS - OCT 1996**

	(HK\$mn)			
	Oct 1996	Earlier months (% change to Oct 1996)		
		Sep 1996	Jul 1996	Oct 1995
<b>Money Supply</b>				
M1 - HK\$	188,522	186,849 ( 0.9 )	180,880 ( 4.2 )	171,127 ( 10.2 )
Foreign currency	18,694	19,519 ( -4.2 )	20,416 ( -8.4 )	16,457 ( 13.6 )
Total	207,215	206,368 ( 0.4 )	201,295 ( 2.9 )	187,584 ( 10.5 )
M2 - HK\$@	1,442,300	1,405,397 ( 2.6 )	1,363,775 ( 5.8 )	1,254,130 ( 15.0 )
Foreign currency*	997,241	994,881 ( 0.2 )	1,011,863 ( -1.4 )	978,009 ( 2.0 )
Total	2,439,541	2,400,279 ( 1.6 )	2,375,638 ( 2.7 )	2,232,139 ( 9.3 )
M3 - HK\$@	1,458,943	1,421,602 ( 2.6 )	1,379,445 ( 5.8 )	1,271,260 ( 14.8 )
Foreign currency*	1,059,827	1,059,902 ( 0.0 )	1,076,551 ( -1.6 )	1,038,934 ( 2.0 )
Total	2,518,771	2,481,504 ( 1.5 )	2,455,995 ( 2.6 )	2,310,194 ( 9.0 )
Notes and coins in circulation	82,522	84,139 ( -1.9 )	82,051 ( 0.6 )	78,597 ( 5.0 )
of which held by public	73,575	74,416 ( -1.1 )	73,373 ( 0.3 )	69,176 ( 6.4 )
<b>Total Deposits</b>				
Total Demand deposits	133,640	131,952 ( 1.3 )	127,922 ( 4.5 )	118,408 ( 12.9 )
Total Savings deposits	489,076	478,066 ( 2.3 )	466,681 ( 4.8 )	422,555 ( 15.7 )
Total Time deposits	1,750,776	1,724,327 ( 1.5 )	1,717,528 ( 1.9 )	1,635,068 ( 7.1 )
With licensed banks	1,692,518	1,663,867 ( 1.7 )	1,657,560 ( 2.1 )	1,580,246 ( 7.1 )
With restricted licence banks	42,564	44,950 ( -5.3 )	43,982 ( -3.2 )	36,186 ( 17.6 )
With deposit-taking companies	15,694	15,509 ( 1.2 )	15,986 ( -1.8 )	18,636 ( -15.8 )
HKS deposits@	1,344,311	1,304,136 ( 3.1 )	1,264,445 ( 6.3 )	1,167,617 ( 15.1 )
Demand deposits	114,946	112,433 ( 2.2 )	107,507 ( 6.9 )	101,951 ( 12.7 )
Savings deposits	343,301	335,475 ( 2.3 )	324,509 ( 5.8 )	292,768 ( 17.3 )
Time deposits@	886,063	856,229 ( 3.5 )	832,429 ( 6.4 )	772,898 ( 14.6 )
US\$ deposits*	513,000	510,272 ( 0.5 )	512,087 ( 0.2 )	508,533 ( 0.9 )
Other foreign currency deposits*	516,181	519,937 ( -0.7 )	535,599 ( -3.6 )	499,881 ( 3.3 )
Foreign currency deposits*	1,029,181	1,030,208 ( -0.1 )	1,047,686 ( -1.8 )	1,008,414 ( 2.1 )
All deposits	2,373,492	2,334,345 ( 1.7 )	2,312,131 ( 2.7 )	2,176,031 ( 9.1 )
Foreign currency swap deposits	38,889	39,266 ( -1.0 )	41,283 ( -5.8 )	55,772 ( -30.3 )
<b>Total Loans and advances</b>				
Loans for use in H.K.	1,759,693	1,742,231 ( 1.0 )	1,733,409 ( 1.5 )	1,548,810 ( 13.6 )
To finance H.K.'s visible trade	162,822	163,660 ( -0.5 )	168,465 ( -3.3 )	154,655 ( 5.3 )
To finance merchandising trade not touching H.K.	18,998	19,372 ( -1.9 )	20,790 ( -8.6 )	17,830 ( 6.6 )
Other loans for use in H.K.	1,577,874	1,559,200 ( 1.2 )	1,544,154 ( 2.2 )	1,376,325 ( 14.6 )
Loans for use outside H.K.#	2,064,114	2,077,916 ( -0.7 )	2,133,820 ( -3.3 )	2,144,629 ( -3.8 )
Other loans for use outside H.K.	2,024,381	2,037,624 ( -0.6 )	2,093,009 ( -3.3 )	2,107,243 ( -3.9 )
Other loans where the place of use is not known	39,733	40,292 ( -1.4 )	40,811 ( -2.6 )	37,387 ( 6.3 )
Loans in HK\$	1,396,507	1,385,149 ( 0.8 )	1,373,165 ( 1.7 )	1,224,188 ( 14.1 )
Loans in foreign currencies	2,427,300	2,434,999 ( -0.3 )	2,494,063 ( -2.7 )	2,469,252 ( -1.7 )
Total loans and advances	3,823,808	3,820,147 ( 0.1 )	3,867,228 ( -1.1 )	3,693,439 ( 3.5 )

\* Adjusted to exclude foreign currency swap deposits.

@ Adjusted to include foreign currency swap deposits.

# Including those where place of usage is unknown.

Note : Data may not add up to total due to rounding.

End

Further issue of 28-day Exchange Fund bills to be tendered

\* \* \* \* \*

The Hong Kong Monetary Authority (HKMA) will tender another tap issue of 28-day Exchange Fund bills on Thursday (December 5) of up to \$10 billion.

This follows HKMA's announcement on November 19 to tender two tap issues of 28-day Exchange Fund bills of \$5 billion each on November 26 and December 3.

Under the Real Time Gross Settlement (RTGS) system, banks can make use of Exchange Fund bills and notes to obtain interest free liquidity by carrying out intraday repurchase (repo) transaction with HKMA.

"Despite the recent increase in the supply of short term Exchange Fund bills, there remains very strong demand from banks for additional supply of bills in preparation for the implementation of the RTGS system on December 9," said a HKMA spokesman.

The strong demand was evidenced by the continued widening of the spreads between the yields of the Exchange Fund bills and HIBOR.

After the tender of the first tap issue of \$5 billion 28-day Bills on November 26, the spread continued to widen from 59 basis points to 76 basis points this (Friday) morning. At the same time, the spreads for the three-month bills has also widened from 74 basis points to 91 basis points whereas that for six-month Bills has widened from 81 basis points to 85 basis points.

The \$10 billion bills may be rolled over once on maturity. With these three tap issues, the banking system will have an additional supply of short-term bills amounting to \$20 billion in the initial weeks of the RTGS implementation.

"This would ensure adequate supply of intraday liquidity for banks to manage their payment flows effectively under the RTGS system," said the HKMA spokesman.

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	3,756	0930	-256
Closing balance in the account	5,720	1000	-256
Change attributable to:		1100	+744
Money market activity	+2,293	1200	+2171
LAF today	-329	1500	+2171
		1600	+2293

LAF rate 4.00% bid/6.00% offer TWI 124.8 \*+0.1\* 29.11.96

Hong Kong Monetary Authority

EF Bills		EF Notes/MTRC Notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.13	2 years	2811	5.72	100.35	5.60
1 month	4.69	3 years	3910	6.28	101.00	5.98
3 months	4.63	5 years	5109	7.32	103.60	6.53
6 months	4.73	7 years	7311	6.80	100.32	6.86
12 months	5.08	10 years	1610	7.37	102.76	7.10
		5 years	M503	7.35	102.34	6.87

Total turnover of EF Bills and Notes - \$18,609 million

Closed November 29, 1996

End