



DAILY INFORMATION BULLETIN

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Transcript of the Chief Secretary's media session

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The following is a transcript of the Chief Secretary Mrs Anson Chan's media session after the Executive Council meeting today (Tuesday):

Chief Secretary: I've just come back from a very relaxing holiday, but it is great to be back in Hong Kong. I'm even very glad to see you all. I've spent the last three days with my husband in Beijing at the invitation of Director Lu. As you all know, I have an invitation from Director Lu to visit China. Unfortunately we weren't able to agree dates earlier on particularly in view of the controversy surrounding whether the visit will or will not take place. We felt that it would be better for the visit to take place without prior publicity but of course on my return I would let you all, I've just also briefed ExCo, know of the visit. I think on this visit I was able not only to have a long discussion with Director Lu and with his two deputy directors but in particular I was very honoured and very happy to be able to meet with Vice-Premier Mr Qian Qichen at Diaoyutai. Both these discussions took place in a very friendly, very cordial and relaxed atmosphere. We covered a range of transitional issues, issues that are of concern to both sides, ranging from the economy to the civil service, the coming establishment of the Preparatory Committee and the CEO designate and his team. I came away from both these visits really feeling very good and very encouraged about the prospect for more positive co-operation between the two sides and in particular for more regular contact at the senior level of the civil service with our Chinese counterparts. Indeed Mr Lu and I agreed that from here on, he and I should be in regular touch and that when senior officials visit Beijing, they should also call on officials in the Hong Kong and Macau Affairs Office. Both Vice-Premier Qian and Director Lu were at pains to reassure me about the importance that they attached to the civil service, their wish to see continuity within the civil service, their wish to see the majority of civil service continuing in office after 1997 and of course subject to the various provisions in the Basic Law and the Joint Declaration as regards the selection of the CEO designate and his responsibility to nominate principal official posts. We also discussed a range of other issues. On the whole, I am extremely glad that this visit has taken place. I am particularly grateful to Director Lu for seeing me and giving me an hour and a half of his time, particularly as you know he has not been well and indeed he came to the meeting from hospital. But he is making good recovery and I hope very soon that he will be fully well and will return to his desk. I greatly look forward to maintaining contact with Director Lu. I hope that this will be the first of many other visits to China. I was also extremely encouraged by Mr Qian Qichen's invitation that I would be welcomed to visit China at any time. So on the whole, an extremely good visit. I will certainly be passing on the reassurances given to me by Mr Qian and by Director Lu to my civil servant colleagues and I am sure that they would also prove re-assuring to my colleagues. Thank you.

Question: Were there any specific agreements ... ?

Chief Secretary: Let me make it clear both these visits were not negotiating sessions. No deals were made. Rather they were opportunities for myself and for Mr Qian and Director Lu to get to know one another better and I hope that on the basis of this first visit, it will be possible for us to establish a more positive, a warmer relationship and on that basis it would then be easier for us to discuss matters of mutual concern and interest.

Question: Did you discuss the possibility of a visit between the Chinese and the Governor?

Chief Secretary: I of course reiterated the Governor's invitation for Director Lu to visit Hong Kong at any time. I also extended an invitation to Vice-Premier Qian to visit and the Governor would of course be very happy to see Chinese leaders at any time, at any place.

Question: Mrs Chan, do think that this visit represent ... right now then the past two years?

Chief Secretary: I think this visit indicates that there is a genuine wish on the part of both sides to strengthen communication and links particularly at senior official level. I was particularly encouraged as a result of my meetings in the sense that I felt that both Vice-Premier Qian and Director Lu, they are both genuinely concerned about the civil service. They are concerned to provide whatever reassurance they can and to assure civil servants that they have a future and that they have an important role to play both in maintaining Hong Kong's prosperity and stability before 1997 and after 1997.

End/Tuesday, July 4, 1995

Development package to improve ferry service approved

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The Governor-in-Council today (Tuesday) approved the general terms of a pier development package which would enable the Hongkong and Yaumati Ferry Company Ltd (HYF) to improve the quality of ferry services and to keep fare increases in line with inflation.

A Government spokesman stressed that the package would be of considerable benefit to the community because HYF would use a major proportion of the development profits for acquiring new vessels, implementing improvement measures and keeping fare increases in line with inflation.

"In addition, a full market premium estimated will be paid to the Government for the land grant," he added.

The spokesman pointed out that the terms of the package was the result of lengthy negotiations between the Government, HYF and its parent company, Hong Kong Ferry (Holdings) Company Ltd (HKF).

He said the Government would now be able to proceed with the drafting of a tripartite agreement with HKF and HYF.

On details of the general terms of the pier development package, the spokesman said HKF agreed to pay for the benefit of HYF, whichever was more, \$640 million or 60 percent of the sales profit from the disposal of the entire development and 50 percent of the rental income to be derived during the franchise period from not less than 20 per cent of the commercial gross floor area of the entire development.

"HYF has agreed to use the money to finance ferry service improvements, to keep future fare increases in line with inflation and to cover the losses that HYF would incur in operating ferry services," he said.

"HYF has also agreed to apply for an extension of its franchise from 1999 to 2010.

"A committee comprising two Government representatives and two HKF/HYF representatives will be set up to ensure that all the cash cash injection is properly applied in accordance with the terms of the tripartite agreement.

"If HYF 'walks away' from its franchise during the term of a franchise, the Government can take possession of the company's assets ferry-related assets valued at \$580 million without compensation.

"The arrangements will be enshrined in a tripartite agreement to be signed between the Government, HKF and HYF."

The spokesman reiterated that the package would be of considerable benefit to the community, in terms of HYF's commitment to improve ferry services standards, to keep fare increases in line with inflation at a reasonable level and to maintain an efficient ferry services at least up to 2010.

With regard to the disposal of the site required for development, approval has been granted by the Land Commission.

End/Tuesday, July 4, 1995

Unlicensed guesthouse operator fined

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A guesthouse operator was fined \$10,000 in the South Kowloon Magistracy today (Tuesday) after he pleaded guilty to a charge of running an unlicensed guesthouse at the Chungking Mansions in Tsim Sha Tsui.

The court heard that officers of the Home Affairs Department's Office of the Licensing Authority inspected a flat on the sixth floor of the building on May 3 and found that the premises was operating as a guesthouse, but without a licence.

The operator was subsequently charged under Section 5 of the Hotel and Guesthouse Accommodation Ordinance.

Meanwhile, a spokesman for the department reiterated that anyone who operated a guesthouse without a licence or a valid certificate of exemption was liable on conviction to a fine and two years' imprisonment.

He stressed that enforcement action would continue to be taken against unlicensed guesthouses, adding that policing and prosecution would be a long-term exercise and would not be confined to a particular district.

He also invited the public to report on unlicensed guesthouses to the office by telephoning 2881 7034.

End/Tuesday, July 4, 1995

Results of the 1993 survey of industrial production

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The gross output performed by manufacturing establishments in 1993 amounted to \$311.8 billion, representing a decrease of 5.9% over 1992.

Net of total operating expenditure, the gross surplus of these establishments amounted to 11.5% of the gross output in 1993. This was 0.1 of a percentage point lower than the corresponding figure of 11.6% for 1992.

The value added, which is a measure of the sector's contribution to Hong Kong's Gross Domestic Product, amounted to \$91.2 billion in 1993. This represented a decrease of 6.5% over 1992.

These are some of the major findings of the 1993 Survey of Industrial Production, released today (Tuesday) by the Census and Statistics Department. The survey was conducted from April 1994 to early 1995.

All value figures in this press release are expressed in current prices. The percentage changes derived from these figures have not been adjusted for price changes. Caution should therefore be taken in interpreting the survey results.

In terms of percentage share of gross output, the operating expenditure incurred by manufacturing establishments amounted to 88.5% in 1993. This comprised 16.6% for compensation of employees; 61.2% for consumption of materials, supplies, and industrial work/services; and 10.7% for other expenses.

Compared with 1992, the percentage share for consumption of materials, supplies and industrial work/services decreased by 0.1 of a percentage point while that for compensation of employees increased by 0.2 of a percentage point.

The value added content of the gross output performed by these establishments amounted to 29.2%, comprising mainly 16.6% for compensation of employees and 11.5% for gross surplus. Compared with 1992, the percentage share for compensation of employees increased by 0.2 of a percentage point while that for gross surplus decreased by 0.1 of a percentage point.

The survey results also showed that there were some 34,400 manufacturing establishments operating in 1993.

In terms of value added, the five largest broad industry groups in 1993 were (1) basic metals, fabricated metal products, machinery and equipment, accounting for 21.9% of the total value added of the manufacturing sector; (2) wearing apparel, 17.6%; (3) textiles, 14.5%; (4) paper products, printing and publishing, 12.9%; and (5) electrical and electronic products, 12.9%.

Moderate increases in value added in 1993 were recorded in the paper products, printing and publishing industry (+13.5%) and the chemical, rubber and non-metallic mineral products industry (+10.0%). However, significant decreases were shown in the leather, wood and cork products industry (-28.6%) and the plastic products industry (-21.2%).

The principal statistics for the manufacturing industry, classified by broad industry group, are shown in the table.

Apart from manufacturing establishments, the survey also enumerated establishments engaged in (i) mining and quarrying; and (ii) supply of electricity, gas and water.

Details of the survey results will be published in a full report available around August/September, 1995.

Enquiries regarding statistics on industrial production can be directed to the Industrial Production Statistics Section of the Census and Statistics Department on tel 2839 3202.

Summary results of the 1993 Survey of Industrial Production
classified by broad manufacturing industry group

Broad industry group	Number of establishments	Number of persons engaged	Compensation of employees (\$ Mn)	Consumption of materials, supplies & industrial work/services (\$ Mn)	Other expenses (\$ Mn)	Gross surplus (net of "textile export quota transfer receipts") (\$ Mn)	Gross output (\$ Mn)	Value added (\$ Mn)
Food, beverages and tobacco	754 (-6)	25 749 (-2)	3,211 (10)	9,160 (-6)	2,772 (-8)	3,732 (-11)	18,374 (-5)	6,961 (-2)
Wearing apparel, except knitwear and footwear	4 703 (-28)	129 992 (-23)	10,652 (-19)	36,146 (-10)	6,492 (-16)	3,829 (-12)	57,119 (-12)	16,011 (-18)
Leather, wood and cork products	1 288 (-29)	7 302 (-31)	564 (-27)	1,875 (-31)	390 (-26)	294 (-30)	3,112 (-30)	857 (-29)
Textiles (including knitting)	3 619 (-21)	81 996 (-8)	8,495 (*)	31,521 (-5)	5,377 (-4)	3,852 (-25)	49,245 (-6)	13,180 (-11)
Paper products, printing and publishing	5 923 (-7)	53 561 (2)	6,144 (16)	15,513 (10)	3,616 (10)	5,358 (13)	30,611 (11)	11,800 (13)
Chemicals, rubber & non-metallic mineral products	1 008 (*)	11 575 (-5)	1,568 (9)	7,420 (8)	1,809 (11)	1,555 (15)	12,352 (9)	3,233 (10)
Plastic products	2 374 (-32)	22 465 (-31)	2,106 (-25)	5,997 (-35)	1,330 (-32)	1,593 (-17)	11,026 (-30)	3,804 (-21)
Basic metals, fabricated metal products, machinery & equipment	11 327 (-17)	104 031 (-17)	11,581 (-4)	42,753 (-8)	6,267 (-6)	8,109 (-5)	68,710 (-7)	19,974 (-4)
Electrical & electronic products	678 (-15)	45 947 (-10)	5,422 (1)	30,389 (-5)	4,115 (-1)	5,980 (-9)	45,906 (-5)	11,717 (-5)
Other manufacturing industries	2 708 (5)	22 271 (-2)	2,135 (2)	10,104 (14)	1,178 (12)	1,422 (19)	14,840 (12)	3,614 (8)
All manufacturing industries	34 382 (-18)	504 888 (-15)	51,879 (-4)	190,878 (-6)	33,345 (-6)	35,714 (-7)	311,815 (-6)	91,151 (-6)

Notes : (1) There may be a slight discrepancy between the sum of individual items and the total as shown in the table due to rounding.

(2) Figures in brackets represent percentage changes in 1993 over 1992.

(3) Value added is a measure of the contribution of an industry to Hong Kong's Gross Domestic Product.

(4) The "Number of person engaged" are 'full-year equivalent' figures, i.e., for an establishment which operated for only part of 1993, the number of persons engaged as at the end of the quarters during which the establishment operated are summed up and divided by 4.

* Changes within +/- 0.5%

Safe system of work for new airport urged

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A large number of modern construction methods being introduced in the Airport Core Programme projects have drawn great concerns from the Labour Department.

The department's Chief Factory Inspector Chan Tat-king said today (Tuesday) that although airport building contractors were working hard towards making their sites safe for the workers, they should ensure there were thorough assessment plannings and supervisions for all hazardous jobs before they were commenced.

As construction of the new airport platform intensifies, Mr Chan observed that inter-communication and co-ordination among the contractors there were essential as it would be a highly difficult task for implementing day-to-day safety on site if each of them was working in isolation of the others.

"The difficulty is further complicated by the fact that work activities are wide ranging and tend to be carried out on tight schedule. Furthermore, there are people of different nationalities doing different types of work in close vicinities but under different commands," he said.

The Chief Factory Inspector advised contractors to keep each other informed of what was going on with their own projects so as to draw other contractors' attention to possible hazards arising from their works.

He also cautioned that hazards associated with temporary work should not be undermined.

"Any temporary work, like other kind of jobs, should be properly designed, constructed and maintained to ensure it is safe for use and without risks to others working on the same site.

"Risk assessments should be performed for all hazardous jobs whether they are of a temporary nature or not, and a safe system of work should be developed and put in place in all work situations," Mr Chan added.

Under the general duties provisions of the Factories and Industrial Undertakings Ordinance, it is an employer's duty to provide a system of work that is safe and without risks to health to all persons he employed. Failing to do so may result upon conviction in imprisonment of up to six months and a maximum fine of \$200,000.

Mr Chan reminded all new airport contractors to see to it that they have fulfilled their legal obligations in this respect.

Contractors having questions about the safe system of work may refer to the guide book on Safe System of Work published by the Factory Inspectorate or consult their safety advisers.

They are welcomed to contact the Factory Inspectors in the New Airport and Railway Team for advice on 2417 6207 or 2834 5639 if they have problems relating to safety and health requirements.

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Hong Kong Monetary Authority tender results

Tender date	4 Jul 1995	4 Jul 1995
Paper on offer	EF bills	EF bills
Issue number	Q527	H568
Amount applied	HK\$4,998 MN	HK\$2,870 MN
Amount allotted	HK\$1,500 MN	HK\$800 MN
Average yield accepted	5.45 PCT	5.52 PCT
Highest yield accepted	5.46 PCT	5.53 PCT
Pro rata ratio	About 14 PCT	About 10 PCT
Average tender yield	5.47 PCT	5.54 PCT

Hong Kong Monetary Authority

Tenders to be held in the week beginning 10 Jul, 1995

Tender date	11 Jul 1995	11 Jul 1995
Paper on offer	EF bills	EF Bills
Issue number	Q528	Y591
Issue date	12 Jul 1995	12 Jul 1995
Maturity date	11 Oct 1995	10 Jul 1996
Tenor	91 Days	364 Days
Amount on offer	HK\$1,500+300 MN	HK\$500+150 MN

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Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time</u> <u>(hours)</u>	<u>Cumulative</u> <u>change</u> <u>(\$million)</u>
Opening balance in the account	1,499	0930	+1,021
Closing balance in the account	2,040	1000	+1,021
Change attributable to :		1100	+1,021
Money market activity	+1,021	1200	+1,021
LAF today	- 480	1500	+1,021
		1600	+1,021

LAF rate 4.25% bid/6.25% offer TWI 118.3 **+0.0* 4.7.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.30	2 years	2705	6.40	100.93	5.95
1 month	5.36	3 years	3804	6.90	101.86	6.26
3 months	5.45	5 years	5006	6.60	99.15	6.92
6 months	5.51	5 years	M501	7.90	102.57	7.39
12 months	5.61					

Total turnover of EF bills and notes - \$10,027 million

Closed July 4, 1995

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