



DAILY INFORMATION BULLETIN

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<u>CONTENTS</u>	<u>PAGE NO.</u>
<u>LEGISLATIVE COUNCIL MEETING :</u>	
SALES TAX WOULD REQUIRE CAREFUL STUDY	1
ALLOCATION OF ANTI-CRIME PUBLICITY FUNDS NEEDS REVIEW ..	3
DUE REGARD TO UNCERTAINTIES AHEAD PRAISED	5
'BRAIN DRAIN' MUST BE TACKLED	8
STEADY APPROACH THE RIGHT COURSE	10
EARLY INTRODUCTION OF SEPARATE TAXATION ADVOCATED	11
GOVT SHOULD ACCEPT SEPARATE TAXATION PRINCIPLE	13
INTRODUCTION OF SALES TAX OPPOSED	14
EMIGRATION FACTOR REQUIRES ACTION	17
WORKING SPOUSE ALLOWANCE MORE EQUITABLE	19
PRUDENT APPROACH DESERVES SUPPORT	23
STRONG RESERVATIONS ON SALES TAX IDEA	25
IMPORTANCE OF BUSINESS CONFIDENCE STRESSED	27
TAX CUTS TO PROMOTE BUSINESS COMPETITIVENESS URGED	31
BEACH AT ROCKY BAY NOT SUITABLE FOR SWIMMING	33
KWAI TSING DMC'S REPORT ON CONTAINER TRADE COMPLETED	34
SHAM SHUI PO SUPPORTS COMMUNITY CHEST	34
MONG KOK DB TO ELECT CHAIRMAN	35
SOUTHERN DISTRICT BOARD TO MEET TOMORROW	35
BEST YOUTH COMMUNITY SERVICE PROJECTS ON DISPLAY	36
ILLEGAL BUILDING WORKS FACE DEMOLITION	37
GOVERNMENT LANDS TO LET BY TENDER	37
RESTRICTED ZONES IN WAN CHAI NORTH AND WESTERN DISTRICT ...	38
HEAVY VEHICLE BAN IN WAN CHAI	39

WEDNESDAY, APRIL 20, 1988

- 1 -

SALES TAX WOULD REQUIRE CAREFUL STUDY

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THE FINANCIAL SECRETARY SHOULD NOT ACTIVELY CONSIDER INTRODUCING A SALES TAX AS A MEANS OF INCREASING REVENUE UNLESS HE INTENDED TO CHANGE THE EXISTING TAX STRUCTURE, THE SENIOR MEMBER OF THE LEGISLATIVE COUNCIL, THE HON LYDIA DUNN, SAID TODAY (WEDNESDAY).

"UNLESS THE FINANCIAL SECRETARY HAS IN MIND A MAJOR SWITCH FROM DIRECT TAXATION TO INDIRECT TAXATION, I THINK HE MIGHT AS WELL PUT HIS 'FORM OF SALES TAX' ON THE BACK BURNER," MISS DUNN SAID WHEN LEADING OFF DEBATE IN THE COUNCIL ON THE BUDGET PRESENTED ON MARCH 2.

SHE POINTED OUT THAT HONG KONG HAD BEEN ABLE TO SUSTAIN A HIGH LEVEL OF EXPENDITURE WITH A LIMITED RANGE OF TAXES, A RELATIVELY SMALL NUMBER OF DIRECT TAXPAYERS AND LOW RATES, AND THERE WAS NO SELF-EVIDENT CASE FOR CHANGING THIS SUCCESSFUL FORMULA NOW.

"BUT IF THE FINANCIAL SECRETARY IS LOOKING FOR ADDITIONAL WAYS OF INCREASING REVENUE, LET US AT LEAST HAVE A THOROUGH REVIEW OF ALL POSSIBLE SOURCES OF REVENUE (NOT JUST A SALES TAX)," SHE SAID.

ANY FAR-REACHING CHANGES IN THE TAX SYSTEM SHOULD BE PROPERLY CONSIDERED AND FULLY ARGUED IF THEY WERE TO OBTAIN PUBLIC ACCEPTANCE.

SUCH A REVIEW SHOULD INCLUDE NON-OFFICIAL REPRESENTATION, SHE ADDED.

MISS DUNN SAID SHE WAS CONFIDENT THAT HONG KONG WAS MAKING GOOD PROGRESS UNDER FULL SAIL THROUGH CALM WATERS IN THE SHORT TERM. BUT SHE WARNED THAT THE TERRITORY MIGHT BE ENTERING "MORE CHOPPY SEAS" IN THE MEDIUM TERM.

SHE WAS CONCERNED ABOUT THE FORECAST TRENDS OVER THE PERIOD UP TO 1991-1992 WHICH WERE "NOT ALTOGETHER HEALTHY".

A NUMBER OF KEY INDICATORS IN THE FORECAST SEEMED TO SHOW THAT THE INFLATIONARY PRESSURES IN 1988-89 WERE LIABLE TO BE EVEN GREATER THAN EXPECTED.

THE INDICATORS ALSO SUGGESTED THAT OVER THE NEXT TWO YEARS, THE FINANCIAL SECRETARY WAS PLANNING TO LET CONSOLIDATED ACCOUNT EXPENDITURE RUN AHEAD OF ECONOMIC GROWTH.

BUT THE MOST DISTURBING FEATURE OF THE MEDIUM RANGE FORECAST WAS THAT THE GROWTH IN THE CIVIL SERVICE WAS EXPECTED TO REMAIN WELL ABOVE THE TARGET.

"WE SHALL NOT BE ABLE TO AFFORD TO INCREASED SPENDING ANY MORE THAN HAS ALREADY BEEN PLANNED UNLESS THE GDP GROWS MUCH FASTER," SHE SAID.

/SHE WARNED

SHE WARNED THAT HONG KONG MIGHT BE HEADING BACK TOWARDS EXPENDITURE-LED BUDGETS FROM THE MUCH HEALTHIER REVENUE-LED BUDGETS.

MISS DUNN SAID SHE BELIEVED THAT THE FINANCIAL SECRETARY WAS KEEN TO INTRODUCE A NEW INDIRECT TAX NOT JUST TO BROADEN THE TAX BASE BUT ALSO TO INCREASE TOTAL REVENUE IN ORDER TO MEET DEMANDS FOR INCREASING SPENDING.

"BUT WHETHER WE CAN AFFORD TO SPEND MORE IS NOT JUST A QUESTION OF WHETHER WE HAVE, OR CAN RAISE, THE REVENUE OR RESOURCES TO PAY FOR IT," SHE SAID.

"EVEN IF WE HAVE, WE MUST TAKE INTO ACCOUNT THE EFFECT ON THE ECONOMY IF SPENDING PRE-EMPTS A HIGHER PROPORTION OF THE ECONOMY'S RESOURCES."

TURNING TO TAX CONCESSIONS IN THE BUDGET, MISS DUNN SAID THAT ALTHOUGH THE FINANCIAL SECRETARY HAD PROPOSED SOME WIDENING OF THE TAX BANDS AND SOME REDUCTIONS IN THE RATES APPLIED WITHIN THEM, HE HAD NOT DISTINGUISHED BETWEEN THE ADJUSTMENTS FOR INFLATION AND THE GENUINE REDUCTIONS.

"I BELIEVE THAT OUR ENTITLEMENT TO ADJUSTMENTS FOR INFLATION SHOULD BE RECOGNISED AND THAT THEY SHOULD BE DEALT WITH SEPARATELY FROM ANY OTHER CHANGES TO THE PERSONAL TAXATION SYSTEM WHICH MAY BE CALLED FOR BY THE NEED TO INCREASE OR REDUCE TAXATION GENERALLY," SHE SAID.

AS A LONG-STANDING SUPPORTER OF THE PRINCIPLE OF SEPARATE TAXATION FOR MARRIED COUPLES, MISS DUNN SAID SHE FOUND IT INDEFENSIBLE THAT THE LAW SHOULD GIVE A SPECIAL TAX ADVANTAGE TO THE FAMILY IN WHICH THE WIFE RECEIVED A SALARY BUT NOT TO THE FAMILY WHERE THE WIFE STAYED AT HOME TO WORK WITHOUT PAY.

"HOUSEWIVES ARE WORKING WIVES," SHE SAID. THEY ARE NOT PAID A SALARY FOR THE WORK THEY DO, BUT WHAT THEY DO AT HOME IS AT LEAST AS VALUABLE TO THE COMMUNITY," SHE SAID.

"A TAX ALLOWANCE FOR A PARTICULAR GROUP OF WORKING WIVES MERELY REPLACES ONE ANOMALY WITH ANOTHER AND PUTS THE FAMILY IN WHICH THE WIFE WORKS AT HOME AT A DISADVANTAGE."

MISS DUNN ALSO COMMENTED ON THE PRESENTATION OF THE BUDGET.

WHILE COMMENDING THE FINANCIAL SECRETARY AND THE ARMY OF "BACKROOM BOYS AND GIRLS" FOR THEIR EFFORTS IN IMPROVING AND AMPLIFYING THE INFORMATION GIVEN TO THE PUBLIC IN THIS YEAR'S BUDGET DOCUMENTS, MISS DUNN SAID THAT MORE ATTENTION SHOULD BE PAID TO THE QUALITY OF INFORMATION.

SHE REPEATED HER CALL FOR THE APPOINTMENT OF A SINGLE EDITOR FOR ALL THE BUDGET DOCUMENTS. AN EDITOR SHOULD ALSO REMOVE AS MUCH JARGON AS POSSIBLE FROM THE BOOKLETS ON THE "ECONOMIC BACKGROUND" AND "PROSPECTS" SO AS TO ENCOURAGE MORE PEOPLE TO READ THEM.

/ "IF THESE

"IF THESE TERMS MUST BE USED, THEY SHOULD BE CLEARLY DEFINED IN A GLOSSARY," SHE SAID.

MISS DUNN ALSO CRITICISED THE ABUNDANCE OF FOOTNOTES IN THE TWO BOOKLETS.

"YET I HAVE NOT FOUND ANYWHERE A NOTE ABOUT THE MARGIN OR MARGINS OF ERROR IN OUR MASSES OF STATISTICS," SHE SAID.

SHE FELT THAT THE PUBLIC SHOULD BE TOLD WHAT THE MARGINS OF ERROR WERE AS WELL AS WHICH OF THE CALCULATIONS WERE BASED ON ACTUAL FIGURES AND WHICH WERE EXTRAPOLATIONS FROM SAMPLES.

MISS DUNN ALSO ASKED FOR A CLEAR DEFINITION OF THE SIZE OF THE PUBLIC SECTOR, GIVEN THE IMPORTANCE OF THE RELATIONSHIP BETWEEN PUBLIC SECTOR SPENDING AND THE GDP TO THE ECONOMIC HEALTH OF HONG KONG.

"BOTH THE PRESENT MEASURES - NAMELY THE CONSOLIDATED ACCOUNT EXPENDITURE AND THE 'NATIONAL ACCOUNTS' DEFINITION - EXCLUDE LARGE ITEMS THAT ARE CLEARLY IN THE PUBLIC SECTOR AND THAT ARE PART OF THE DEMANDS THE PUBLIC SECTOR MAKES ON THE ECONOMY," SHE SAID.

TWENTY-FOUR MEMBERS WERE LISTED TO SPEAK ON THE APPROPRIATION BILL 1988 TODAY AND 19 TOMORROW (THURSDAY).

OFFICIAL MEMBERS WILL SPEAK ON MAY 4.

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ALLOCATION OF ANTI-CRIME PUBLICITY FUNDS NEEDS REVIEW

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THE GOVERNMENT HAS BEEN ASKED TO CONSIDER INCLUDING A SEPARATE SUBHEAD IN THE ANNUAL ESTIMATES OF EXPENDITURE OF THE CITY AND NEW TERRITORIES ADMINISTRATION (CNTA) FOR ANTI-CRIME PUBLICITY PROJECTS ORGANISED BY THE DISTRICT FIGHT CRIME COMMITTEES.

DR THE HON HO KAM-FAI MADE THIS CALL DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

DR HO SAID FUNDING FOR A DISTRICT FIGHT CRIME COMMITTEE ACTIVITIES CAME FROM TWO SOURCES - THE DISTRICT SERVICES VOTE OF THE CNTA AND THE COMMUNITY INVOLVEMENT ACTIVITIES VOTE OF THE DISTRICT BOARD.

HOWEVER, EACH OF THE FUNDING SOURCES HAD TO FINANCE A WIDE SPECTRUM OF ACTIVITIES.

/THESE INCLUDED

THESE INCLUDED DISTRICT FESTIVALS; CULTURAL, RECREATIONAL AND SPORTS ACTIVITIES; CIVIC EDUCATION; ROAD SAFETY; KEEP HONG KONG CLEAN; FIGHT CRIME; ANTI-NARCOTICS; FIRE PREVENTION AND OTHER COMMUNITY BUILDING PROJECTS.

FURTHERMORE, THE CHAIRMEN OF THE DISTRICT FIGHT CRIME COMMITTEES MIGHT NOT BE MEMBERS OF DISTRICT BOARDS, WITH THE RESULT THAT THE URGENCY OF FUNDING FOR COUNTER-CRIME CAMPAIGNS MIGHT NOT BE ADEQUATELY CHANNELLED TO THE CNTA AND THE DISTRICT BOARDS.

HE POINTED OUT THAT UNDER SUCH CIRCUMSTANCES AND HAVING REGARD TO A MULTITUDE OF COMPETING OBJECTIVES, IT WAS DIFFICULT TO ENSURE THAT PROVISION FOR FIGHT-CRIME PROJECTS WAS GIVEN PROPER PRIORITY AND WEIGHT.

HE THEREFORE ASKED FOR AN IMMEDIATE REVIEW OF THE MATTER.

DR HO ADDED THAT IN A REVIEW OF THE ALLOCATION FORMULA, PARTICULAR REGARD SHOULD BE GIVEN TO THE DISTRICT'S POPULATION AND DEMOGRAPHIC STRUCTURE, GEOGRAPHICAL SIZE AND SPREAD OF POPULATION, AND ENVIRONMENTAL FEATURES AS WELL AS THE GENERAL STATE OF LAW AND ORDER IN A DISTRICT.

PRIVATE SPONSORSHIP ON A MODERATE SCALE SHOULD CONTINUE TO BE ENCOURAGED AND FOSTERED, BECAUSE SUCH CIVIC INVOLVEMENT WAS THE MOST POTENT INSTRUMENT IN NURTURING AND AROUSING PUBLIC SUPPORT AND PARTICIPATION IN ANTI-CRIME PUBLICITY AND ACTIVITIES, HE ADDED.

COMMENTING ON THE INCREASE IN THE PERSONAL TAXATION ALLOWANCE PROPOSED BY THE FINANCIAL SECRETARY, DR HO SAID THAT TO BENEFIT MIDDLE INCOME EARNERS THE \$2,000 INCREASE FOR A SINGLE PERSON AND THE \$4,000 INCREASE FOR A MARRIED COUPLE SHOULD BE ADDED TO THE BASIC ALLOWANCE RATHER THAN TO THE ADDITIONAL ALLOWANCE.

HE POINTED OUT THAT SINGLE PEOPLE WITH AN ANNUAL INCOME BETWEEN \$36,000 AND \$106,000 OR MARRIED COUPLES WITH AN ANNUAL INCOME BETWEEN \$74,000 AND \$214,000 WOULD RECEIVE BENEFITS OF VARYING AMOUNTS FROM THIS FORM OF TAX CONCESSION.

HOWEVER, FOR THE UP-AND-COMING, ENTERPRISING INDIVIDUALS, THE INCREASE IN THE ADDITIONAL ALLOWANCE DID NOT YIELD A LONG-LASTING ADVANTAGE, HE NOTED.

HE THEN SUGGESTED THAT THE FINANCIAL SECRETARY SHOULD DISPENSE WITH THE ADDITIONAL ALLOWANCE AND SHOULD REVIEW THE BASIC ALLOWANCE TO PERMIT A MINIMUM BUT DECENT STANDARD OF LIVING WITHOUT TAX LIABILITY AND CONSISTENT WITH THE LEVEL OF OUR ECONOMIC DEVELOPMENT AND AFFLUENCE.

TURNING TO THE PROPOSED REDUCTION IN STAMP DUTY ON PROPERTY PURCHASES, DR HO SAID THE MEASURE WOULD NO DOUBT STIMULATE THE PROPERTY MARKET. BUT, AT THE SAME TIME, IT WOULD TRIGGER SPECULATIVE TRANSACTIONS, THUS INFLATING THE PRICES OF FLATS.

/WHEN THIS

- 5 -

"WHEN THIS SPECULATION OCCURS, THE ADVANTAGE TO BE ACCRUED FROM THE REDUCED DUTIES WOULD BE TRANSFERRED FROM THE HOME PURCHASERS TO THE PROPERTY DEVELOPERS," HE SAID.

DR HO SAID HE THEREFORE URGED THE GOVERNMENT TO CONSIDER TAX EXEMPTIONS OR PARTIAL TAX CONCESSIONS ON MORTGAGE PAYMENTS FOR OWNER-OCCUPIERS.

HE SAID THERE WERE ECONOMIC AND SOCIAL MERITS IN INTRODUCING SUCH A PROPOSAL.

"GIVEN THE ESTIMATED SIZE OF THE POTENTIAL HOME-BUYERS OF 100,000, THE CONSTRUCTION AND THE RELATED INDUSTRIES WOULD BE BOOSTED CONSIDERABLY," HE SAID.

"HENCE, CORPORATE AND INCOME TAXES AND OTHER FORMS OF REVENUE ARISING FROM THESE STIMULATED INDUSTRIES AND TRADES FOR THE COFFERS WOULD BE SUBSTANTIAL."

FURTHERMORE, HOME OWNERSHIP WOULD CERTAINLY STRENGTHEN A SENSE OF BELONGING, WHICH WOULD IN TURN ACT AS A HEDGE AGAINST THE BRAIN DRAIN, HE ADDED.

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DUE REGARD TO UNCERTAINTIES AHEAD PRAISED

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THE BUDGET THIS YEAR HAS FULLY REFLECTED THE PRINCIPLE THAT IN THE MANAGEMENT OF HONG KONG'S FINANCE, PUBLIC SERVICES HAVE TO BE PLANNED CAREFULLY IN THE LIGHT OF WHAT WE CAN AFFORD IN THE LONGER TERM, THE HON F.K. HU SAID TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR HU HIGHLY PRAISED THE FINANCIAL SECRETARY FOR GIVING DUE REGARD TO THE UNCERTAINTIES AHEAD AND ADHERING TO A PRUDENT APPROACH.

NOTING THAT BUILDING UP MONEY WAS ONE OF THE SAFE METHODS IN PREPARING FOR FUTURE UNCERTAINTIES, HE SAID IT WAS, HOWEVER, NOT THE KIND OF MENTALITY A MODERN GOVERNMENT SHOULD ADOPT.

"A POSITIVE WAY IS TO INVEST IN NECESSARY AND APPROPRIATE AREAS TO STRENGTHEN THE TERRITORY'S POTENTIAL," HE SAID.

HE SAID THAT THE LARGE-SCALE INFRASTRUCTURAL PROJECTS HIGHLIGHTED BY THE FINANCIAL SECRETARY, WHICH WERE INDEED POSITIVE STEPS IN THE RIGHT DIRECTION, REPRESENTED ONLY THE PHYSICAL ASPECTS OF INVESTMENTS.

/THERE WERE

THERE WERE OTHER ASPECTS LIKE EDUCATION, SOCIAL SERVICES, SPORTS AND RECREATION WHICH DESERVED SERIOUS ATTENTION.

"FURTHERMORE, HONG KONG'S MAJOR ASSET IS ITS PEOPLE, NOT THE HUGE RESERVES IT HAS PUT IN STOCK," HE COMMENTED.

"TO ENSURE HONG KONG CAN SURVIVE AND MEET THE CHALLENGES AHEAD, WE HAVE TO MAKE SURE THE LOCAL COMMUNITY AS A WHOLE IS READY AND FULLY EQUIPPED," HE ADDED.

MR HU REGRETTED THAT NO EFFECTIVE MEASURES HAD BEEN TAKEN TO TACKLE THE SHORTAGE OF LABOUR, WHICH HAD BECOME A CONTROVERSIAL TOPIC.

HE SAID IF NO PRACTICAL SOLUTION WAS DEvised IN TIME, THERE WOULD BE LONG-TERM ADVERSE EFFECTS ON THE ECONOMY.

"THE QUALITY OF SERVICES AND PRODUCTS WILL DETERIORATE WHILE COSTS WILL GO UP. AS A RESULT, THIS WILL HAMPER OUR COMPETITIVENESS AND ULTIMATELY AFFECT HONG KONG'S ECONOMIC WELL-BEING," HE SAID.

TO TACKLE THE PROBLEM, MR HU SUGGESTED THAT THE GOVERNMENT SHOULD CONSIDER TAKING BOLDER STEPS SUCH AS IMPORTING WORKERS FROM NEIGHBOURING COUNTRIES ON A CONTRACTUAL BASIS.

HE EXPLAINED THAT UNDER THIS ARRANGEMENT HONG KONG WOULD ALWAYS HAVE A SUFFICIENT SUPPLY OF LABOUR FOR ITS INDUSTRIES.

FURTHERMORE, THE CONTRACTUAL ARRANGEMENTS COULD MAKE SURE THAT THE FOREIGN WORKERS CONCERNED WOULD NOT STAY HERE WHEN DEMAND FOR THEM HAD FALLEN.

TURNING TO THE PROPOSED INTRODUCTION OF A SALES TAX, MR HU AGREED THAT THERE WAS A NEED TO DEVELOP A BROADLY BASED TAX SYSTEM AND TO SPREAD THE TAX BURDEN MORE WIDELY ACROSS THE COMMUNITY.

HOWEVER, HE WARNED THAT CAUTION MUST BE EXERCISED IN DETERMINING WHICH KINDS OF COMMODITIES WERE TO BE TAXED, TO AVOID INCLUDING BASIC NECESSITIES AS IT MIGHT LEAD TO RISING COSTS AND FUEL INFLATION.

MR HU WELCOMED THE CHANGE OF THE HOUSING AUTHORITY INTO A STATUTORY BODY, SAYING THAT THIS WOULD ALLOW THE AUTHORITY TO HAVE A GREATER DEGREE OF FLEXIBILITY AND INDEPENDENCE IN OPERATION, AS WELL AS A FREER HAND IN CO-OPERATING WITH THE PRIVATE SECTOR IN DEVELOPING MORE COMPREHENSIVE HOUSING PROGRAMMES.

"HOWEVER, THE GOVERNMENT MUST TAKE INTO ACCOUNT CONCERN THAT THE AUTHORITY'S FINANCIAL INDEPENDENCE MIGHT COMPEL IT TO IMPOSE HIGHER RENTS," HE SAID.

/TURNING TO

TURNING TO THE LONG TERM HOUSING STRATEGY WHICH AIMED TO REDEVELOP OLDER PUBLIC HOUSING ESTATES, MR HU POINTED OUT THAT THERE WAS A NEED TO LEAVE SOME OF THE MARK 3 AND 4 ESTATES UNCHANGED TO ENSURE THAT THE LESS FORTUNATE PEOPLE WOULD HAVE A PLACE TO LIVE IN AT AN AFFORDABLE COST.

ALSO, IN REDEVELOPING AREAS LIKE KWAI CHUNG, TSUEN WAN AND EAST KOWLOON, WHICH WERE PREDOMINANTLY OCCUPIED BY PUBLIC HOUSING ESTATES, THE GOVERNMENT SHOULD DRAW UP A COMPREHENSIVE PLAN TO PROVIDE FOR MIXED USAGE, HE SAID.

"INSTEAD OF MERELY A PUBLIC HOUSING ESTATE AREA, THERE SHOULD ALSO BE HIGH, MIDDLE AND LOWER RANK HOUSING, TOGETHER WITH PROVISION FOR INDUSTRIAL AND COMMERCIAL USE," HE SAID.

ON THE PLAN TO REIMBURSE PUBLIC TRANSPORT OPERATORS IN SUBSIDISING FULL-TIME STUDENTS WHO USE THEIR TRANSPORT, WHICH WOULD INVOLVE MEANS-TESTS FOR THE APPLICANTS, MR HU SAID THE ISSUE MIGHT BECOME TOO COMPLICATED AND MIGHT BOOST ADMINISTRATIVE COSTS TREMENDOUSLY.

HE SUGGESTED THE ADOPTION OF A USE-ORIENTED METHOD BY WHICH THE GOVERNMENT WOULD ONLY PAY THE SUBSIDIES WHICH WERE ACTUALLY INCURRED.

MR HU SUPPORTED THE MAKING OF GREATER USE OF STATUTORY AUTHORITIES, AS DEMONSTRATED BY THE ESTABLISHMENT OF THE LAND DEVELOPMENT CORPORATION AND THE INDEPENDENCE OF THE HOUSING AUTHORITY.

HE NOTED THAT SETTING UP STATUTORY AUTHORITIES DID NOT MEAN THAT THE GOVERNMENT COULD SHRUG OFF ITS RESPONSIBILITIES.

BESIDES BACKING UP THESE AUTHORITIES WITH FINANCE, THE GOVERNMENT HAD TO PLAY AN ACTIVE PART IN CO-ORDINATING THE WORK OF THESE AUTHORITIES TO ENSURE THAT THERE WAS NO CONFLICT OR OVERLAPPING, AND THAT THE AGREED PROJECTS WOULD BE EFFECTIVELY AND EFFICIENTLY IMPLEMENTED.

ON THE CULTURAL FRONT, MR HU MAINTAINED THAT THERE SHOULD BE ADEQUATE FINANCIAL SUPPORT TO UPGRADE THE STANDARDS OF PERFORMING ARTS AND TO ENSURE THAT TALENTED ARTISTS WOULD HAVE AMPLE SCOPE TO REALISE THEIR FULLEST POTENTIAL.

HE WAS DISAPPOINTED THAT SUBVENTIONS FOR THESE ACTIVITIES REMAINED ON THE LOW SIDE WITH ONLY \$21 MILLION PROVIDED FOR THE COMING YEAR.

HE NOTED FURTHER THAT SPORTS ACTIVITIES WERE IN THE SAME DEPLORABLE SITUATION, WITH FUNDS FOR 1988-89 TALLING ONLY \$11 MILLION, INCLUDING THE \$1 MILLION TO BE SPENT ON THE OLYMPIC GAMES.

/HE SAID

HE SAID THAT, UNDER THE PRESENT CONDITION, SPORTS BODIES COULD NOT POSSIBLY IMPROVE THEIR ADMINISTRATION AND IMPLEMENT DEVELOPMENT PLANS WITHOUT CUTTING BACK EXPENDITURE ON REGULAR ACTIVITIES.

NOTING THAT THERE WERE ALSO UNNECESSARY RESTRICTIONS IMPOSED ON THE USAGE OF FUNDS BY THE COUNCIL FOR RECREATION AND SPORTS, MR HU CALLED ON THE GOVERNMENT TO REVIEW THE SITUATION AND INCREASE SUBSIDIES FOR SPORTS AND RECREATION.

FINALLY, MR HU SAID THAT HONG KONG WOULD BE CONFRONTED WITH MANY UNCERTAINTIES IN THE NEXT 10 YEARS.

THE ONLY WAY THAT THE TERRITORY WOULD COME OUT ON TOP OF THESE UNCERTAINTIES WAS TO MAKE SURE THAT THE INHABITANTS FELT THAT THEIR TERRITORY WAS NOT A BATTLEGROUND FOR SURVIVAL, BUT A PLACE WHICH THEY AND THEIR FUTURE GENERATIONS COULD CALL HOME.

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'BRAIN DRAIN' MUST BE TACKLED

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THE GOVERNMENT MUST ACT TO TACKLE THE "BRAIN DRAIN" PROBLEM, THE HON CHAN KAM-CHUEN SAID DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

BY ACKNOWLEDGING THE FACT AND SIGNIFICANCE OF THIS BRAIN DRAIN AS REFLECTED DAILY IN NEWSPAPERS WITH OVER 100 PAGES OF JOB VACANCIES, HONG KONG HAD TO ADDRESS THE PROBLEM, MR CHAN SAID.

IN THE SHORT TERM, EXPATRIATE CONTRACT STAFF MIGHT DO THE JOB LEFT BY THOSE WHO HAD EMIGRATED, HE SAID.

BUT THESE EXPATRIATE STAFF MIGHT WISH TO RETURN TO THEIR HOME COUNTRY WITHIN NINE YEARS BEFORE THEY FOUND THAT THEY WERE AT THE END OF A QUEUE AND LOST SENIORITY, STATUS AND PAY.

"FOR THE LONGER TERM, WE MUST EXPAND OUR TRAINING FACILITIES IN ALL FIELDS, AND THE NEW GRADUATES HAVE TO COME IN AS JUNIORS AND USE THE NINE-YEAR TIME GAP TO GAIN THE NECESSARY WORKING EXPERIENCE," HE SAID.

MR CHAN SAID THAT HONG KONG PEOPLE WHO HAD EMIGRATED SHOULD NOT BE FORGOTTEN.

"EMPLOYERS SHOULD KEEP IN CONTACT WITH THEM AND OFFER THEM EXPATRIATE TERMS AFTER THEY HAVE OBTAINED THEIR PASSPORTS," HE SAID.

/"THEY MAY

- 9 -

"THEY MAY FIND IT REWARDING AS THESE EX-EMPLOYEES MAY HAVE NEW WORKING KNOWLEDGE OF ONE MORE COUNTRY WHICH MAY BE BENEFICIAL TO THE EMPLOYER AND OF MUTUAL BENEFIT TO BOTH COUNTRIES IN SUCH AREAS AS TRADE PROMOTION," HE SAID.

TURNING TO THE ECONOMY, HE SAID THAT THE DOLLAR'S LINKED EXCHANGE RATE WITH THE U.S. CURRENCY HAD ATTRACTED MORE ORDERS THAN HONG KONG COULD COPE WITH, AND ORDERS WERE SPILLING OVER INTO CHINA AND CREATED OVER ONE MILLION JOBS THERE.

BUT, IN THE LONG TERM, INFLATION AND COMPETITION WITH CHINA MIGHT ERODE HONG KONG MANUFACTURERS' PROFIT MARGIN, HE NOTED.

"WE MUST INVEST MORE IN EQUIPMENT, TRANSFER OF TECHNOLOGY AND TRAINING OF STAFF TO BOOST OUR ECONOMY FROM A LABOUR INTENSIVE ONE TO A CAPITAL INTENSIVE ONE WITH HIGHER TECHNOLOGY," HE SAID.

HE ALSO CALLED ON THE GOVERNMENT TO TAKE ALL NECESSARY STEPS TO RESTORE THE CONFIDENCE OF INVESTORS IN THE STOCK MARKET, WHICH HE SAID WAS OF PARAMOUNT IMPORTANCE.

MR CHAN EXPRESSED STRONG SUPPORT FOR THE \$7.8 LINKED RATE WITH THE U.S. DOLLAR, SAYING THAT IT NOT ONLY BENEFITTED THE ECONOMY BUT ALSO PROVIDED STABILITY.

HE NOTED THAT BEFORE THE LOCAL CURRENCY WAS LINKED TO THE U.S. DOLLAR IN OCTOBER 1983, THE FREE-FLOWING HONG KONG DOLLAR HAD AT ONE STAGE REACHED \$9.6 AGAINST THE U.S. DOLLAR.

THIS SHOWED THAT THE HONG KONG DOLLAR HAD APPRECIATED BY \$1.8 OR 18.75 PER CENT SINCE OCTOBER 1983. THIS FACT SHOULD BE MADE KNOWN TO HONG KONG'S TRADING PARTNERS WHO SAID THAT THE HONG KONG DOLLAR HAD NOT APPRECIATED ALONG WITH THE CURRENCIES OF OTHER DEVELOPING AREAS IN ASIA.

ON VIETNAMESE REFUGEES, MR CHAN NOTED THAT HONG KONG HAD ALREADY SPENT SOME \$900 MILLION ON THE UPKEEP OF REFUGEES SINCE JANUARY 1979.

IF HONG KONG CONTINUED TO SPEND THE ESTIMATED \$126 MILLION PER ANNUM UNTIL JUNE 30, 1997, THE FINANCIAL BURDEN WOULD BE LARGE.

"BESIDES THE GOOD NAME OF BEING HUMANE, WHAT OTHER BENEFITS DO WE DERIVE FROM SPENDING THIS HUGE SUM OF MONEY?" HE ASKED.

HE SAID HONG KONG PEOPLE HAD AT FIRST BEEN SYMPATHETIC TO THE PLIGHT OF THE REFUGEES, BUT HE FELT THAT THIS SYMPATHY WAS NOW BEING ABUSED, AND AS A RESULT THERE HAD BEEN A SHIFT IN PUBLIC OPINION.

ON INDIRECT TAX, MR CHAN SAID HE STRONGLY SUPPORTED INDIRECT TAX FOR UNNECESSARY ITEMS. BUT HONG KONG MUST BE CAREFUL NOT TO TAX DAILY NECESSITIES AS THIS WOULD CAUSE INFLATION AND HIT THE LOW INCOME GROUP.

STEADY APPROACH THE RIGHT COURSE

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THE PERFORMANCE OF HONG KONG'S ECONOMY IN THE PAST YEAR DEMONSTRATED THE ABILITY OF THE BUSINESS COMMUNITY IN TAKING FULL ADVANTAGE OF CONTINUED GROWTH IN THE ECONOMY OF DEVELOPED NATIONS, THE HON STEPHEN CHEONG SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SUPPORTING THE APPROPRIATION BILL 1988, MR CHEONG SAID THAT THE SITUATION ALSO REFLECTED THE SIGNIFICANT CONTRIBUTIONS TO HONG KONG'S ECONOMIC GROWTH ARISING FROM INCREASED OPPORTUNITIES FOR TRADE WITH CHINA.

NOTING THAT THE OUTLOOK FOR AN EIGHT PER CENT GROWTH IN THE GDP THIS YEAR WAS GOOD, MR CHEONG WARNED, HOWEVER, THAT WE MUST NOT IGNORE THE POSSIBILITY OF A DOWNTURN IN THE UNITED STATES ECONOMY IN 1989, WHICH WOULD AFFECT HONG KONG'S EXPORT AND RELATED SERVICES.

"WHAT IS EVEN MORE WORRYING IS A POSSIBILITY THAT SUCH A SLOWDOWN WOULD NOT BE CONFINED TO THE YEAR 1989. WE MAY WELL BE FACED WITH SIMILAR SITUATIONS FOR ANOTHER TWO TO THREE YEARS," HE SAID.

MR CHEONG SAID HE FULLY SUPPORTED THE FINANCIAL SECRETARY'S STEADY APPROACH IN MANAGING PUBLIC FINANCE AND IN GIVING SOCIAL WELFARE SERVICES A MUCH WELCOME BOOST.

HE THOUGHT THAT THE CONCEPT OF MEANS TESTING SHOULD BE AN ACCEPTABLE GUIDELINE TO ADOPT IN THE DESIGN OF MOST WELFARE SERVICES AND STRONGLY URGED THE GOVERNMENT TO BEAR THIS CONCEPT IN MIND WHEN DESIGNING NEW PROGRAMMES OR REVIEWING OLD ONES.

MR CHEONG STRESSED THAT SPENDING WISELY AND COST-EFFECTIVELY HELPED TO PRESERVE SCARCE RESOURCES AND TO ACHIEVE A BALANCED TREND IN THE EQUATION OF REVENUE AND EXPENDITURE.

MORE IMPORTANTLY, HE SAID, THE GOVERNMENT MUST MAINTAIN AND ENHANCE OPPORTUNITIES FOR THE COMMUNITY TO CREATE WEALTH.

CALLING ON THE GOVERNMENT TO PRESERVE THE ENVIRONMENT, WHICH WAS CONDUCIVE TO FURTHER WEALTH-CREATING ACTIVITIES, MR CHEONG ALSO SAID SUFFICIENT LAND SHOULD BE PROVIDED FOR INDUSTRIAL PURPOSES.

HE POINTED OUT THAT INDUSTRY, WHICH HAD BEEN RELATIVELY LABOUR INTENSIVE IN NATURE, HAD GRADUALLY BECOME CAPITAL INTENSIVE, EMPLOYING A GREATER DEGREE OF AUTOMATION, PARTICULARLY IN DESIGN AND PRODUCTION.

"THE NEW INDUSTRIAL PROCESSES WILL INCREASINGLY CALL FOR LONGER UNINTERRUPTED FLOOR AREAS WITH HEAVY FLOOR LOADINGS, AS WELL AS VIBRATION-, HUMIDITY- AND PARTICLE-CONTROLLED ENVIRONMENTS," HE SAID.

/"UNDER SUCH

WEDNESDAY, APRIL 20, 1988

- 11 -

"UNDER SUCH CIRCUMSTANCES, THE INDUSTRIAL ACCOMMODATION SHOULD IDEALLY BE DESIGNED AROUND THE PRODUCTION PROCESS, INSTEAD OF BEING COMPROMISED BY THE CONSTRAINTS POSED BY CONVENTIONAL FLATTED FACTORIES."

MR CHEONG NOTED THAT LAND AT THE INDUSTRIAL ESTATES IN YUEN LONG AND TAI PO COULD CONCEIVABLY RUN OUT BY THE END OF 1989. AT THE SAME TIME, SEVERAL MULTINATIONALS, PRIMARILY IN THE CHEMICAL PROCESSING AND STORAGE INDUSTRIES, HAD SOUGHT SITES NEAR THE WATERFRONT WHICH WERE CAPABLE OF BERTHING OCEAN-GOING VESSELS.

"THESE INDUSTRIES WILL NOT ONLY PROVIDE VITAL RAW MATERIALS, NOTABLY PLASTICS, FOR HONG KONG'S PRIMARY EXPORTING INDUSTRIES, BUT ALSO INTRODUCE KNOWLEDGE AND EXPERTISE IN THE USE OF NEW MATERIALS WHICH CAN UNDERPIN HONG KONG'S DRIVE FOR BETTER QUALITY, HIGHER VALUE PRODUCTS," HE SAID.

SUPPORTING THE DEMAND FOR SITES BY THESE MULTINATIONALS, AND NOTING THE SCARCITY OF LAND AVAILABLE AND THE "BUREAUCRATIC MACHINERY" INVOLVED IN LAND FORMATION THROUGH RECLAMATION, MR CHEONG URGED THE GOVERNMENT TO ACT WITH SPEED TO IRON OUT THE ADMINISTRATIVE CONSTRAINTS, SO AS TO REINFORCE DIVERSIFICATION AND THE BROADENING OF HONG KONG'S INDUSTRIAL BASE.

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EARLY INTRODUCTION OF SEPARATE TAXATION ADVOCATED

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THE FINANCIAL SECRETARY WAS TODAY (WEDNESDAY) URGED TO COMMIT HIMSELF TO AN EARLY INTRODUCTION OF SEPARATE TAXATION FOR WORKING COUPLES.

THE CALL CAME FROM THE HON PETER POON DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL.

MR POON SAID THAT WHILE GRANTING A WORKING WIFE ALLOWANCE WOULD ALLEVIATE CONSIDERABLY THE UNFAIR TAX BURDEN ON WORKING COUPLES, IT WAS THE PRINCIPLE OF SEPARATE TAXATION THAT HAD TO BE DECIDED.

HE BELIEVED THAT WITH THE EFFICIENT COMPUTER FACILITIES, THE TECHNICAL DIFFICULTIES IN IMPLEMENTING SEPARATE TAXATION COULD BE OVERCOME WITHIN A REASONABLE TIME.

"I BELIEVE THAT EFFICIENT AS WE ARE IN HONG KONG, WE CAN INTRODUCE SEPARATE TAXATION, HOPEFULLY, IN 1989-90," HE SAID.

/HE SAID

HE SAID THAT IF CONSULTATION WAS NEEDED, HE WAS SURE THAT THE OMELCO TAXATION PANEL, OF WHICH HE IS CONVENER, AS WELL AS VARIOUS PROFESSIONAL BODIES AND OTHERS CONCERNED WOULD BE PLEASED TO ASSIST IN SUGGESTING HOW SEPARATE TAXATION FOR WORKING WIVES MIGHT BEST BE INTRODUCED.

MR POON ALSO NOTED THAT IN BRITAIN, THE CHANCELLOR OF THE EXCHEQUER, MR NIGEL LAWSON, HAD PROPOSED IN HIS 1988-89 BUDGET THAT SEPARATE TAXATION BE INTRODUCED IN THE UK IN APRIL 1990.

TURNING TO THE \$2,000 INCREASE IN THE PERSONAL INCOME TAX ALLOWANCE, MR POON SAID THE INCREASE MERELY COVERED INFLATION IN THE PAST YEAR AND HAD NO REGARD FOR THE EFFECT OF INFLATION OVER THE PAST SEVERAL YEARS.

FURTHERMORE, SUCH ADDITIONAL PERSONAL ALLOWANCE WAS SUBJECT TO THE "CLAWBACK" PROVISION WHICH MEANT THAT IT WOULD BE REDUCED AS THE TAXPAYERS' INCOME INCREASED UNTIL IT WAS TOTALLY WITHDRAWN. MR POON SUGGESTED THAT THE CLAWBACK PROVISION BE ABOLISHED.

MR POON FURTHER SUGGESTED THAT THE BASIC ALLOWANCE FOR PERSONAL INCOME TAX OUGHT TO BE REVISED MORE OFTEN TO BRING IT INTO LINE WITH INFLATION.

THIS WAS AN AREA OVER WHICH A LOT OF GRIEVANCES HAD BEEN EXPRESSED, HE SAID, BECAUSE A PERSON WITH MUCH LOWER REAL INCOME THAN ONE WHO DID NOT HAVE TO PAY TAX 10 YEARS AGO WAS NOW CAUGHT IN THE TAX NET.

"SINCE NOT MANY PEOPLE NOWADAYS HAVE A GREAT NUMBER OF CHILDREN, IT MAY BE BETTER TO INCREASE THE CHILD ALLOWANCE FOR THE FIRST TWO BY A BIGGER AMOUNT AND ABOLISH ANY ALLOWANCE AFTER THE FOURTH CHILD," MR POON ADDED.

ON THE QUESTION OF INDIRECT TAXATION, MR POON NOTED THAT THE TAX BASE IN HONG KONG WAS EXTREMELY SMALL. IT WAS ESTIMATED THAT ONLY ABOUT 100,000 MIGHT BE PAYING MORE THAN 65 PER CENT OF ALL DIRECT TAXES.

"SINCE MANY PEOPLE ENJOYING THE STABILITY, PROSPERITY, AND IMPROVEMENT OF ENVIRONMENT OF HONG KONG ARE NOT PAYING ANY DIRECT TAXES, SOME FORM OF INDIRECT TAX MAY BE CONSIDERED ESPECIALLY IN CASE OF BUSINESS DOWNTURN WHEN DIRECT TAXES ON A SUCH NARROW BASE CAN NO LONGER BE RELIED UPON TO FINANCE OUR FUTURE BUDGETS," HE SAID.

HE SAID HIS FEELING WAS THAT TO HAVE A PLAN ALONG SUCH LINES FOR RAINY DAYS SHOULD BE CONSIDERED, BUT HE SAW NO NEED OR JUSTIFICATION TO IMPLEMENT IT IF THE GOVERNMENT'S MEDIUM RANGE FORECAST OF HAVING SURPLUSES OF OVER \$2 BILLION THROUGH 1990 COULD BE MET.

/HE SAID

HE SAID IT WAS EASIER SAID THAN DONE TO HAVE A NEW INDIRECT TAX WHICH WOULD PRODUCE A STABLE AND WORTHWHILE REVENUE AT A LOW TAX RATE AND WHICH WOULD CAUSE ONLY MINIMAL DISTORTION TO THE ECONOMY AND WOULD BE SIMPLE AND CHEAP TO ADMINISTER.

"THOUGH I AGREE THAT WE SHOULD CONSIDER IT AS A CONTINGENT SCHEME, I WOULD ASK FOR EXTREME CAUTION IN ITS INTRODUCTION WHILE WE HAVE SUBSTANTIAL SURPLUSES," HE ADDED.

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GOVT SHOULD ACCEPT SEPARATE TAXATION PRINCIPLE
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THE GOVERNMENT SHOULD ACCEPT THE PRINCIPLE OF SEPARATE TAXATION FOR MARRIED WOMEN AND LEAVE DETAILS TO BE WORKED OUT, DR THE HON KIM CHAM SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, DR CHAM SAID IN TERMS OF EQUITY SEPARATE TAXATION WAS AN IMPORTANT PRINCIPLE WHICH SHOULD BE INTRODUCED INTO THE TAX REGIME.

ON THE OTHER HAND, THERE WOULD BE IMPORTANT QUESTIONS OF PRINCIPLE TO BE LAID DOWN WHICH WOULD FORM AN INDISPENSABLE PART OF THE BASIS OF SEPARATE TAXATION, HE NOTED.

DR CHAM SAID THE OMELCO TAXATION PANEL HAD OFFERED TO ASSIST THE ADMINISTRATION IN ASSESSING AND ANALYSING THE DIFFICULTIES AND TECHNICAL PROBLEMS ASSOCIATED WITH SEPARATE TAXATION.

MATTERS OF IMPORTANCE WHICH MUST BE ADDRESSED INCLUDED QUESTIONS ON THE TREATMENT OF RELATED ALLOWANCES, EMERGING ANTI-AVOIDANCE DEVICES, THE NECESSARY CHANGES TO BE INTRODUCED IN TERMS OF COMPUTER PROGRAMMING AND THE IMPACT ON TAX LEGISLATION AS WELL AS TRANSFERABILITY OF ALLOWANCES, HE POINTED OUT.

"WITH THESE COMPLICATIONS, I THINK THAT WE SHALL NEED TIME TO WORK OUT ALL TECHNICALITIES," HE SAID, ADDING THAT NEVERTHELESS, THOSE DIFFICULTIES WERE NOT INSURMOUNTABLE.

IN ADDITION, DR CHAM URGED THE GOVERNMENT TO SERIOUSLY CONSIDER THE INTRODUCTION OF A SINGLE PARENT ALLOWANCE.

HE SAID IN SOCIETY TODAY, THE RAISING OF CHILDREN BY A SINGLE PARENT WAS ADMIRABLE, DESPITE THE STRAINS AND STRESSES THE PARENT HAD TO FACE.

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"AS THESE PARENTS WOULD NOT BE ENTITLED TO THE MARRIED COUPLE ALLOWANCE, ADDITIONAL ALLOWANCE FOR SINGLE PARENTS WITH CHILDREN IS APPROPRIATE," HE SAID.

ON THE REDUCTION OF THE AIRPORT DEPARTURE TAX FROM \$120 TO \$100, DR CHAM SAID HONG KONG HAD NOW BECOME THE THIRD MOST EXPENSIVE AIRPORT IN THE WORLD IN TERMS OF DEPARTURE TAX BUT IT WAS STILL SOME 23 PER CENT MORE EXPENSIVE THAN TAIWAN WHICH WAS IN FOURTH PLACE.

"SURELY, HAVING ATTAINED THE REPUTATION OF A SHOPPERS' PARADISE, WE DO NOT WISH TO CHARGE TRAVELLERS EXORBITANTLY SO AS TO HAMPER OUR REPUTATION. NEVERTHELESS, I MUST INSIST THAT FULL COSTS SHOULD BE RECOVERED," HE SAID.

POINTING OUT THAT THE PRINCIPLE OF NO SUBSIDIES FOR NON-ESSENTIAL SERVICES MUST BE MAINTAINED IN LINE WITH OUR BALANCED BUDGET APPROACH, DR CHAM SAID ONLY STRICT FINANCIAL DISCIPLINE WOULD ENSURE SOUND PUBLIC FINANCE MANAGEMENT.

"WE CAN'T EXPECT AND AFFORD LAVISH SUBSIDIES," HE ADDED.

TURNING TO THE DRAFT ESTIMATES, DR CHAM PRAISED THE FINANCIAL SECRETARY FOR THE IMPROVEMENTS MADE IN PRESENTATION.

HE SAID THE OBJECTIVES WERE CLEARLY IDENTIFIED WITH THE RELATED EXPENDITURE AND ACTIVITIES, AND THAT GOVERNMENT DEPARTMENTS WOULD HAVE THEIR TARGETS CLEARLY SPECIFIED FOR THE COMING YEAR TOGETHER WITH THE BUDGETTED EXPENDITURE.

"IN THE COMING YEAR, WE SHALL BE ABLE TO ASSESS THE ACHIEVEMENTS OF EACH DEPARTMENT AND THE ACCOMPLISHMENT OF DEPARTMENT HEADS IN MEETING THEIR SPECIFIC TARGETS," HE ADDED.

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INTRODUCTION OF SALES TAX OPPOSED

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PLANS TO BROADEN THE GOVERNMENT'S REVENUE BASE THROUGH IMPOSITION OF A SALES TAX WERE OPPOSED BY THE HON CHENG HON-KWAN IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR CHENG SAID THAT A SALES TAX - BE IT AT THE MANUFACTURING, WHOLESALE OR RETAIL LEVEL - WOULD BE UNFAIR TO CONSUMERS AS THEY WOULD BE THE ONES TO SHOULDER THE FINAL BURDEN.

THIS, IN TURN, WOULD LEAD TO HIGHER INFLATION AND WOULD DEFINITELY HIT PEOPLE'S LIVELIHOODS.

/HE WARNED

HE WARNED THAT THE IMPOSITION OF A SALES TAX WOULD NOT ONLY JEOPARDISE HONG KONG'S REPUTATION AS A SHOPPER'S PARADISE BUT WOULD ALSO ENCOURAGE VISITORS TO TURN TO OTHER ASIAN COUNTRIES WITH CHEAPER CONSUMER GOODS.

HE SAID THE GOVERNMENT SHOULD BEWARE OF ANY ACTIONS WHICH MIGHT BE DETRIMENTAL TO THE TOURISM INDUSTRY, WHICH HE SAID WAS THE LARGEST EARNER OF FOREIGN EXCHANGE LAST YEAR, BRINGING IN \$25,400 MILLION.

"ALTHOUGH THE OUTLOOK FOR HONG KONG'S ECONOMY IS REASONABLY BRIGHT, WE MUST BEAR IN MIND THAT THIS INTRODUCTION OF A SALES TAX WOULD HAVE AN ADVERSE BACKLASH ON OUR BUOYANT ECONOMY IN THE LONG RUN," HE SAID.

HE THEREFORE URGED THE GOVERNMENT TO THINK THRICE ABOUT WHETHER IT WOULD BE WISE TO IMPLEMENT SUCH A PROPOSAL.

TURNING TO COMMUNITY SERVICES, MR CHENG SAID THE GOVERNMENT HAD MADE THE RIGHT MOVE IN CONTINUING TO DEVOTE A SENSIBLE SHARE OF EXPENDITURE TO COMMUNITY SERVICES.

HOWEVER, IN VIEW OF THE EXPANSION IN COMMUNITY SERVICES, INCLUDING LAND AND ENGINEERING, HE SAID THERE WAS A NEED FOR A REGISTRATION SYSTEM FOR ENGINEERS TO MAINTAIN HONG KONG'S PROFESSIONAL STANDARDS.

THERE WAS AT PRESENT NO SYSTEM FOR THE REGISTRATION OF ENGINEERS FOR STATUTORY PURPOSES, APART FROM THE ONE FOR STRUCTURAL ENGINEERS, HE SAID.

THOUGH THE GOVERNMENT HAD ALREADY TAKEN THE INITIATIVE TO START A DIALOGUE WITH THE FOUR RELATED PROFESSIONAL INSTITUTIONS ON THE FORMULATION OF A REGISTRATION SYSTEM, PROGRESS WAS FAR FROM SATISFACTORY.

"IT IS HIGH TIME THAT THE GOVERNMENT SPEED UP THE PROCESS AND SET UP A REGISTRATION SYSTEM AS SOON AS POSSIBLE. PROFESSIONAL STANDARDS ARE INDISPENSABLE IN MAINTAINING HONG KONG'S REPUTATION AS AN INTERNATIONAL CITY," HE SAID.

"A HIGH STANDARD OF PROFESSIONAL SERVICE IS VITAL NOT ONLY IN THE TRANSITION PERIOD BUT BEYOND 1997 AS WELL."

MR CHENG HOPED THAT THE REGISTRATION SYSTEM COULD BE LEGISLATED DURING THE TRANSITION PERIOD TO PROTECT THE INTERESTS OF LOCAL PROFESSIONAL ENGINEERS, ARCHITECTS, SURVEYORS AND PLANNERS AND TO MAKE SURE THAT THE SERVICES GIVEN TO THE PUBLIC WERE OF THE HIGHEST QUALITY.

TURNING TO BUILDING MANAGEMENT, MR CHENG SAID THERE HAD BEEN LONGSTANDING COMPLAINTS THAT OWNERS CORPORATIONS AND MUTUAL AID COMMITTEES WERE NOT PROPERLY SUPERVISED BY THE GOVERNMENT AND THAT THE DECISION-MAKERS OF BOTH BODIES WERE NOT PROPERLY PROTECTED FROM LIABILITIES.

"WITH MORE AND MORE BUILDINGS IN NEED OF REPAIR AND MAINTENANCE, THIS ISSUE SHOULD BE TREATED AS A MATTER OF URGENCY SO THAT A SOLUTION COULD BE WORKED OUT WITHOUT FURTHER DELAY," HE SAID.

THE GOVERNMENT SHOULD ALSO STRENGTHEN ITS MANPOWER TO TACKLE THE SERIOUS PROBLEM OF ILLEGAL STRUCTURES, IN PARTICULAR THOSE WHICH POSED IMMINENT DANGER TO LIFE OR PROPERTY, HE ADDED.

ON THE VIETNAMESE REFUGEE ISSUE, MR CHENG SAID HE SUPPORTED THE VIEWS OF THE LEGCO AD HOC GROUP ON VIETNAMESE REFUGEES THAT HONG KONG SHOULD NOT BE TAKEN AS A PLACE OF FIRST ASYLUM.

MR CHENG POINTED OUT THAT REPEATED CALLS HAD BEEN MADE TO THE BRITISH GOVERNMENT TO HELP TACKLE THE PROBLEM BUT "TO OUR TOTAL DISAPPOINTMENT", NO POSITIVE ACTIONS HAD BEEN TAKEN SO FAR.

"BRITAIN SHOULD RESPOND TO HONG KONG'S NEEDS AND ACQUIESCE TO HONG KONG RELINQUISHING THE ROLE OF A FIRST PORT OF ASYLUM. AND IT MUST RESPOND QUICKLY," HE URGED.

COMMENTING ON THE FINANCIAL SECRETARY'S FIRM STANCE IN REFUSING TO INTRODUCE SEPARATE TAXATION FOR MARRIED COUPLES THIS YEAR, MR CHENG SAID HE WOULD LIKE TO ECHO THE CALL BY SOME OTHER COUNCILLORS FOR THE GOVERNMENT TO INSTIGATE SEPARATE TAXATION FOR MARRIED COUPLES AS SOON AS POSSIBLE.

HE SAID MARRIED COUPLES SHOULD BE OFFERED AN OPTION TO CHOOSE WHETHER TO PAY THEIR TAXES JOINTLY OR INDIVIDUALLY.

MR CHENG SAID HE NOTED THE FINANCIAL SECRETARY'S WORDS THAT HE WAS NOW PREPARED TO CONSIDER FURTHER HOW SEPARATE TAXATION FOR WORKING WIVES MIGHT BEST BE INTRODUCED.

HE ADDED THAT HE, LIKE THE GENERAL PUBLIC, WAS ANXIOUSLY AWAITING "THE GOOD NEWS" FROM THE FINANCIAL SECRETARY IN THE NEAR FUTURE.

MR CHENG ALSO COMMENDED THE FINANCIAL SECRETARY FOR PRODUCING A BUDGET THAT PLEASED ALL SECTORS OF THE COMMUNITY IN ONE WAY OR ANOTHER.

HE SAID THE FINANCIAL SECRETARY'S DECISION TO DECREASE THE STANDARD TAXATION RATES, INCREASE PERSONAL ALLOWANCES AND REDUCE STAMP DUTY HAD UNDOUBTEDLY BEEN WELL-RECEIVED BY THE GENERAL PUBLIC, IN PARTICULAR THE MIDDLE AND LOWER INCOME GROUPS WHO FORMED A VERY IMPORTANT SECTOR OF OUR ECONOMY.

EMIGRATION FACTOR REQUIRES ACTION

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THE CENTRAL THEME OF THE FINANCIAL SECRETARY'S BUDGET SPEECH COULD BE SUMMED UP IN A FEW WORDS - "CAUTIOUS CONFIDENCE IN HONG KONG'S FUTURE AS A VIABLE ECONOMIC AND FINANCIAL CENTRE", THE HON HILTON CHEONG-LEEN SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, MR CHEONG-LEEN SAID, HOWEVER, MANY PEOPLE IN HONG KONG WERE NOW WORRYING ABOUT A BRAIN DRAIN OF TALENT SO VITAL TO OUR ECONOMIC GROWTH.

"THE BRAIN DRAIN, I MIGHT ADD, IS BEGINNING TO GATHER MOMENTUM. I DO NOT THINK THE GOVERNMENT SHOULD JUST GLOSS OVER THE PROBLEM, IT IS TOO SERIOUS FOR THAT," HE SAID.

"INSTEAD THE GOVERNMENT SHOULD NOW PLAN A LONG-TERM CONCERTED EFFORT TO ATTRACT BACK TO HONG KONG THOSE WHO HAVE ALREADY EMIGRATED AND HAVE OBTAINED THEIR CITIZENSHIP OVERSEAS.

"IF THE GOVERNMENT, WITH THE SUPPORT OF THE BRITISH AND CHINESE GOVERNMENTS, DO NOT VIGOROUSLY SEEK TO FACE UP TO THIS ISSUE, WE WILL HAVE A CONFIDENCE CRISIS ON OUR HANDS IN REGARD TO HONG KONG'S CAPABILITY TO EXPAND ECONOMICALLY DURING THE REST OF THE TRANSITION PERIOD."

MR CHEONG-LEEN SAID HE AGREED WITH THE FINANCIAL SECRETARY THAT HONG KONG, WITH ITS FREE PORT STATUS AND OPEN ECONOMY, REMAINED AS VULNERABLE AS EVER TO EXTERNAL FORCES.

NO MATTER HOW WELL THE ECONOMY WAS DOING IN ANY GIVEN YEAR, HONG KONG SHOULD NOT LET ITS GUARD DOWN AND BECOME DANGEROUSLY EXPOSED TO ADVERSE SHIFTS, WHETHER ABRUPT OR SLIDING, IN THE WORLD ECONOMY.

HE SAID HONG KONG WAS STILL VERY MUCH AN EXPORT-LED ECONOMY AND ONE OF ITS MAIN CONCERNS HAD TO DO WITH KEEPING THE SPECTRE OF PROTECTIONISM AT BAY.

MR CHEONG-LEEN SAID HE SUPPORTED THE FINANCIAL SECRETARY'S POLICY OF FISCAL PRUDENCE, COUPLED WITH MODERATE TAX CONCESSIONS, PLUS STEADY INCREASES IN EXPENDITURE ON SOCIAL WELFARE, PUBLIC HOUSING, MEDICAL AND OTHER SOCIAL SERVICES SO AS TO RAISE LIVING STANDARDS AND THE QUALITY OF LIFE.

ON SEPARATE TAXATION FOR MARRIED WOMEN, HE SAID THE PRINCIPLE OF SEPARATE TAXATION HAD TO BE ACCEPTED BY THE GOVERNMENT SOONER OR LATER, AND THE EARLIER THE BETTER.

"ONCE THE PRINCIPLE IS ACCEPTED, THE MANNER OF AND TIMING OF IMPLEMENTATION IN AN EQUITABLE WAY CAN THEN BE CAREFULLY INVESTIGATED," HE SAID.

QUOTING A STATEMENT BY THE SINGAPORE FINANCE MINISTER, MR CHEONG-LEEN SAID IT SHOULD COME AS A RUDE SHOCK TO ALL IN HONG KONG THAT THE MIDDLE INCOME GROUPS WERE PAYING HIGHER TAXES THAN THEIR COUNTERPARTS IN SINGAPORE.

ON ECONOMIC RELATIONS WITH CHINA, HE SAID THAT IN ORDER TO STAY COMPETITIVE IN EXPORTS, HONG KONG WOULD HAVE TO KEEP ON EXPANDING ECONOMIC INTEGRATION WITH THE MAINLAND, THROUGH MORE SUB-CONTRACTING OF MANUFACTURE OF GOODS IN LABOUR-INTENSIVE INDUSTRIES.

"HONG KONG'S ECONOMIC FUTURE IS ALREADY INEXORABLY LINKED WITH CHINA'S ECONOMIC REFORMS, AND THE FASTER CHINA OPENS UP, THE FASTER WILL BE THE ECONOMIC INTERFACE BETWEEN HONG KONG AND THE CITIES IN CHINA WHICH ARE SEEKING TO EXPORT THEIR PRODUCTS TO THE OUTSIDE WORLD," HE SAID.

"AS A REGIONAL COMMERCIAL, INDUSTRIAL, COMMUNICATIONS AND FINANCIAL CENTRE, HONG KONG IS PLAYING AN INDISPENSABLE ROLE IN CHINA'S ECONOMIC DEVELOPMENT IN THE 21ST CENTURY.

"AS THE HUB OF ASIA AND AN IMPORTANT INTERNATIONAL CITY IN THE REGION, HONG KONG IS ALREADY CHINA'S STRONGEST ECONOMIC LINK, WITH THE REST OF THE WESTERN INDUSTRIALISED WORLD."

MR CHEONG-LEEN ALSO SAID THAT WITH THE OPENING OF THE CONVENTION CENTRE THE GOVERNMENT SHOULD REVIEW EXISTING POLICIES RELATING TO EASTERN BLOC COUNTRIES BOTH IN TRADE AND TOURISM.

TOURISM WAS A MAJOR AND EXPANDING SERVICE INDUSTRY FOR HONG KONG, WITH VISITOR TRAFFIC EXPECTED TO RISE THIS YEAR TO ABOUT FIVE MILLION.

HE URGED THE GOVERNMENT TO REDUCE THE AIRPORT DEPARTURE TAX AND HE SPOKE AGAINST THE INCREASE IN RATES WHICH AFFECTED HOTELS, AND ALSO AGAINST THE POSSIBILITY OF A SALES TAX.

ON DEFENCE COSTS, MR CHEONG-LEEN SAID ALTHOUGH THE TERMS OF THE NEW AGREEMENT HAD NOT YET BEEN FINALISED, IT WAS POSSIBLE THAT BRITAIN WAS ONLY PREPARED TO REDUCE HONG KONG'S CONTRIBUTION TO 70 PER CENT FROM THE PREVIOUS 75 PER CENT, AS AGAINST HONG KONG'S PROPOSAL THAT THE COSTS SHOULD BE SPLIT ON A 50-50 BASIS.

"AS THE BORDER CONTROL FUNCTIONS CURRENTLY PERFORMED BY THE BRITISH ARMY WILL IN FUTURE BE TAKEN OVER BY HONG KONG POLICE, I BELIEVE IT WOULD BE FAIRER TO HONG KONG IF THE PERCENTAGE WERE TO BE PROGRESSIVELY REDUCED YEAR-BY-YEAR BY FIVE TO 10 PER CENT UNTIL PARITY FOR SHARING THE COSTS IS REACHED," HE SAID.

ON REFUGEES, HE SAID WITH EACH PASSING YEAR THE PROBLEM OF VIETNAMESE REFUGEES COMING TO HONG KONG SEEMED TO GET MORE INTRACTABLE WITH NO LIGHT AT THE END OF THE TUNNEL.

/HE SAID

WEDNESDAY, APRIL 20, 1988

- 19 -

HE SAID THE VIETNAMESE REFUGEE PROBLEM WAS AN INTERNATIONAL ISSUE, BUT THE BRITISH GOVERNMENT SHOULD ASSUME THE MAJOR FINANCIAL RESPONSIBILITY IN CARING FOR THE 10,000 REFUGEES NOW IN HONG KONG.

"THE GOVERNMENT SHOULD START NEGOTIATING WITH THE BRITISH GOVERNMENT TO PAY FOR HALF OF ALL THE 1988-89 EXPENDITURES TO BE SPENT BY HONG KONG ON VIETNAMESE REFUGEES. SHOULD A FOURTH CLOSED CAMP BE BUILT, HALF OF THE COST OF CONSTRUCTION SHOULD BE PAID FOR BY THE BRITISH GOVERNMENT," HE SAID.

MR CHEONG-LEEN ALSO SUGGESTED THAT IN ORDER TO MINIMISE THE COST OF MANAGING SUCH CLOSED CAMPS WHILE STILL MAINTAINING A REASONABLE LEVEL OF SECURITY AND EFFICIENCY, CONSIDERATION SHOULD BE GIVEN TO TRANSFERRING THE MANAGEMENT TO THE VOLUNTARY AGENCIES, WITH THE SUPPORT OF THE CIVIL AID SERVICES.

ON HOUSING, HE SAID AS HONG KONG WAS FEELING THE EFFECTS OF A BRAIN DRAIN, IT SHOULD BE THE GOVERNMENT'S POLICY TO MAKE IT ATTRACTIVE AND WORTHWHILE FOR MIDDLE INCOME GROUPS TO STAY IN HONG KONG.

"ONE FURTHER STEP COULD BE A ONE-OFF TAX DEDUCTIBLE ALLOWANCE OF UP TO \$50,000 ON ANY DOWN PAYMENT ON THE PURCHASE OF THE FIRST HOME BY ANY HEAD OF HOUSEHOLD," HE SAID.

MR CHEONG-LEEN SAID HE DOUBTED WHETHER THE NEW CONCESSIONS ON STAMP DUTY ALONE WOULD BE AN INCENTIVE FOR A PROFESSIONAL TO PURCHASE A HOME IN HONG KONG RATHER THAN EMIGRATE.

ON CULTURE, MR CHEONG-LEEN SAID THE GOVERNMENT SHOULD ENCOURAGE MUSIC TRAINING AND APPRECIATION AND CONSIDER OVERSEAS TRAINING AWARDS FOR ARTISTS.

HE SAID THAT AS REGARDS VISUAL ARTS, "WE ARE STILL PATIENTLY AWAITING" THE GOVERNMENT'S WORKING PARTY TO SHOW THE WAY FORWARD.

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WORKING SPOUSE ALLOWANCE MORE EQUITABLE

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A WORKING SPOUSE ALLOWANCE IS A SIMPLER AND MORE EQUITABLE SCHEME THAN SEPARATE TAXATION, THE HON ANDREW WONG SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR WONG SAID HE WELCOMED THE INTRODUCTION OF A WORKING WIFE'S ALLOWANCE.

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BUT HE REGRETTED THAT APPARENTLY THE FINANCIAL SECRETARY HAD ALREADY CONCEDED DEFEAT WHEN HE SAID HE WAS PERPARED TO CONSIDER FURTHER HOW SEPARATE TAXATION FOR WORKING WIVES MIGHT BEST BE INTRODUCED.

MR WONG SAID HE INSISTED ON NOT ONLY THE SANCTITY OF THE FAMILY BUT ALSO THE SOCIALLY EQUITABLE ARRANGEMENT OF REGARDING THE HOUSEHOLD, NOT THE INDIVIDUAL, AS THE TAX UNIT.

"AFTERALL, IF MARRIED LIFE IS A LIFE OF SHARING, WITH LOVE SHARED, JOYS AND SORROWS SHARED, EXPENSES SHARED, WHY SHOULD INCOME NOT BE REGARDED AS SHARED," HE SAID.

HE ADDED, HOWEVER, THAT THE INLAND REVENUE ORDINANCE OUGHT TO BE AMENDED TO THE EFFECT THAT WIVES WERE NO LONGER APPENDAGES TO THEIR HUSBANDS FOR TAX PURPOSES AND THAT BOTH MEN AND WOMEN AS MARRIED COUPLES OUGHT TO BE REGARDED AS SPOUSES TO EACH OTHER.

ON THE IDEA OF A GENERAL SALES TAX, MR WONG SAID THAT AS AN INDIRECT TAX, IT WAS BY DEFINITION REGRESSIVE AND CONTRARY TO THE PRINCIPLE OF ABILITY TO PAY AND WAS THEREFORE OBJECTIONABLE.

ON EXPENDITURE, MR WONG SAID HE WAS CONCERNED ABOUT THE GROWTH OF THE CIVIL SERVICE DURING THE LAST 10 YEARS.

"IN 1977, THE ESTABLISHMENT WAS 114,000 OR JUST OVER 100,000 REPRESENTING 25 CIVIL SERVANTS PER THOUSAND POPULATION. TEN YEARS LATER, IN 1987, IT WAS 183,000 OR NEARLY 200,000, REPRESENTING 33 CIVIL SERVANTS PER THOUSAND POPULATION.

"THIS CIVIL SERVANT PER THOUSAND POPULATION FIGURE HAS BEEN CREEPING, NAY CLIMBING; FROM 25 IN 1977, TO 26 IN 1978 THROUGH 1980, TO 31 IN 1982, TO 32 IN 1983 THROUGH 1986, AND TO 33 IN 1987."

HE SAID THE CIVIL SERVANTS PER THOUSAND POPULATION FIGURES AT FIVE-YEAR INTERVALS BETWEEN 1962 AND 1987 WERE EVEN MORE TELLING.

"THE LEVIATHAN HAS GROWN FROM 17 PER THOUSAND IN 1962, TO 20 IN 1967, 24 IN 1972, 25 IN 1977, 31 IN 1982 AND 33 IN 1987.

"I AM AWAITING THE RELEASE OF THE 1989 EDITION OF THE PAMPHLET (HONG KONG IN FIGURES) TO BRING THIS TABLE UP TO DATE. THE FIGURES GIVEN ON PAGE 245 OF THE 'DRAFT ESTIMATES SUPPORTING DETAILS SECTION 1' SHOW A LOW FIGURE OF AROUND 193,000 AND A HIGH FIGURE OF 201,000.

"ALTHOUGH THEY DO NOT STRICTLY SUIT THE PURPOSE OF UPDATING THE TABLE, THEY DO POINT OUT THE FACT THAT THE ESTABLISHMENT IS SET TO INCREASE FROM 183,000 IN 1987 TO 193,000 OR 201,000 OR IN OTHER WORDS TO EXPAND BY 10,000 TO 18,000 CIVIL SERVANTS WITHIN A YEAR.

"I WONDER IF ALL THE INCREASES ARE NECESSARY," HE ADDED.

/MR WONG

MR WONG SAID THAT AS A MEMBER OF THE ESTABLISHMENT SUB-COMMITTEE OF THE LEGISLATIVE COUNCIL'S FINANCE COMMITTEE, OBVIOUSLY HE WAS TO BLAME.

"WILL THE GOVERNMENT SHARE MY BLAME? PLEASE DON'T TELL ME THAT EVERY REQUEST FOR EVERY ADDITIONAL POST RECEIVES THE UTMOST CAREFUL SCRUTINY AND VETTING.

"JUST REMEMBER ONE OF C. NORTHCOTE PARKINSON'S FAMOUS LAWS THAT 'CIVIL SERVANTS CREATE WORK FOR EACH OTHER'," HE SAID.

MR WONG SAID IN THE DEBATE ON THE WASTE DISPOSAL (AMENDMENT) BILL ON OCTOBER 14, 1987, HE SPOKE OF THE 125 ADDITIONAL POSTS REQUIRED FOR THE IMPLEMENTATION OF THE ANIMAL WASTE CONTROL POLICY.

"AND I SAID TO THE EFFECT THAT HAD AN ALTERNATIVE POLICY BEEN ADOPTED, POLLUTION PROBLEMS COULD BE TACKLED WITH A VERY SMALL ESTABLISHMENT."

MR WONG SAID VERY OFTEN, MISGUIDED, MUDDLED OR CONVOLUTED POLICIES WERE AT THE ROOT OF UNBRIDLED GROWTH IN PUBLIC EXPENDITURE.

"THE ANIMAL WASTE CONTROL POLICY IS A VERY GOOD CASE IN POINT.

"AT THE SAME DEBATE, I ESTIMATED THAT HAD THE POLICY BEEN A TOTAL BAN ON LIVESTOCK KEEPING, WITH THE EX-GRATIA COMPENSATION BOOSTED BY 100 PER CENT, THE TOTAL EXPENDITURE WOULD BE IN THE REGION OF \$573 MILLION INSTEAD OF AN ESTIMATED TOTAL EXPENDITURE OF \$609 MILLION UNDER THE POLICY ADOPTED.

"THE \$573 MILLION COULD BE LOWERED IF WE DECIDE FOR A LESS THAN 100 PER CENT BOOSTER, AND TO THE \$609 MILLION UNDER THE PRESENT POLICY, WE SHOULD ADD A PERSONAL EMOLUMENTS BILL OF \$180 MILLION FOR THE 125 POSTS MENTIONED EARLIER."

MR WONG SAID HE WONDERED WHAT HAD GONE WRONG DURING THE POLICY-MAKING PROCESS AS NEGOTIATIONS WERE STILL CONTINUING BETWEEN THE FARMERS AND THE ADMINISTRATION.

"SINCE THE PASSAGE OF THE AMENDMENT BILL, GOVERNMENT HAS ALREADY COMMITTED A FURTHER SUM OF \$8 MILLION TO CARRY OUT DEMONSTRATIONS IN PRIVATE FARMS IN ORDER TO CONVINCING OR APPEASE THE FARMERS, AND I CANNOT IMAGINE WHAT THE FINAL BILL LOOKS LIKE."

ANOTHER CASE OF CONVOLUTED POLICY, HE SAID, WAS THE STUDENT TRAVEL SUBSIDY SCHEME.

"IF MY UNDERSTANDING IS CORRECT, THE EVOLUTION OR CONVOLUTION STARTED IN 1971 WHEN THE GOVERNMENT DECIDED TO REIMBURSE KOWLOON MOTOR BUS FOR LOSS IN REVENUE ARISING FROM CONCESSIONARY FARES GIVEN TO STUDENTS ABOVE THE AGE OF 12.

/ "THE SCHEME

"THE SCHEME WAS LATER EXTENDED TO OTHER PUBLIC TRANSPORT OPERATORS," HE SAID.

MR WONG SAID HAD THE POLICY BEEN TO REQUIRE AND ALLOW PUBLIC TRANSPORT OPERATORS TO BALANCE THEIR BOOKS BY ABSORBING THE LOSS IN REVENUE THROUGH INCREMENTAL INCREASES IN GENERAL FARE LEVELS, THERE WOULD NOT HAVE BEEN PUBLIC CRITICISM THAT THE GOVERNMENT WAS MISUSING PUBLIC FUNDS, THAT THE SUBSIDIES FROM PUBLIC FUNDS WERE DISPROPORTIONATELY HIGH, OR THAT THE SUBSIDY SHOULD ONLY GO TO THE NEEDY.

HE POINTED OUT THAT ALL TRIPS WERE EDUCATIONAL IN ONE SENSE OR ANOTHER FOR THOSE WHO WERE STILL IN THEIR LEARNING, AND FORMATIVE YEARS, THAT EDUCATION WAS SUBSIDISED AND HEAVILY SO EVEN IN THE VOLUNTARY STAGE OF EDUCATION, THAT IS FROM FORM FOUR THROUGH TO UNIVERSITY, THAT THERE WAS CROSS-SUBSIDISATION BY OTHER PASSENGERS TO THOSE BELOW THE AGE WHICH HAD NEVER BEEN OBJECTED TO IN PRINCIPLE.

"WHAT IS SO WRONG WITH THIS ALTERNATIVE POLICY WHICH INVOLVES NO PUBLIC EXPENDITURES WHICH SAVE ALL OF THE \$265 MILLION INSTEAD OF \$106 MILLION AND WHICH INCIDENTALLY, ALSO REDUCES THE SIZE OF THE BUREAUCRACY?" HE ASKED.

"HOW DO WE COMPARE THE EXISTING AND THE REVISED POLICY WITH THIS ALTERNATIVE POLICY, WHICH IN A WAY IS AKIN TO AN INDIRECT TAX BUT FOR AN EAR-MARKED PURPOSE AND NOT INVOLVING ANY TAX COLLECTION AND ADMINISTRATION COST?"

"AND HOW DO WE COMPARE THIS ALTERNATIVE WITH THE CONTEMPLATED INTRODUCTION OF A GENERAL SALES TAX?"

"I SUGGEST WE HAVE NOT BEEN IMAGINATIVE ENOUGH IN OUR POLICY-MAKING."

MR WONG SAID HE REALISED THERE WERE CONSTRAINTS AND, AMONG THEM, POLITICAL CONSTRAINTS LOOMED LARGE.

"HOWEVER, LET US NOT FORGET WHAT POLICIES ARE FOR - THEY ARE FOR THE SOLUTION OF PUBLIC PROBLEMS."

"POLITICALLY FEASIBLE POLICIES ARE NOT NECESSARILY PROPER SOLUTIONS, AND PROPER SOLUTIONS ARE NOT NECESSARILY INFEASIBLE POLITICALLY."

"LET US NOT FORGET THAT THE CART SHOULD NEVER BE PUT BEFORE THE HORSE," HE ADDED.

WEDNESDAY, APRIL 20, 1988

- 23 -

PRUDENT APPROACH DESERVES SUPPORT

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THE VARIOUS MAJOR DEVELOPMENT PROJECTS NOW IN THE PIPELINE WOULD PLACE A VERY HEAVY DEMAND ON HONG KONG'S RESERVES, AND THEREFORE THE FINANCIAL SECRETARY'S PRUDENT APPROACH IN CONTROLLING EXPENDITURE GROWTH SHOULD BE SUPPORTED, THE HON EDWARD HO SAID TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR HO NOTED THAT THE FINANCIAL SECRETARY'S MEDIUM RANGE FORECAST INDICATED A SATISFACTORY LEVEL OF RESERVES FOR THE PERIOD UP TO 1991-92.

"YET, IF ONE EXAMINES BOTH THE FORECAST ON CONSOLIDATED CASH SURPLUS AND ON RESERVE BALANCES AS A PERCENTAGE OF GOVERNMENT EXPENDITURE, ONE WOULD NOTICE THAT THE AMOUNT WILL BE ON A DECLINING TREND AFTER 1989-90," HE SAID.

THE MEDIUM RANGE FORECAST DID NOT INCLUDE THE VERY MAJOR CAPITAL INTENSIVE INFRASTRUCTURAL DEVELOPMENT PROJECTS THAT WERE LIKELY TO START RIGHT AFTER THE FORECAST PERIOD, IN THE EARLY 1990'S.

HE THEREFORE SUBSCRIBED WHOLEHEARTEDLY TO THE PRUDENT APPROACH THAT WAS EVIDENT IN THE BUDGET.

MR HO SAID THAT VARIOUS DEVELOPMENT PROJECTS WERE VITAL TO HONG KONG IF IT WAS TO MAINTAIN ITS POSITION AS A MAJOR INTERNATIONAL FINANCIAL, COMMERCIAL AND TOURIST CENTRE.

"IT IS NOW QUITE CLEAR THAT THE HANDLING CAPACITY OF KAI TAK AIRPORT FOR PASSENGERS AND CARGO HANDLING WILL BE OVERSATURATED BEFORE A NEW REPLACEMENT AIRPORT CAN BECOME OPERATIONAL.

"HONG KONG'S ALREADY PRIME POSITION AS A CONTAINER TERMINAL PORT, ITS RAPIDLY INCREASING TRADE WITH CHINA AND THE ASSOCIATED GROWTH OF RE-EXPORTS ALL MEAN THAT WE WILL NEED TO CONTINUE TO INCREASE EXTENSIVELY OUR PORT FACILITIES," HE SAID.

MR HO NOTED THAT SOME PEOPLE, WHEN DISCUSSING INFRASTRUCTURAL DEVELOPMENT, HAD SUGGESTED THAT THE GOVERNMENT SHOULD NOT RELY ON PRIVATE CONSULTANTS AND SHOULD INSTEAD SHOULDERS MORE OF SUCH WORK ITSELF.

HOLDING A DIFFERENT VIEW, HE SAID IF SUCH CONSULTANCY STUDIES OR PROJECTS WERE ABSOLUTELY NECESSARY AND IF THE GOVERNMENT DID NOT POSSESS THE MANPOWER OR EXPERTISE TO CARRY OUT SUCH WORK, THERE WAS NOTHING WRONG IN ENGAGING CONSULTANTS FROM THE PRIVATE SECTOR.

TURNING TO THE QUESTION OF A "BRAIN DRAIN" OF THE PROFESSIONAL AND MANAGERIAL CLASSES FROM HONG KONG, MR HO SAID HE WAS CONCERNED ABOUT THE PROBLEM AND YET HE DID NOT KNOW WHETHER IT WAS SERIOUS OR NOT AND HOW IT WOULD EFFECT THE ECONOMY.

/"IT IS

"IT IS NOT SOMETHING OVER WHICH WE SHOULD BURY OUR HEADS IN THE SAND AND TRY TO CONVINCING OURSELVES AND OTHERS THAT EVERYTHING IS GOING TO BE FINE, AT LEAST NOT UNTIL WE TRY TO FIND OUT THE TRUE SITUATION," HE SAID.

IT WAS ONLY WHEN WE KNEW OF THE FACTS THAT WE COULD DEAL WITH THE PROBLEM, HE ADDED.

HE URGED THE GOVERNMENT TO CONDUCT, WITH THE HELP OF THE PRIVATE SECTOR, A STUDY OF FUTURE MANPOWER SUPPLY AND DEMAND.

THIS SHOULD BE CO-ORDINATED WITH THE VARIOUS PLANNING STUDIES AND PROJECTS FOR INFRASTRUCTURAL DEVELOPMENT, THE LONG TERM HOUSING STRATEGY AND THE WORK OF THE LAND DEVELOPMENT CORPORATION.

HE SAID THE AMBITIOUS PUBLIC HOUSING PROGRAMME AND THE CURRENT CONSTRUCTION ACTIVITIES IN THE PRIVATE SECTOR HAD CONTRIBUTED TO AN ACUTE LABOUR SHORTAGE, UNUSUAL CONSTRUCTION COST INFLATION AND UNDESIRABLE WORKMANSHIP.

THERE WAS A SHORTAGE OF EXPERIENCED CONTRACTORS AND SKILLED LABOUR TO PROVIDE HEALTHY COMPETITION IN THE CONSTRUCTION INDUSTRY, HE SAID.

MR HO WAS ALSO WORRIED WHETHER LAND PRODUCTION COULD KEEP PACE WITH DEMAND TO CATER TO THE PUBLIC HOUSING PROGRAMME AFTER THE MID-1990'S.

"I STRONGLY BELIEVE THAT THE FULL DEMAND CAN ONLY BE MET BY MAJOR HARBOUR RECLAMATION SCHEMES, THE WORK ON WHICH SHOULD COMMENCE IN THE NEXT TWO YEARS IN ORDER TO GENERATE THE NECESSARY LEAD TIME IN PRODUCTION," HE SAID.

TURNING TO TAXATION, MR HO SAID THAT THERE WERE ONLY 700,000 TAXPAYERS IN HONG KONG AND 7.6 PER CENT OF THEM, OR 0.94 PER CENT OF THE TOTAL POPULATION, CONTRIBUTED TO 56 PER CENT OF THE TOTAL SALARY TAX YIELD.

CLEARLY IT WOULD BE DESIRABLE TO BROADEN THE TAX BASE, WHICH INEVITABLY WOULD MEAN THAT THE NUMBER OF TAXPAYERS WOULD INCREASE.

SUCH A MOVE MIGHT BE UNPOPULAR BUT IT SHOULD BE RECOGNISED THAT THE INCREASES IN SOCIAL SERVICE PROVISIONS COULD ONLY BE ACHIEVED AT A PRICE, HE SAID.

MR HO ALSO SUPPORTED THE CALL FOR SEPARATE TAXATION FOR WORKING COUPLES.

HE FOUND THAT AT LEAST FIVE OF HIS STAFF HAD DECIDED TO DEFER THEIR MARRIAGE REGISTRATIONS UNTIL THEY COULD REACH THE FLAT RATE TAX BRACKET OR WHEN THEY HAD A CHILD, WHICHEVER WAS THE SOONER.

"CLEARLY, TO THEM, THE ADDITIONAL TAX BURDEN WAS CONSIDERED SO SIGNIFICANT THAT IT INFLUENCED THEM IN THEIR DECISION ON SUCH AN IMPORTANT EVENT IN THEIR LIVES," HE SAID.

STRONG RESERVATIONS ON SALES TAX IDEA

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THERE IS NO COMPELLING REASON THAT JUSTIFIES THE NEED TO DISCUSS AT THIS TIME THE INTRODUCTION OF A SALES TAX, WHICH WOULD HAVE AN EXTENSIVE AND FAR-REACHING EFFECT ON THE COMMUNITY.

THE HON WONG PO-YAN SAID THIS DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

EXPRESSING STRONG RESERVATIONS ABOUT SUCH AN IDEA, MR WONG SAID HE WAS DISMAYED THAT THE FINANCIAL SECRETARY SHOULD MENTION IT IN THE BUDGET WHICH PROVIDED FOR A SURPLUS AND A REDUCTION OF ONE PER CENT IN THE STANDARD RATE OF TAXATION.

HE SAID THE ECONOMY HAD HAD ITS UPS AND DOWNS. BUT PAST EXPERIENCE HAD PROVIDED SUFFICIENT ASSURANCE THAT EACH ECONOMIC EBB WOULD LAST NO LONGER THAN TWO TO THREE YEARS AND THAT HONG KONG WAS RESILIENT.

ON THE OTHER HAND, HE NOTED THAT IT WAS NECESSARY TO MAINTAIN A CERTAIN RATIO BETWEEN DIRECT AND INDIRECT TAXES.

"IT IS MY PERSONAL VIEW THAT EVEN WHEN THERE IS A GENUINE NEED FOR INCREASING REVENUE, THE IDEA OF A SALES TAX SHOULD BE THE LAST THING FOR CONSIDERATION," HE SAID.

FURTHERMORE, MR WONG SAID THE INTRODUCTION OF A SALES TAX WOULD PUT A HEAVIER BURDEN ON THE POOR AND THE "SANDWICH CLASS", HAVE NEGATIVE EFFECT ON THE TOURISM INDUSTRY AND REQUIRE HIGH ADMINISTRATIVE COSTS.

TURNING TO HOUSING POLICY, MR WONG PRAISED THE GOVERNMENT FOR ITS DETERMINATION TO DEAL WITH THE HOUSING PROBLEM.

HOWEVER, HE HOPED THAT THE GOVERNMENT WOULD EXPEDITE THE GROWTH RATE OF BOTH THE HOME OWNERSHIP AND PRIVATE SECTOR PARTICIPATION SCHEMES AND SET THE ULTIMATE TARGET THAT 50 PER CENT OF THE TOTAL PUBLIC HOUSING UNITS PRODUCED ANNUALLY SHOULD COME UNDER THESE SCHEMES.

HE SAID THE APPROACH TO STEP UP EFFORTS TO SOLVE THE HOUSING PROBLEM ON THE ONE HAND, AND TO ADJUST THE PROPORTION OF PUBLIC HOUSING TENANTS IN THE OVERALL POPULATION ON THE OTHER HAND, WOULD IN THE LONG RUN BE BENEFICIAL TO ECONOMIC AND POLITICAL DEVELOPMENT.

ON THE DEVELOPMENT OF HONG KONG'S INFRASTRUCTURE, MR WONG SAID IN THE LAST DECADE OR SO, SUBSTANTIAL ACHIEVEMENTS HAD BEEN MADE.

/HOWEVER, HE

HOWEVER, HE FELT THAT THERE WAS STILL A SIGNIFICANT GAP WHICH NEEDED TO BE FILLED AS SOON AS POSSIBLE BY THE SETTING UP OF A "SCIENCE PARK".

"THE DEVELOPMENTS IN VARIOUS TERRITORIES HAVE GRADUALLY MADE THE LOW VALUE-ADDED, LABOUR-INTENSIVE INDUSTRIES OUT OF PLACE IN HONG KONG," HE SAID.

"THERE IS A PRESSING NEED TO DEVELOP HIGH-TECH INDUSTRIES. AS SUCH, INFRASTRUCTURAL SUPPORT IN THIS REGARD MUST BE MADE AVAILABLE.

"THE ESTABLISHMENT OF A SCIENCE PARK CAN MAKE POSSIBLE NOT ONLY THE CARRYING OUT OF CERTAIN RESEARCH WITHIN OUR ABILITY.

"IT CAN ALSO SERVE AS A CENTRE FOR THE INTRODUCTION AND APPLICATIONS OF SCIENTIFIC ACHIEVEMENTS FROM OTHER COUNTRIES AND DEVELOPMENT IN THIS RESPECT."

HE THEREFORE HOPED THAT THE GOVERNMENT WOULD HELP MOTIVATE THE ESTABLISHMENT OF A SCIENCE PARK WITH THE DETERMINATION AND SPEED IT HAD SHOWN IN SETTING UP THE THIRD UNIVERSITY.

TURNING TO EDUCATION, MR WONG SAID THE GOVERNMENT SHOULD MAKE THE BEST POSSIBLE USE OF OUR POTENTIAL IN THE DEVELOPMENT OF HIGHER EDUCATION.

IT SHOULD TAKE AN ACTIVE, SYMPATHETIC AND SUPPORTIVE ATTITUDE TOWARDS NON-SUBVENTED TERTIARY INSTITUTES WITH A VIEW TO FURTHER IMPROVING THEIR ACADEMIC STANDARDS.

THEY SHOULD ALSO BE INCLUDED IN THE NET OF SUBVENTION SO AS TO ENHANCE THEIR CONTRIBUTION TOWARDS HIGHER EDUCATION.

IN ADDITION, HE SAID, COMPARING THE SIZE OF ITS POPULATION AND ECONOMIC ACTIVITIES WITH SOME OF THE ADVANCED COUNTRIES, HONG KONG SHOULD HAVE SEVEN TO EIGHT UNIVERSITIES.

HE THEREFORE HOPED THE GOVERNMENT AND THE EDUCATION SECTOR WOULD PAY HEED TO THIS POINT.

MR WONG ALSO EXPRESSED CONCERN ABOUT THE RATE OF EXPANSION OF THE CIVIL SERVICE.

HE SAID THE TARGET OF A 2.5 PER CENT STAFF GROWTH A YEAR AFTER 1989-90 WAS DEEMED TO BE TOO HIGH, AND HE HOPED THAT THE GROWTH RATE COULD BE BROUGHT DOWN TO A LOWER LEVEL IN A FEW YEARS.

HE ALSO SAID THAT ALL POSSIBLE MEANS SHOULD BE INTRODUCED TO IMPROVE THE EFFICIENCY OF THE PUBLIC SERVICE.

IMPORTANCE OF BUSINESS CONFIDENCE STRESSED

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ECONOMIC AND FINANCIAL DEVELOPMENT CANNOT BE EASILY DIVORCED FROM POLITICAL AND SOCIAL DEVELOPMENT, THE HON THOMAS CLYDESDALE SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THERE WERE CERTAIN FUNDAMENTAL FACTORS WHICH AFFECTED AND OFTEN HAD A STRONG INFLUENCE ON THE DEVELOPMENT AND GROWTH OF BUSINESS OPERATIONS.

"ONE OF THESE IS THE LEVEL OF CONFIDENCE SHOWN BY PRINCIPALS, INVESTORS AND SHAREHOLDERS, THAT IS THOSE WHO FINANCE, DEAL WITH AND OTHERWISE SUPPORT THE BUSINESS FUNCTION," MR CLYDESDALE SAID DURING THE BUDGET DEBATE.

"IF CONFIDENCE IS SUSTAINED AT A HIGH LEVEL, A GREAT DEAL MORE CAN BE DONE BY THE BUSINESS ENTERPRISE," HE SAID.

"I AM SURE THIS SIMPLE OBSERVATION WILL NOT BE REFUTED. CONFIDENCE IS THE BASIS FOR ALL GENUINE GROWTH IN ANY ENTERPRISE.

"HONG KONG IS A VERY LARGE BUSINESS ENTERPRISE INDEED. AGAIN I AM SURE THAT NO MEMBER OF THIS COUNCIL WILL DISAGREE WHEN I SAY THAT BUSINESS, AND PARTICULARLY INTERNATIONAL BUSINESS, IS THE CORE, THE VERY NUCLEUS, OF THE HONG KONG ECONOMY, PERHAPS TO A GREATER EXTENT THAN VIRTUALLY ANY OTHER TERRITORY IN THE WORLD, EXCEPT SOME OF THE OPEC COUNTRIES."

MR CLYDESDALE SAID HONG KONG'S REMARKABLE ECONOMIC, TRADE AND INDUSTRIAL SUCCESS, WHICH HAD FUELLED EQUALLY REMARKABLE SOCIAL DEVELOPMENT, HAD BEEN ACHIEVED BECAUSE LOCAL AND FOREIGN BUSINESSMEN HAD HAD CONFIDENCE IN THE TERRITORY'S VITALITY, POTENTIAL AND FUTURE.

"THIS HAS ENABLED INVESTMENT DECISIONS TO BE MADE IN AN ATMOSPHERE OF STABILITY AND TRUST," HE SAID.

"INVESTORS HAVE BEEN ABLE TO COMMIT THEIR COMPANIES AND THEIR RESOURCES TO LONG TERM DEVELOPMENT IN THE SURE AND CERTAIN KNOWLEDGE THAT GOVERNMENT POLICIES AFFECTING THEIR INVESTMENT WOULD NOT CHANGE, THAT PROMISES GIVEN BY THE HONG KONG AUTHORITIES WOULD BE KEPT AND THAT THEY WOULD BE OPERATING WITHIN A FREE ENTERPRISE, LOW TAX ENVIRONMENT, WITHOUT ANY FORM OF DISCRIMINATION AGAINST THEM."

BUT HE SAID HONG KONG NOW HAD A SITUATION WHERE ITS CONSTITUTION AND POLITICAL FUTURE WAS PLACING STRESSES AND STRAINS ON LOCAL CONFIDENCE IN PEOPLE'S ABILITY TO MAINTAIN THEIR ECONOMIC SUCCESS AND THEIR EXISTING LIFESTYLE.

/"IT IS

"IT IS NOT DIFFICULT TO SEE WHY THERE IS A CONSIDERABLE BRAIN DRAIN FROM HONG KONG, ONE WHICH IS LARGELY CONCENTRATED IN THE MIDDLE MANAGEMENT GROUP AND THEREFORE ONE WHICH WE CAN ILL AFFORD," HE SAID.

"NO MATTER HOW WELL CHINA IS PROGRESSING ECONOMICALLY AND DESPITE CHINA'S OBVIOUS AND SINCERE EFFORTS TO ALLAY FEARS IN HONG KONG AS TO THE FUTURE UNDER THE PRC, IT IS INEVITABLE THAT SOME OF THOSE PEOPLE WHO HAVE A CHOICE WILL EXERCISE IT IN FAVOUR OF DEPARTURE.

"QUITE APART FROM THE QUESTION OF ECONOMIC VIABILITY OF HONG KONG, THERE IS THE VERY REAL AND PERSONAL QUESTION OF THE FAMILY."

MR CLYDESDALE SAID ALTHOUGH MANY PARENTS MIGHT BE PREPARED TO ACCEPT CHINA'S ASSURANCES AND STAY FULLY COMMITTED TO HONG KONG, THEY WERE NOT WILLING TO COMMIT THEIR CHILDREN.

"THAT IS A NATURAL AND COMPLETELY PREDICTABLE POSITION TO TAKE. SO WE WILL CONTINUE TO LOSE PEOPLE FROM OUR MIDDLE CLASS AND THIS IN TURN WILL PLACE SOME STRAINS ON MIDDLE MANAGEMENT THROUGHOUT OUR BUSINESS SECTOR AND ALSO ACADEMIA AND GOVERNMENT," HE SAID.

"THESE EFFECTS ARE ALREADY APPARENT AND THEY MAY GROW PROGRESSIVELY MORE DIFFICULT."

IN ALL THE CIRCUMSTANCES, HE SAID, HONG KONG COULD NOT PERSUADE THOSE WHO WISHED TO LEAVE TO STAY AND TAKE THEIR CHANCE, AS IT WERE. THEY WOULD MAKE PERSONAL AND FAMILY DECISIONS BASED ON THEIR OWN PERCEPTION OF THE FUTURE.

"WHAT WE CAN DO AND WHAT CHINA CAN STRONGLY SUPPORT US IN DOING, IS TO SPELL OUT AS OFTEN AS MAY BE NECESSARY THE MANY GOOD REASONS FOR BELIEVING THAT HONG KONG HAS A SECURE, SAFE, AND HAPPY FUTURE AS AN SAR WITH A UNIQUE AND LASTING RELATIONSHIP WITH, AND WITHIN, CHINA," HE SAID.

"FEARS OF CHANGES IN PRC LEADERSHIP AND POLICIES CAN BE LAID TO REST ONLY OVER A PERIOD OF TIME AND WITH AN ESTABLISHED TRACK RECORD WHICH SUPPORTS THEIR GENERAL CONTENTION THAT OUR LOCAL POPULATION HAVE NOTHING TO FEAR."

MR CLYDESDALE SAID CHINA HAD A HEAVY RESPONSIBILITY TOWARDS HONG KONG AND IN GETTING THIS CONSTRUCTIVE AND REASSURING MESSAGES ACROSS.

"QUITE APART FROM ENSURING THAT FUNDAMENTAL CONSTITUTIONAL AND OPERATIONAL POLICIES AFFECTING HONG KONG ARE ENLIGHTENED AND APPLIED WITH SENSITIVITY, CHINA MUST ALSO REMEMBER THAT GOOD PUBLIC RELATIONS ARE NECESSARY TO EXPLAIN THESE POLICIES IN LAYMAN'S TERMS," HE SAID.

MR CLYDESDALE SAID HONG KONG WAS NOW MOVING INTO AN INCREASINGLY SENSITIVE PERIOD IN ITS CONSTITUTIONAL DEVELOPMENT.

/"WE CANNOT

"WE CANNOT AFFORD TO MAKE MISTAKES AND ESPECIALLY MISTAKES THAT COULD UPSET AND WORRY LOCAL PEOPLE AS WELL AS INTERNATIONAL INVESTORS AND BUSINESSMEN," HE SAID.

"THE LOSS OF MANY TRAINED EXECUTIVES AND THEIR FAMILIES IS WORRYING ENOUGH AND COULD BE TAKEN AS A KIND OF BAROMETER OF LOCAL CONFIDENCE.

"THE LOSS OF INVESTORS WOULD BE VERY MUCH WORSE BECAUSE THAT WOULD SIGNAL A CORPORATE RATHER THAN A PERSONAL VIEW."

FORTUNATELY, HE SAID, AS THE BUDGET DEMONSTRATED, HONG KONG APPEARED TO BE DOING THE THINGS WHICH CONTINUED TO APPEAL TO CORPORATE INVESTORS, AT LEAST AS FAR AS COULD BE JUDGED BY ECONOMIC, TRADE AND INDUSTRIAL STATISTICS, AND ALSO BY THE PRICES ACHIEVED AT AUCTION FOR RECENT LAND SALES AND THE MANY MAJOR NEW LONG TERM PROJECTS STARTED OR ABOUT TO START IN THE PRIVATE SECTOR.

"THERE SEEMS NO DOUBT THEREFORE THAT CORPORATE HONG KONG, BOTH LOCAL AND FOREIGN, HAS ACCEPTED THAT THERE IS EVERY CHANCE OF CONTINUED ECONOMIC SUCCESS," HE SAID.

"I BELIEVE THAT THIS IS A TRUE PICTURE AND THAT PART OF THE CONFIDENCE DISPLAYED BY INVESTORS IS PREDICATED ON THE BELIEF THAT HONG KONG WILL CONTINUE TO HAVE AN EXECUTIVE-LED ADMINISTRATION WITH A RESPONSIVE AND RESPONSIBLE LEGISLATURE AND WITH AN ABSENCE OF DISRUPTIVE AND CONFRONTATIONAL PARTY POLITICS."

MR CLYDESDALE REITERATED THAT BUSINESS PREFERRED TO WORK IN AN ENVIRONMENT WHICH WAS FAMILIAR AND STABLE AS BUSINESS PLANNING RELIED ON CONTINUITY OF SUCCESSFUL POLICIES AND PROCEDURES.

"THE WHITE PAPER SEEMED TO ME TO RECOGNISE THIS ESSENTIAL INGREDIENT FOR OUR FUTURE AS DID THIS BUDGET PRESENTED BY THE FINANCIAL SECRETARY," HE ADDED.

HE SAID IT WAS DIFFICULT AND, INDEED, IT WOULD BE MOST UNCHARITABLE NOT TO TAKE A BULLISH VIEW TOWARDS THE FINANCIAL SECRETARY'S PACKAGE OF TAX PROPOSALS.

"ANY FINANCIAL SECRETARY WHO REDUCES THE LEVEL OF DIRECT TAXATION, WHATEVER ELSE HE DOES, IS BOUND TO BE LOOKED UPON WITH FAVOUR," HE COMMENTED.

A FINANCIAL SECRETARY WHO DID SO IN TWO CONSECUTIVE YEARS TOOK ON THE MANTLE OF A FINANCIAL GURU.

MR CLYDESDALE SAID WHILE JOINING THE HAPPY THROG OF BUDGET ADMIRERS AND SUPPORTERS HE DID, HOWEVER, HAVE SOME OBSERVATIONS TO MAKE.

/"FIRSTLY, AND

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"FIRSTLY, AND AT LEAST TO GET TO THE POINT, I STRONGLY SUPPORT THE OBVIOUS INTENTION TO PROVIDE SEPARATE TAXATION FOR WORKING WIVES IN THE NEXT BUDGET."

HE SAID HE ACCEPTED THAT THIS ISSUE REQUIRED VERY DETAILED ASSESSMENT AND CONSIDERATION BUT THIS WORK SHOULD HAVE BEEN DONE ALREADY AND THE SYSTEM INTRODUCED THIS YEAR.

HE SAID THE FINANCIAL SECRETARY, IN REFERRING TO THE SUBJECT IN HIS BUDGET SPEECH LAST YEAR, SAID VERY MUCH THE SAME THING AS HE DID THIS YEAR.

"IT SOUNDS TO ME AS IF THERE HAS BEEN VERY LITTLE FURTHER WORK DONE IN THE MEANTIME. IT IS TIME, IN THE RESPONSE BY THE FINANCIAL SECRETARY TO THE POINTS NOW BEING MADE IN THIS COUNCIL, TO CONFIRM THAT HE WILL INTRODUCE SEPARATE TAXATION FOR WORKING WIVES NEXT YEAR."

MR CLYDESDALE SAID IT WAS ALSO TIME FOR SOME STATEMENT BY THE FINANCIAL SECRETARY ON HIS INTENTIONS IN REGARD TO THE DIFFERENTIAL BETWEEN THE PROFITS TAX ON CORPORATIONS AND OTHER PAYERS OF PROFITS TAX.

"THE ONE AND A HALF PER CENT DIFFERENCE WAS THE RESULT OF ACTION, ONE COULD ALMOST SAY UNNECESSARY ACTION, TO OBTAIN COMPENSATION FOR REVENUE THAT WAS INTENDED TO BE OBTAINED FROM THE HIGHLY UNPOPULAR DIVIDEND WITHHOLDING TAX PROPOSED BY A FORMER FINANCIAL SECRETARY.

"THERE IS NO REAL JUSTIFICATION FOR MAINTAINING THE DIFFERENTIAL AND WE SHOULD BE AIMING, AS A MATTER OF PRINCIPLE, TO RETURN TO A STANDARD TAX RATE OF 15 PER CENT FOR ALL."

ON INDIRECT TAXATION, MR CLYDESDALE SAID HE HAD NO OBJECTION TO DETAILED CONSIDERATION OF THE APPLICATION OF A SALES TAX AT SOME FUTURE STAGE, BUT HE WOULD OBJECT VERY STRONGLY, HOWEVER, IF SUCH A TAX WAS INTRODUCED WITHOUT ANY REAL NEED FOR IT AND AS THINGS STOOD AT PRESENT, HE COULD NOT SEE ANY NEED ARISING WITHIN THE FORESEEABLE FUTURE.

"IT WOULD BE A NEW CONCEPT FOR HONG KONG, QUITE DIFFICULT TO GET STARTED AND TO HAVE ACCEPTED WITHIN A SOCIETY NOT ACCUSTOMED TO SUCH A REGIME," HE SAID.

"IT WOULD HAVE TO INCLUDE MANY EXCEPTIONS AND IT WOULD BE OPEN TO MANY ABUSES. THE COST OF ADMINISTRATION WOULD PROBABLY BE QUITE HIGH. IT WOULD IMPACT MORE ON THE POORER MEMBERS OF OUR SOCIETY."

HE SAID AN EXPANDING ECONOMY WOULD PRODUCE ADDITIONAL REVENUE IN REAL TERMS EVERY YEAR OR AT LEAST WOULD SHOW AN AVERAGE REAL GROWTH OVER A PERIOD OF YEARS.

/ "THE GREATEST

"THE GREATEST CONTRIBUTION TO THE MAINTENANCE OF AN EXPANDING ECONOMY IS A SIMPLE AND LOW BASE TAXATION SYSTEM. THAT HAS BEEN A MAJOR STRENGTH FOR HONG KONG AND IT SHOULD ONLY BE ALTERED TO AN EXTENT ABSOLUTELY NECESSARY," HE COMMENTED.

MR CLYDESDALE ALSO SAID THAT IT WAS LIKELY THAT THERE MIGHT WELL BE A REPEAT PERFORMANCE AS REGARDS GOVERNMENT'S SURPLUS AND THIS LED HIM TO SUGGEST THAT, BESIDES THE ONE AND A HALF PER CENT PREMIUM RATE OF TAX ON CORPORATE PROFITS, THE DUTIES ON SOFT DRINKS AND COSMETICS SHOULD BE REMOVED.

"THERE IS REALLY NO NEED FOR DISCRIMINATORY LEVIES OF THIS NATURE GIVEN THE PRESENT HEALTHY STATE OF GOVERNMENT FINANCES," HE NOTED.

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TAX CUTS TO PROMOTE BUSINESS COMPETITIVENESS URGED

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THE GOVERNMENT SHOULD LOOK FOR WAYS TO CUT TAXES TO PROMOTE BUSINESS COMPETITIVENESS AND GROWTH, RATHER THAN ADD ON UNNECESSARY IRRESPONSIBLE TAXES, THE HON DAVID LI SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, MR LI DESCRIBED THE FINANCIAL SECRETARY'S INCLINATION TOWARDS INTRODUCING A SALES TAX AS "BUREAUCRATIC IDEOLOGY RUN WILD".

HE SAID THAT SINCE 1982 PER CAPITA INDIRECT TAXATION HAD MORE THAN DOUBLED, AND THE PROPORTION OF TOTAL TAX REVENUE COMING FROM INDIRECT TAXES HAD ALREADY INCREASED BY MORE THAN A THIRD TO 40 PER CENT.

IT WAS NOT CLEAR THAT INDIRECT TAXES WOULD PROVIDE A STABLE REVENUE BASE. WHAT WAS OBVIOUS, THOUGH, WAS THAT THE COST OF A SALES TAX WOULD BE ENORMOUS.

"EVEN IF A SALES TAX WERE LEVIED AT THE NON-RETAIL LEVEL, THE GOVERNMENT WOULD HAVE TO ESTABLISH A WHOLE NEW BUREAUCRACY," HE SAID.

"IN FACT, IF SUCH A TAX WERE APPLIED TO A WIDE RANGE OF PRODUCTS, INCLUDING NECESSITIES, A HORDE OF NEW CIVIL SERVANTS WOULD HAVE TO BE HIRED TO ASSESS, COLLECT AND POLICE IT."

ALSO, SUCH A TAX WOULD FUEL INFLATION, DEVASTATE THE TOURIST INDUSTRY, FORCE MANUFACTURERS AND WHOLESALERS TO SPEND MILLIONS JUST TO HANDLE THE ACCOUNTING FOR THE LEVY, AND EXACERBATE THE SHORTAGE OF SKILLED LABOUR," HE SAID.

/MR LI

- 32 -

MR LI SAID THAT A FULL-SCALE SALES TAX WOULD BE REGRESSIVE -- TOTALLY CONTRADICTING THE GOVERNMENT'S OFT-REPEATED COMMITMENT TO SOCIAL EQUITY IN THE TAXATION SYSTEM.

TURNING TO OTHER TAXES, MR LI MAINTAINED THAT THE GOVERNMENT SHOULD MAKE THE INITIAL AND ANNUAL DEPRECIATION ALLOWANCES FOR MACHINERY AND EQUIPMENT INTERNATIONALLY COMPETITIVE, AND SHOULD ABOLISH THE WITHHOLDING TAX ON HONG KONG DOLLAR DEBT INSTRUMENTS, WHICH BLOCKED THE DEVELOPMENT OF A BROAD-BASED CAPITAL MARKET.

THE RECOMMENDATION THAT ANNUAL LICENCE FEES FOR BANKS AND DEPOSIT-TAKING COMPANIES BE INCREASED BY EIGHT PER CENT WAS "POTENTIALLY DANGEROUS AND CERTAINLY UNFAIR," AS THE LAST ROUND OF INCREASES FOR THESE FEES WAS ONLY TWO YEARS AGO.

URGING THE GOVERNMENT TO HELP THE FINANCIAL SECTOR, MR LI SAID IT SHOULD TAKE A MORE SYMPATHETIC VIEW OF THE DEDUCTIBILITY AND THE METHOD OF EVALUATION OF LOANS BOOKED THROUGH HONG KONG.

IN SETTING TAX POLICY, THE ADMINISTRATION SHOULD ALSO PAY CLOSER ATTENTION TO THE WISHES OF THE PEOPLE, HE SAID.

HE REGRETTED THAT THE QUESTION OF SEPARATE TAXATION FOR MARRIED COUPLES HAD BEEN STONEWALLED, TIME AND AGAIN, AND THAT THE PRESENT SYSTEM DISCOURAGED MARRIED WOMEN FROM GOING TO WORK, AT A TIME WHEN HONG KONG NEEDED TO KEEP MARRIED WOMEN IN THE WORKFORCE.

"IT FALLS PARTICULARLY HARD ON THE MIDDLE CLASS -- THE VERY PEOPLE WE WANT TO STAY IN HONG KONG," HE SAID.

MR LI SAID THAT HONG KONG NEEDED MORE THAN HALFWAY MEASURES TO PROMOTE HOME OWNERSHIP, FOR EXAMPLE BY MAKING MORTGAGE INTEREST TAX DEDUCTIBLE FOR HOME OWNERS.

ON EXPENDITURE, MR LI CALLED FOR A LIBERALISING OF THE SOCIAL SERVICE SUBVENTION SYSTEM, SAYING THAT THE GOVERNMENT'S SHORTSIGHTED APPROACH LIMITED THE QUALITY AND EXTENT OF THE SERVICES THAT VOLUNTARY AGENCIES COULD OFFER.

HE ALSO CALLED FOR MORE INVESTMENT IN HONG KONG'S HUMAN CAPITAL, IN VIEW OF THE BRAIN DRAIN THAT EXISTED.

"THE NEW HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY AND THE OPEN LEARNING INSTITUTE ARE STEPS IN THE RIGHT DIRECTION," HE SAID.

"BUT THE GOVERNMENT SHOULD NOT IGNORE THE IMPORTANCE OF ON-THE-JOB TRAINING, SUCH AS THAT BEING PROVIDED BY THE VOCATIONAL TRAINING COUNCIL AND THE HONG KONG MANAGEMENT ASSOCIATION."

"SUCH PROGRAMMES DO MUCH TO FILL THE EXPERIENCE GAP CAUSED BY EMIGRATION AND IMPROVE OUR INDUSTRIAL COMPETITIVENESS."

MR LI ALSO QUERIED THE PROPOSED FOUR PER CENT GROWTH SET FOR THE CIVIL SERVICE, AND ARGUED THAT A BIGGER CIVIL SERVICE WOULD AGGRAVATE AN ALREADY ACUTE LABOUR SHORTAGE AND HAVE A NEGATIVE IMPACT ON THE ECONOMY BY PUSHING UP SALARIES AND THUS FUELLING INFLATION.

WEDNESDAY, APRIL 20, 1988

- 33 -

BEACH AT ROCKY BAY NOT SUITABLE FOR SWIMMING

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THE URBAN COUNCIL TODAY DECIDED TO PUT FORWARD ITS CONCERN TO THE ENVIRONMENTAL POLLUTION ADVISORY COMMITTEE OVER THE SITUATION OF WATER QUALITY AT SOME OF ITS BATHING BEACHES.

THE COUNCIL ALSO DECIDED TO ERECT WARNING SIGNS AT ROCKY BAY BEACH ADVISING THE PUBLIC NOT TO SWIM THERE, AND TO WITHDRAW THE MINIMAL LIFEGUARD SERVICE CURRENTLY PROVIDED AT THE BEACH AT WEEKENDS AND ON PUBLIC HOLIDAYS.

THE DECISIONS WERE MADE AT A MEETING BY THE COUNCIL'S RECREATION SELECT COMMITTEE FOLLOWING DISCUSSION ON A REPORT BY THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) ON WATER QUALITY AT BEACHES IN HONG KONG.

THE COMMITTEE, CHAIRED BY MR SAMUEL WONG, WAS TOLD THAT WATER QUALITY AT ROCKY BAY BEACH WAS CLASSIFIED UNACCEPTABLE BECAUSE OF POLLUTION THERE AND THE EPD HAD ADVISED THAT IT WAS UNSUITABLE FOR SWIMMING.

MEANWHILE, WARNING SIGNS WILL BE ERECTED AT ROCKY BAY BEACH WHICH IS NOT A POPULAR BEACH AS IT ESSENTIALLY SERVES AS AN OVER-SPILL FOR SHEK O BEACH.

SWIMMERS ARE ADVISED NOT TO SWIM AT ROCKY BAY BEACH BUT TO GO TO THE OTHER GAZETTED BEACHES MANAGED BY THE URBAN COUNCIL.

AT TODAY'S MEETING, THE SELECT COMMITTEE WAS TOLD THAT THE MAJOR CAUSE OF THE STEADY DECLINE IN WATER QUALITY AT SOME URBAN COUNCIL GAZETTED BEACHES IN RECENT YEARS WAS THE RAPID GROWTH IN POPULATION ON THE SOUTH SIDE OF HONG KONG ISLAND.

COMMITTEE MEMBERS EXPRESSED GRAVE CONCERN THAT THIS POPULATION GROWTH HAD NOT BEEN MATCHED BY PROVISION OF ADEQUATE SEWAGE TREATMENT FACILITIES BY THE GOVERNMENT.

THE COMMITTEE FELT THAT THE GOVERNMENT SHOULD ADDRESS ITSELF TO THIS BASIC PROBLEM AND FIND SUITABLE SOLUTIONS.

IT WAS DECIDED TO PASS THE CONCERN AS EXPRESSED BY THE COMMITTEE TO THE ENVIRONMENTAL POLLUTION ADVISORY COMMITTEE FOR ITS CONSIDERATION AND DISCUSSION.

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/34

KWAI TSING DMC'S REPORT ON CONTAINER TRADE COMPLETED

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A WORKING GROUP OF THE KWAI TSING DISTRICT MANAGEMENT COMMITTEE HAS COMPLETED A REPORT ON THE SHORT-TERM POSITION OF THE OFF-TERMINAL CONTAINER TRADE IN THE DISTRICT, MEMBERS OF THE DMC WERE INFORMED AT A RECENT MEETING BY THE COMMITTEE'S CHAIRMAN AND KWAI TSING DISTRICT OFFICER, MR BRIAN COAK.

THE REPORT'S FINDINGS CONFIRMED THE REMARKABLE AND RAPID GROWTH IN THE THROUGHPUT OF CONTAINERS AND THE UNPRECEDENTED INCREASE IN THE NUMBER OF TRACTORS AND TRAILERS OVER THE LAST TWO YEARS.

MR COAK SAID IT WAS A CREDIT TO THE TRADE AND ALL PEOPLE CONCERNED THAT HONG KONG HAD MANAGED TO GO, WITHOUT ANY MAJOR HICCUPS, FROM THE WORLD'S THIRD BUSIEST CONTAINER PORT IN 1986 TO THE BUSIEST IN 1987, DESPITE MUCH PRESSURE ON THE TRADE.

THIS DEMONSTRATED ONCE AGAIN THE TERRITORY'S FLEXIBILITY, HE SAID.

MR COAK SAID CONSULTANTS HAD BEEN APPOINTED TO CONSIDER THE LONGER TERM NEEDS OF THE CONTAINER TRADE. THIS WOULD BE DONE UNDER THE PORT AND AIRPORT DEVELOPMENT STRATEGY STUDY BEING MANAGED BY THE STRATEGIC PLANNING UNIT OF THE LANDS AND WORKS BRANCH.

AS FOR THE DISTRICT MANAGEMENT COMMITTEE'S WORKING GROUP, ITS NEXT STEP WOULD BE TO DISCUSS ITS FINDINGS WITH THE CONTAINER TRADE. THIS WOULD BE DONE SHORTLY, MR COAK ADDED.

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SHAM SHUI PO SUPPORTS COMMUNITY CHEST

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THE SHAM SHUI PO DISTRICT'S "ORGANISING COMMITTEE FOR COMMUNITY CHEST CAMPAIGN" HAS RAISED OVER HALF A MILLION DOLLARS IN THE PAST YEAR THROUGH VARIOUS FUND-RAISING ACTIVITIES.

THE COMMITTEE'S CHAIRMAN, MR LAM CHING, PRESENTED A CHEQUE FOR \$602,074 TO A COMMUNITY CHEST REPRESENTATIVE AT A CEREMONY TONIGHT (WEDNESDAY).

THE VARIOUS FUND-RAISING PROJECTS HELD INCLUDED CHARITY SALES AND BAZAARS, A SPECIAL LANTERNS SALE DURING THE SPRING LANTERN FESTIVAL AND THE POPULAR "WALK FOR MILLION" WHICH RAISED MORE THAN 30 PER CENT OF THE TOTAL PROCEEDS.

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WEDNESDAY, APRIL 20, 1988

- 35 -

MONG KOK DB TO ELECT CHAIRMAN
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MONG KOK DISTRICT BOARD MEMBERS WILL ELECT A CHAIRMAN FOR THE NEW TERM AT THEIR MEETING TO BE HELD AT THE MONG KOK DISTRICT OFFICE TOMORROW (THURSDAY).

THERE ARE TWO CANDIDATES - MR CHOW CHUN-FAI, WHO IS SEEKING A SECOND TERM AS CHAIRMAN, AND WONG YUEN-WEI.

THE BOARD WILL ALSO ELECT NEW CHAIRMEN OF ITS COMMUNITY BUILDING AND ENVIRONMENT COMMITTEES.

MEMBERS WILL BE INVITED TO APPROVE A BUDGET FOR COMMUNITY INVOLVEMENT AND ENVIRONMENTAL IMPROVEMENT PROJECTS IN 1988-89.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE MONG KOK DISTRICT BOARD MEETING TO BEGIN AT 2.30 PM TOMORROW (THURSDAY) IN THE CONFERENCE ROOM OF THE MONG KOK DISTRICT OFFICE, 157 PRINCE EDWARD ROAD.

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SOUTHERN DISTRICT BOARD TO MEET TOMORROW
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THE SOUTHERN DISTRICT BOARD WILL HOLD ITS FIRST MEETING FOR THE 1988-91 TERM TOMORROW (THURSDAY), DURING WHICH THE BOARD CHAIRMAN WILL BE ELECTED.

AFTER THE ELECTION, THE MEETING WILL DISCUSSES THE TERMS OF REFERENCE, STANDING ORDERS AND SCHEDULE OF DB MEETINGS AS WELL AS FORMATION OF COMMITTEES UNDER THE BOARD.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE MEETING OF THE SOUTHERN DISTRICT BOARD TO BE HELD TOMORROW (THURSDAY), BEGINNING AT 2.30 PM AT THE BOARD'S CONFERENCE ROOM ON THE SECOND FLOOR, MEI FUNG COURT, ABERDEEN CENTRE, 7-11 NAM NING STREET, ABERDEEN.

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WEDNESDAY, APRIL 20, 1988

- 36 -

BEST YOUTH COMMUNITY SERVICE PROJECTS ON DISPLAY

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OUTSTANDING COMMUNITY SERVICE PROJECTS, ALL WINNING DISTRICT ENTRIES UNDER THE "OPPORTUNITIES FOR YOUTH SCHEME 1987-88" ORGANISED BY THE SOCIAL WELFARE DEPARTMENT, WILL BE ON DISPLAY AT THE NEW WORLD PLAZA, TSIM SHA TSUI, ON SATURDAY AND SUNDAY (APRIL 23 AND 24).

UNDER THE SCHEME, YOUTH GROUPS ARE ALLOCATED SUBSIDIES TO ENABLE THEM TO IMPLEMENT INNOVATIVE COMMUNITY SERVICE PROJECTS.

THROUGH THIS PROCESS, THEY CAN BROADEN THEIR SCOPE OF KNOWLEDGE AND EXPERIENCE, ACHIEVE A DEEPER UNDERSTANDING ABOUT PEOPLE AND THE COMMUNITY, AND ATTAIN SATISFACTION IN PERSONAL GROWTH AND DEVELOPMENT.

THE ENTRIES WERE IN TWO CATEGORIES.

ONE FOCUSED ON THE PROMOTION OF THE MOTTO OF THE SCHEME - "ACTUALISE YOUR IDEALS, SERVE YOUR COMMUNITY".

THE OTHER, CO-SPONSORED BY THE CITY AND NEW TERRITORIES ADMINISTRATION AND THE 19 DISTRICT BOARDS, INCLUDED PROJECTS ORGANISED IN RESPONSE TO THE "INTERNATIONAL YEAR OF SHELTER FOR THE HOMELESS", AS 1987 WAS DESIGNATED AS SUCH BY THE UNITED NATIONS.

THE MOST OUTSTANDING PROJECT FROM EACH CATEGORY WILL BE PRESENTED WITH THE HONG KONG BEST AWARD AT A CEREMONY TO BE HELD AT THE EXHIBITION SITE AT 2.30 PM ON SATURDAY (APRIL 23).

THE OFFICIATING GUEST WILL BE THE CHAIRMAN OF THE CENTRAL COMMITTEE ON YOUTH, MRS ROSANNA TAM.

THE EXHIBITION WILL BE OPEN FROM 3 PM TO 6 PM ON SATURDAY AND FROM 10 AM TO 6 PM ON SUNDAY.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE PRIZE PRESENTATION CEREMONY AND EXHIBITION OF THE 1987-88 HONG KONG BEST AWARD OF THE OPPORTUNITIES FOR YOUTH SCHEME TO BE HELD AT THE NEW WORLD PLAZA, 20 SALISBURY ROAD, TSIM SHA TSUI, AT 2.30 PM ON SATURDAY (APRIL 23).

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/37

WEDNESDAY, APRIL 20, 1988

- 37 -

ILLEGAL BUILDING WORKS FACE DEMOLITION

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THE BUILDING AUTHORITY IS SEEKING THE CLOSURE OF THE UNAUTHORISED BUILDING WORKS ON THE ROOF OF THE FOURTH FLOOR OF 248 TUNG CHAU STREET, KOWLOON, SO THAT THEY CAN BE DEMOLISHED WITHOUT DANGER TO THE OCCUPIERS OR TO THE PUBLIC.

THE CLOSURE IS PART OF THE EXERCISE TO ENFORCE AN ORDER ISSUED UNDER THE BUILDINGS ORDINANCE IN MAY 1985 REQUIRING THE DEMOLITION OF THE SAID UNAUTHORISED BUILDING WORKS.

A NOTICE OF INTENTION TO APPLY FOR A CLOSURE ORDER IN THE TSUEN WAN DISTRICT COURT AT 9.30 AM ON JUNE 22 WAS POSTED ON THE TWO-STOREY STRUCTURE TODAY (WEDNESDAY).

DEMOLITION WORK WILL START ONCE THE CLOSURE ORDER IS MADE.

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GOVERNMENT LANDS TO LET BY TENDER

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FIVE PIECES OF GOVERNMENT LAND ARE BEING OFFERED TO LET BY TENDER BY THE BUILDINGS AND LANDS DEPARTMENT.

TWO OF THEM ARE OFF PO LAM ROAD IN SAU MAU PING.

MEASURING ABOUT 6,000 AND 7,000 SQUARE METRES RESPECTIVELY, THE SITES ARE FOR STORAGE OF NON-DANGEROUS GOODS INCLUDING TENANT'S VEHICLES, REPAIR AND MAINTENANCE OF VEHICLES AND BUILDER'S YARD.

TENANCIES FOR THE SITES ARE FOR ONE YEAR, RENEWABLE QUARTERLY AFTERWARDS.

THE THIRD SITE IS AT AREA 30 IN THE KWAI CHUNG CREEK RECLAMATION IN KWAI CHUNG.

MEASURING ABOUT 2.64 HECTARES, THE SITE IS FOR A FEE-PAYING PUBLIC CARPARK FOR PARKING OF CONTAINER TRACTORS AND TRAILERS.

TENANCY FOR THIS SITE IS FOR THREE YEARS, RENEWABLE QUARTERLY AFTERWARDS.

THE FOURTH SITE, WITH MARINE ACCESS, IS FOR OPEN STORAGE PURPOSES.

WITH AN AREA OF ABOUT 22,840 SQUARE METRES, IT IS LOCATED IN AREA 38 IN TUEN MUN NEW TOWN.

/TENANCY FOR

- 38 -

TENANCY FOR THIS SITE IS FOR ONE YEAR, RENEWABLE QUARTERLY AFTERWARDS.

THE LAST SITE IS IN FUK LO TSUEN IN LAU FAU SHAN, YUEN LONG.

IT MEASURES ABOUT 69 SQUARE METRES AND CAN ONLY BE USED FOR STORAGE OF THE TENANT'S GOODS AND/OR EQUIPMENT.

TENANCY FOR THIS SITE IS FOR ONE YEAR, RENEWABLE QUARTERLY AFTERWARDS.

TENDER FORMS, TENDER NOTICE AND CONDITIONS ARE AVAILABLE AND TENDER PLANS CAN BE INSPECTED AT THE BUILDINGS AND LANDS DEPARTMENT, 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD; THE DISTRICT LANDS OFFICES KOWLOON, YAU MA TEI CARPARK BUILDING, 10TH FLOOR, 250 SHANGHAI STREET, KOWLOON; AND THE RESPECTIVE DISTRICT LANDS OFFICES.

THE DEADLINE FOR SUBMITTING TENDERS IS NOON ON MAY 6.

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RESTRICTED ZONES IN WAN CHAI NORTH AND WESTERN DISTRICT
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TWO ROAD SECTIONS IN WAN CHAI NORTH WILL BE DESIGNATED 7 AM TO 7 PM DAILY RESTRICTED ZONES FROM 10 AM ON SATURDAY (APRIL 23).

THEY ARE HUNG HING ROAD EASTBOUND BETWEEN ITS JUNCTION WITH TONNOCHY ROAD AND A POINT ABOUT 325 METRES EAST OF THAT JUNCTION, AND HUNG HING ROAD WESTBOUND BETWEEN ITS JUNCTION WITH TONNOCHY ROAD AND A POINT ABOUT 200 METRES EAST OF THAT JUNCTION.

AT THE SAME TIME, THE FOLLOWING ROAD SECTIONS IN WESTERN DISTRICT WILL BE DESIGNATED 24-HOUR DAILY RESTRICTED ZONES FOR ABOUT ONE MONTH FOR ROADWORKS:

- * THE SOUTHERN KERBSIDE LANE OF CONNAUGHT ROAD WEST FROM A POINT ABOUT 70 METRES WEST OF ITS JUNCTION WITH WATER STREET TO A POINT ABOUT 30 METRES EAST OF THE SAME JUNCTION.
- * A 10-METRE STRETCH ALONG WATER STREET SOUTH OF ITS JUNCTION WITH CONNAUGHT ROAD WEST.

NO VEHICLES EXCEPT FRANCHISED BUSES WILL BE ALLOWED TO STOP FOR PASSENGERS OR GOODS WITHIN THE RESTRICTED AREAS.

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/39

WEDNESDAY, APRIL 20, 1988

- 39 -

HEAVY VEHICLE BAN IN WAN CHAI

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NO VEHICLE EXCEEDING FOUR TONNES GROSS WILL BE ALLOWED TO ENTER CROSS STREET IN WAN CHAI BETWEEN TAI YUEN STREET AND WAN CHAI ROAD FROM 10 AM ON SATURDAY (APRIL 23).

THIS MEASURE WILL BE IN FORCE FOR ABOUT EIGHT MONTHS TO FACILITATE ROADWORKS.

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