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## DAILY INFORMATION BULLETIN

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Lack of balance in Budget debate disconcerting: Acting FS

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The acting Financial Secretary, Mr K C Kwong, today (Tuesday) said there were several disconcerting trends in the debate and public discussions so far on the 1997-98 Budget presented to the Legislative Council on March 12.

He said: "I believe it would be fair to say that anywhere else in the world, such a Budget - higher spending, lower taxes, healthy surplus - would be the cause for celebration and congratulation. And I am certain that our Budget will have been well received by international business communities and by such authoritative bodies as the International Monetary Fund (IMF) and the World Bank.

"Yet here at home, there has been a chorus of criticism on one single issue - comprehensive social security assistance (CSSA) payments for the elderly - and little debate on all the rest of the Budget. This lack of balance in the domestic debate is disconcerting."

Mr Kwong was addressing the luncheon of the French Business Association in place of Mr Donald Tsang who could not attend the function for family reasons.

He explained that, last May, as had been the practice for a number of years, the Financial Secretary and his team began a comprehensive programme of consultation on spending priorities for the coming year.

"We made a special point of making ourselves available to each and every Legislative Councillor. When that round of consultation had been completed, we sat down to finalise the Resources Allocation Exercise," Mr Kwong said.

"It was not easy but together we were able to satisfy a very high percentage of the various bids. By one count, we met some 80 percent of the requests put forward by the political parties."

The acting Financial Secretary found disappointing the largely negative reaction to the Budget focusing on one and one issue only, almost at the expense of everything else.

"We do not expect bouquets. Civil servants never do. But we do hope that our genuine consultation, careful thought and sincere efforts to meet requests could have been recognised. Not simply dismissed or ignored," he said.

On care for the elderly, Mr Kwong said the basic rate of CSSA for a single elderly stood as of today at \$2,060 per month. In addition, extra payments are made to meet the various special needs of elderly people. Taking these into account, the average elderly single person receives some \$3,000 a month.

This level of financial assistance has been worked out with great care. It was based on a year long comprehensive survey household expenditure in 1995 as well as professional judgements of the basic needs of CSSA recipients.

"As a result, we implemented a package of improvements to CSSA payments across the board, including the elderly, from 1 April 1996. That package costs us some \$500 million in additional expenditure every year," Mr Kwong said.

"Thus, considering the relative priorities among competing needs in the Resources Allocation Exercise last year, we decided that we should put our emphasis on direct services for the elderly. To illustrate, in 1997-98, we have provided funds for an additional 2,746 residential places (including nursing home places) for the elderly, 21 social centres, 4 day care centres, and 5 multi-service centres."

Mr Kwong said there was a more forward looking approach to address this issue.

"The consultation exercise on spending priorities for next year's Budget would begin in a few weeks' time. Anything that we were not able to take on board this year has not been lost forever. If it is worthwhile, we can look at it again, together," he said.

"We are now reviewing the social security allowances scheme which covers the special needs of the elderly and people with a disability. We are also conducting a consultancy on the needs of the elderly for services and support.

"The results of the consultation process, the review and the consultancy will be known by mid-summer, in time for the 1997 RAE. Any justified improvements can then be considered for priority treatment.

"That surely must be the correct way forward."

Turning to the size of the surplus which had drawn a lot of comment, Mr Kwong said: "Let me clarify one persistent misunderstanding straight away. The size of the projected surplus would not and I repeat not, allow us to spend more.

"The expenditure ceiling is derived from our long established guideline of keeping growth in spending in line with growth in the economy. A larger surplus does not allow us to breach that guideline. Rather, it provides us with greater scope for one-off investments and for reducing taxes further.

"We have already been quite generous on salaries tax. To go further would have narrowed the tax net. And we have reduced the rates percentage charge to an all-time low."

Moreover, he said, just down the road lay substantial investments in the Railway Development Strategy. And at a time when inflation is nudging up again, a further cut in taxes would send the wrong signals to the economy.

On reserves, Mr Kwong said: "The money has not been thrown away. It still belongs to Hong Kong. It is still ours to use when circumstances require it.

"We realise that expenditure on umbrellas is always regarded as a waste until the rain actually begins. But we must not buy cheap popularity at the expense of the community's long term interests. This year of all years in Hong Kong's history, we must put safety first."

Mr Kwong noted the relative silence of the business community apart from some who hoped for a profits tax cut.

"I have just said that the door is still open. And in a very real sense, this year's Budget is a pro-business Budget.

"We have resisted the calls that arose from some during the consultation exercise last autumn for profits tax to be increased or set on an increasing scale.

"Our headline tax rate is still among the lowest in the advanced world. Our effective tax rates, even after allowing for all the special gimmicks that some other places allow, are still extremely competitive."

He said, in sticking firmly to the principle of prudent public finances, and low and predictable taxes, the Government provided the environment for business to flourish, not just for a year or two, but for decades to come.

"And we are proposing creation of a new unit, within the Financial Secretary's Office, with the specific mandate of looking at Government procedures across the board to ensure that Hong Kong remains the most business friendly place in the world," Mr Kwong said.

"We are doing all these things because we believe they are in the best long term interests of the community and they are to the immediate advantage of the business community.

"I hope, therefore, that in resisting criticism of the Budget, we can look to the business community for support. If you remain silent, or muted, then this Budget, with the pro-Business principles on which it is based, will be at risk."

End

No amnesty for IIs

\* \* \* \* \*

To refute the rumours of amnesty for illegal immigrants in Hong Kong, a Government spokesman today (Tuesday) reiterated that the Government is determined to combat the problem of illegal immigration.

"The current immigration policy has not changed. There will be absolutely no amnesty for illegal immigrants (IIs)," the spokesman said.

"All IIs, regardless of their post-1997 status, will be repatriated."

At present, the Chinese Government is operating the One-way Permit Scheme whereby residents in China can come and settle in Hong Kong.

The spokesman said that the one-way permit quota was increased to 150 on July 1, 1995 with 66 places for children who would have the right of abode in Hong Kong on July 1, 1997.

"We reckon that the revised quota should enable eligible children to come to Hong Kong in an orderly manner without waiting for too long.

"Illegal immigration is extremely dangerous, it is especially risky for children. Since there is a proper channel for these children to come to Hong Kong legally within a reasonable time frame, parents should not risk the lives of their children to arrange their entry into Hong Kong illegally," the spokesman stressed.

"The Immigration Department and the Police will step up their operations against the snakeheads and will continue to cooperate with the Chinese authorities on anti-illegal immigration measures," he added.

End

### Chief Secretary to visit Vancouver

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The Chief Secretary, Mrs Anson Chan, will conduct a two-day visit on April 3 and 4 at the invitation of the Vancouver Board of Trade and the Hong Kong-Canada Business Association.

Mrs Chan, at present on leave, will arrive in Vancouver on April 2 (Wednesday).

The Chief Secretary, together with Mr C M Leung, Director of Hong Kong Economic and Trade Office in Toronto, will attend a breakfast meeting hosted by Mr Bill Dalton, President and Chief Executive Officer of Hongkong Bank of Canada on April 3 (Thursday). She will give an update on Hong Kong's transition to business leaders.

Later in the day, Mrs Chan will deliver a keynote speech at a business luncheon jointly organized by the Vancouver Board of Trade and the Vancouver section of the Hong Kong-Canada Business Association.

The anchor program of the day is the Vancouver Board of Trade's 1997 Governors' Banquet. The Chief Secretary has been invited as the Guest of Honour of the annual event, which will feature a presentation entitled "A Special Salute to Hong Kong". The banquet will be attended by 750 members of the elite of the Vancouver business community.

The Chief Secretary will also call on Premier Glen Clark of British Columbia, and meet with researchers at the Fraser Institute, a leading North American think tank which has conducted studies on economic freedom of the world.

On April 4 (Friday), Mrs Chan will have a breakfast meeting with leading members of the Laurier Institution, including Mr Maurice Copithorne, former Canadian Commissioner to Hong Kong; Dr Roslyn Kunin, a well-known economist and Executive Director of the institution, and Mr Alan McEachem, Chief Justice of British Columbia. The Laurier Institution, which focuses on the importance of cultural diversity to the building of a united Canada, will soon launch a profile study on Chinese Canadian business people.

Mr Raymond Chan, Secretary of State for Asia-Pacific, will host a luncheon in honour of Mrs Anson Chan at the Pan Pacific Hotel. Business leaders and opinion formers will be invited to attend.

During her stay in Vancouver, Mrs Chan will meet with about 100 Hong Kong students from the University of British Columbia and Simon Fraser University. She will depart Vancouver on April 5 and proceed on leave until April 13. Mrs Chan will resume office on April 14 (Monday).

End

#### New Director of Architectural Services appointed

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The Government announced today (Tuesday) the appointment of Mr Pau Shiu-hung as Director of Architectural Services from April 4, 1997.

Mr Pau will succeed Mr Kenneth Chan Yat-sun, who will proceed on end-of-agreement leave on April 4, 1997.

Commenting on the appointment, the Acting Secretary for the Civil Service, Ms Sandra Lee, expressed full confidence that Mr Pau will lead the Department to face the challenges ahead. Ms Lee also thanked Mr Chan for his dedicated and valuable service during the last 25 years.

The following are biographical details of Mr Pau and Mr Chan:

#### Mr Pau Shiu-hung, JP

Aged 54, Mr Pau joined the Hong Kong Civil Service as an Apprentice Architect in November 1967. He was promoted to Government Architect in May 1988 and to Deputy Director of Architectural Services in September 1993.

#### Mr Kenneth Chan Yat-sun, JP

Aged 57, Mr Chan joined the Hong Kong Civil Service as a Maintenance Surveyor in August 1971. He was promoted to Deputy Director of Architectural Services in July 1991 and to Director of Architectural Services in September 1993. On his retirement, Mr Chan will have completed 25 years of service with the Hong Kong Government.

End

Post Office to accept electronic money

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The Post Office today (Tuesday) announced that it will begin accepting Mondex for postage payment in its Taikooshing and Shatin Central Post Offices starting from today. This makes it the first government department to accept electronic money as a method of payment.

Mr Robert Footman, the Postmaster General, said that this new initiative is consistent with the Mission and Vision of the Post Office to continuously improve its service to meet the changing market demands.

"Mondex provides added convenience to customers when making stamp purchases by eliminating the need to carry coins and bank notes, while providing the Post Office with added security over the traditional cash handling mode," Mr Footman said.

He added that the introduction of Mondex reflects the Post Office's on-going commitment to adopting new technologies and upgrading its service, in line with the trends towards electronic commerce.

Commenting at the inauguration ceremony at the Taikooshing Post Office, Mr Neil Hockaday, Senior Manager Card Products Division at the Hongkong and Shanghai Banking Corporation Limited, said: "We are pleased to announce that the Post Office is the first government department to accept Mondex."

"We feel certain that Mondex can help merchants, like the Post Office, shorten turnaround time at the counter thereby offering quicker service and shorter queuing time," he added.

In addition to accepting Mondex at the Taikooshing and Shatin Central Post Offices, the Post Office will also start accepting credit cards effective April 1, 1997 in 49 post offices throughout the territory.

End

Construction Output for 1996

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The gross value of construction work, in nominal terms, performed by main contractors amounted to \$116.0 billion in 1996, according to the preliminary results of the Quarterly Survey of Construction Output released today (Tuesday) by the Census and Statistics Department. This represented an increase of 16.3% over 1995.

Based on the provisional estimate, the gross value of construction work, measured at constant (1990) market prices, performed by main contractors in 1996 increased by 9.0% over 1995.

The gross value of construction work, in nominal terms, performed at public sector sites amounted to \$46.7 billion, representing an increase of 23% in nominal terms, or 17.4% when measured at constant (1990) market prices.

The gross value of construction work, in nominal terms, performed at private sector sites totalled \$40.2 billion, representing an increase of 12.8%. When measured at constant (1990) market prices, it was up by 2.9%.

The gross value of construction work, in nominal terms, performed by contractors at locations other than construction sites amounted to \$29.2 billion, 11.2% higher than 1995. When measured at constant (1990) market prices, it increased by 5.5%. Work in this category included minor new construction activities and renovation work at erected buildings and structures; and electrical and mechanical fitting work.

Analysed by end-use, transport projects, which covered airport construction projects, accounted for the greatest portion of the gross value of construction work performed at construction sites. The gross value of construction work performed for these projects, in nominal terms, was \$26.8 billion, representing an increase of 16.9%.

Residential building projects (including commercial and residential composite buildings) represented the second largest category of construction site work. The gross value of construction work performed for these projects was \$26.6 billion, 30% higher than 1995.

Commercial building projects constituted the third largest category of construction site work. The gross value of construction work performed for these projects totalled \$11.9 billion, representing an increase of 48%.

Comparing the fourth quarter of 1996 with the fourth quarter of 1995, the gross value of construction work, in nominal terms, performed by main contractors increased by 15.1%. When measured at constant (1990) market prices, it represented an increase of 7.8%.

Compared with the third quarter of 1996, the gross value of construction work, in nominal terms, performed by main contractors in the fourth quarter of 1996 increased by 10.2%. The corresponding increase measured at constant (1990) market prices was 7.6%.

The gross values of construction work at constant (1990) market prices are derived by deflating the nominal values with appropriate price indices to the price level of 1990.

Owing to the widespread sub-contracting practices in the construction industry, a construction establishment can be a main contractor for one contract and a sub-contractor for another contract at the same time. The gross value of construction work performed by main contractors covers only those projects in which the construction establishment takes the role of a main contractor, but not projects in which it takes only the role of a sub-contractor. However, sub-contractors' contribution to projects should have been included in the gross value of construction work performed by main contractors for whom they worked.

More detailed statistics on construction output are given in the "Report on the Quarterly Survey of Construction Output, 4th Quarter 1996". The report is now on sale at \$15 per copy at the Government Publications Centre, Queensway Government Offices, Low Block, ground floor, or at the Census and Statistics Department Publications Unit, Wanchai Tower, 19th floor, 12 Harbour Road, Wan Chai. Regular subscription may also be arranged.

Enquiries about the survey may be directed to the Building, Construction and Real Estate Statistics Section of the Census and Statistics Department on 2805 6426.

End

Prompt collection of BN(O) Passports

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Applicants who have been notified to collect their British National (Overseas) passports should pick up their passports promptly from the date when the passports are ready for collection at their chosen immigration offices, a spokesperson of the Immigration Department appealed to them today (Tuesday).

Currently, there are around 32,400 prepared BN(O) passports ready for collection by applicants at various immigration offices.

Hong Kong Immigration Department ceased taking the above applications from today (Tuesday, April 1, 1997). The Immigration Department, however, will continue to issue BN(O) passports which have been prepared until Saturday, April 26, 1997. Thereafter, all uncollected passports will be passed to the British Trade Commission.

But Hong Kong permanent identity cards prepared for children under 11 years of age in connection with their BN(O) passports will continue to be issued at the original immigration offices.

For their convenience, applicants are reminded to pick up their passports in time at the immigration offices which have been chosen by them upon application. They will be required to collect their passports at the British Trade Commission if they do not do so before the transfer of the uncollected passports.

For BN(O) passports issued to children under 11 years of age, applicants will also be required to collect their children's Hong Kong permanent identity cards at the original immigration offices after they have collected their passports.

For enquiries, members of public may telephone 2824 1177 (English), 2824 1717 (Chinese) or use fax line 2877 7711.

End

### Health Ambassadors to promote healthy life-style

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Health Ambassadors have an important and long-term mission in health promotion and cultivation of a healthy community, the Director of Health, Dr Margaret Chan said today (Tuesday).

Speaking at the third Graduation Ceremony of Health Ambassador, Dr Chan said: "The Health Ambassador Programme, which is run by the Central Health Education Unit of the Department of Health, is designed to train different spectrums of people to take up the responsibility of delivering health messages in their neighbourhood so as to promote the health status of the community as a whole."

"The ultimate aim is to establish a health-oriented network within various community groups so that a healthy population can be cultivated," she said.

She paid tribute to the Health Ambassadors for organising a wide range of health education activities in the past year which were well-received by the public.

"This fully reflected each and every health ambassador's effort and success," she added.

She noted that the programme had been expanded last year and now covered four groups of people including student, woman, elderly and teacher.

The Health Ambassador Programme was first implemented in 1994 on the recommendation of the Health & Medical Development Advisory Committee.

Some 450 Health Ambassadors were trained in 1994 and the number increased to 1,005 last year.

The programme provides tailor-made training to the health ambassadors, enabling and encouraging them to disseminate correct and up-to-date health messages to their family members, peers and the public.

Essentially, the programme consists of lectures covering major health issues in Hong Kong, healthy life-style, communication skill as well as health concerns specific to different groups of trainees.

To date, some 700 health education activities for the public such as health talks, quiz, drama and game booths had been organised by the Health Ambassadors with a total attendance of more than 260,000.

End

Application for Mortgage Interest Subsidy Scheme invited

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Full-time employees holding subvented posts in aided and per caput grant schools are invited to apply for assistance under the 1996-97 Mortgage Interest Subsidy Scheme (MISS).

Chief Executive Officer of the Education Department, Miss Mary Ha, said today (Tuesday) that eligible staff are:

- \* those receiving a monthly basic salary equivalent to Master Pay Scale Point 22 (\$24,850) or above and having a minimum of 10 years' continuous recognised service as at April 30, 1997; or
- \* those receiving a monthly basic salary below Master Pay Scale Point 22 and have a minimum of 20 years' continuous recognised service as at April 30, 1997.

Under MISS, successful applicants will receive a monthly subsidy for payment for interest on their home mortgage loan, Miss Ha said.

"The closing date for submitting application forms is May 14, 1997," she added.

Circulars, application forms and relevant information leaflets have been sent to heads of schools.

Enquiries should be directed to MISS Section on 2961 7406 or 2961 7409.

End

Two women plead guilty to possessing fake gold rings

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Two women, found by Customs officers in possession of fake gold rings, were each sentenced to three months' imprisonment, suspended for two years at Fanling Magistracy today (Tuesday) after pleading guilty to charges under the Trade Descriptions Ordinance.

During a search on passengers arriving from China on Sunday, March 23, Customs officers at the Lowu Arrival Hall found from two women a total of 645 gold rings, each of which was marked "wholly gold". Suspecting that the rings were not genuine, the officers detained them for further investigations into possible offences under the Trade Descriptions Ordinance.

The officers conducted a preliminary testing on the rings and found that 640 rings were not made of gold and the remaining insufficient fineness. Further examination on the seizure by the Government Chemist confirmed that 640 rings were only gold-plated pieces of lead and five were made of gold but of insufficient fineness.

The two women, aged 24 and 27, were separately charged with one count of importing and one count of having in possession for trade those rings to which a false trade description was applied.

The Customs and Excise Department is responsible for the enforcement of the Trade Descriptions Ordinance.

Complaints on deficiency in the fineness of gold or platinum articles can be lodged with the Trading Standards Investigation Bureau, Units 1201-7, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, or by telephone on 2707 7711 during office hours and 2852 3185 outside office hours.

End

#### New Sai Kung District Officer appointed

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Mr Simon Yau Sai-yan will assume the post of Sai Kung District Officer tomorrow (Wednesday), replacing Mr Tony Dickinson.

Mr Yau, aged 52, joined the Executive Officer grade in 1968 and was promoted to Principal Executive Officer in 1994.

He has previously served in the Resettlement Department, Home Affairs Department, Independent Commission Against Corruption, Security Branch, Education and Manpower Branch, Urban Services Department and Electrical and Mechanical Services Department.

His last posting was in the Civil Service Branch.

End

Water storage figure

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Storage in Hong Kong's reservoirs at 9 am today (Tuesday) stood at 78.4 per cent of capacity or 459.352 million cubic metres.

This time last year the reservoirs contained 465.526 million cubic metres of water, representing 79.4 per cent of capacity.

End

Hong Kong Monetary Authority tender results

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Tender date	:	1 April 1997
Paper on offer	:	EF Bills
Issue number	:	Q714
Issue date	:	2 April 1997
Maturity date	:	3 July 1997
Amount applied	:	HK\$4,250 MN
Amount allotted	:	HK\$2,000 MN
Average yield accepted	:	5.28 PCT
Highest yield accepted	:	5.30 PCT
Pro rata ratio	:	About 46 PCT
Average tender yield	:	5.32 PCT

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Hong Kong Monetary Authority

Tender to be held in the week beginning - 7 April 97 :

Tender date : 8 April 1997  
Paper on offer : EF Bills  
Issue number : Q715  
Issue date : 9 April 1997  
Maturity date : 9 July 1997  
Tenor : 91 days  
Amount on offer : HK\$2,000 + 500 MN

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Tender date : 8 April 1997  
Paper on offer : EF Bills  
Issue number : H762  
Issue date : 9 April 1997  
Maturity date : 8 October 1997  
Tenor : 182 days  
Amount on offer : HK\$1,000 + 300 MN

End