



DAILY INFORMATION BULLETIN

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BALANCED BUDGETS POSSIBLE FROM 1986 -- SIR JOHN

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GOVERNMENT BUDGETS COULD BE BALANCED OVER A CYCLE OF YEARS FROM 1986, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

+I DO NOT ACCEPT THAT AN ENDEMIC BUDGETARY DEFICIT EXISTS IN HONG KONG. THOUGH THIS IS NOT THE GENERAL EXPERIENCE ELSEWHERE, WE SEEK TO PRESENT A UNIQUE EXAMPLE,+ SIR JOHN SAID AT THE RESUMED BUDGET DEBATE.

THE GOVERNMENT WAS THUS SET ON A +MEASURED AND CALM ADJUSTMENT+ MADE NECESSARY BY THE COLLAPSE OF LAND REVENUES, HE SAID.

THE LAST TWO ANNUAL DEFICITS HAVE BEEN \$3.5 BILLION AND \$3.1 BILLION, AND A DEFICIT OF \$2.1 BILLION IS FORECAST FOR 1984-85.

+THERE WILL PROBABLY BE A DEFICIT IN 1985-86, BUT IT SHOULD AGAIN BE WELL UNDER ONE PER CENT OF GDP. THIS IS RELATIVELY VERY SMALL - IN FACT ARGUABLY WITHIN ACCEPTABLE MARGINS OF COMBINED ESTIMATED REVENUE AND EXPENDITURE FLUCTUATION,+ HE SAID.

THE IMPROVING TREND, HE ADDED, WAS OBVIOUS AND MORE MARKED WHEN RECKONED IN PERCENTAGE TERMS - A LOWER DEFICIT ON RAPIDLY GROWING GDP.

+NOR DOES IT ARISE BY CHANCE. HAVING TAKEN AN UNEXPECTED 25 PER CENT DROP IN REVENUE, THIS CALM AND DELIBERATE ADJUSTMENT SEEMS MORE INTELLIGENT THAN WIELDING A FUNDAMENTALIST AXE,+ HE SAID.

ON THE POSSIBLE RETURN TO BUDGET EQUILIBRIUM FROM 1986, SIR JOHN SAID, +BUT LET US NOT COUNT OUR CHICKENS YET. ADDITIONALLY THERE CAN BE NO OBJECTION TO MODERATE BORROWING FOR CLEARLY PROFITABLE CAPITAL INVESTMENT, AS LONG AS RECURRENT REVENUE COMFORTABLY EXCEEDS RECURRENT EXPENDITURE.+

AS HONG KONG'S ECONOMY IS ENTIRELY SUBJECT TO UNCONTROLLABLE EXTERNAL EVENTS, SIR JOHN SAID, THE GOVERNMENT'S FINANCES MUST ALWAYS BE CONSERVATIVELY DIRECTED.

+IT IS FOR THIS REASON, WITH TRADE REPRESENTING 163 PER CENT OF GDP, THAT LONG-TERM DETAILED BUDGETARY PLANNING IS QUITE IMPRACTICABLE. WE MUST STAY QUICK ON OUR FEET AND QUICK TO REACT TO SITUATIONS THAT CANNOT BE FORESEEN,+ HE ADDED.

ON CURRENCY ISSUES, SIR JOHN TOLD THE COUNCIL THAT THE HON ALLEN LEE'S SUGGESTION TO FLOAT THE HONG KONG DOLLAR AGAIN DID NOT MERIT CONSIDERATION AT THIS JUNCTURE.

WHILE SHARING MR LEE'S CONCERN OVER INFLATION, SIR JOHN SAID THE STABILISATION MEASURES FOR THE HONG KONG DOLLAR HAD BEEN +MORE SUCCESSFUL THAN I DARED HOPE.+

+TO SUGGEST THAT A PATIENT RESTORED INTO GOOD HEALTH SHOULD DELIBERATELY AGAIN BE EXPOSED TO RISK SEEMS EXUBERANT LATERAL THINKING,+ HE ADDED.

ON VARIOUS POSSIBLE NEW TAX MEASURES +CAREFULLY THOUGHT OUT+ BY THE HON S.L. CHEN AND THE HON K.C. CHAN, SIR JOHN SAID, +I INTEND, HOWEVER, TO KEEP OUR TAX AMBIT RELATIVELY SIMPLE, TO BE RESPONSIVE TO PUBLIC OPINION, TO LIMIT THE EFFECTS OF INFLATION ON THE LESS WELL OFF, AND TO MATCH POSSIBLE REVENUE YIELD AGAINST COST AND COMPLICATION.+

ON THE CROSS HARBOUR TUNNEL TAX, SIR JOHN MADE THE FOLLOWING COMMENTS:

- * THE GOVERNMENT NEEDS THE ADDITIONAL REVENUE OF \$139 MILLION THOUGH IT IS NOT THE PRIME REASON FOR THE TAX.
- * THE SHARES OF THE COMPANY ARE PUBLICLY QUOTED. ON THE FIRST QUOTATION DAY OF JULY 30, 1974, THE PRICE CLOSED AT \$4.60 WHILE NOW IT IS SELLING AT ABOUT \$12.30.
- * THERE IS AN ORCHESTRATED PRIVATE CAR DEFENCE LOBBY. SIR JOHN ASKED WHETHER THE CRITICS COULD MAKE A COMPARISON OF TAXATION IN THIS AREA WITH THAT OF SINGAPORE WHOSE TRAFFIC PROBLEMS ARE SIMILAR TO THOSE OF HONG KONG. PERHAPS, THE GOVERNMENT DESERVES CONGRATULATIONS RATHER THAN UNBALANCED ATTACKS.

ON PROPERTY RATE ARRANGEMENTS, SIR JOHN EXPRESSED THE BELIEF THAT THEY WERE ACCEPTED BY THE MAJORITY AS +BEARABLE IN THE LIGHT OF THE SERVICES THEY RECEIVE.+

+IT IS OUR INTENTION THAT IN FUTURE REVALUATION WILL NORMALLY BE CONDUCTED ON A THREE-YEAR CYCLE, ALTHOUGH IT MAY NOT BE FEASIBLE TO ACHIEVE THIS FOR THE NEXT EXERCISE,+ HE SAID.

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SALARIES TAX INCREASE AFFECTS MINORITY * * * * *

ONLY ABOUT 30 000 SALARIES TAXPAYERS, OUT OF A POPULATION OF 5.3 MILLION, WILL BE AFFECTED BY THE PROPOSED TWO PER CENT INCREASE IN THE SALARIES TAX, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, ESTIMATED TODAY.

SIR JOHN BASED THIS ESTIMATE ON A TYPICAL HONG KONG FAMILY OF MAN, WIFE AND TWO CHILDREN.

+MY EXAMPLE WILL PAY NO INCREASE TAX WHATSOEVER UNTIL MONTHLY SALARY EXCEEDS \$18 650 PER MONTH, NOR FALL INTO THE 17 PER CENT BRACKET UNTIL HIS, HER OR THEIR COMBINED SALARY EXCEEDS \$23 300 PER MONTH,+ HE SAID.

IT IS IMPOSSIBLE IN HONG KONG OR ELSEWHERE TO INCREASE TAX REVENUE WITHOUT INVOLVING SOME PEOPLE IN PAYING MORE TAX.

+I HAVE CONSEQUENTLY SOUGHT TO SHAPE THE BUDGET AS BEST I CAN TO PROVIDE THAT ONLY THOSE PAY MORE WHO ARGUABLY CAN SO AFFORD. SALARIES TAX IS PROGRESSIVE,+ HE SAID.

/TO THE

TO THE OPINION THAT \$23 300 A MONTH WAS +NOT A PARTICULARLY HIGH INCOME+, SIR JOHN SAID, +IT IS A MILD REJOINDER THAT OPINIONS FROM A PUBLIC HOUSING ESTATE ARE LIKELY TO BE DIFFERENT. NOR CAN I ACCEPT A DEFINITION OF THE SANDWICH CLASS AS BEING ANYONE WHO DOES NOT WANT TO PAY MORE TAX.+

QUOTING FROM HIS OWN SPEECH MADE A YEAR AGO, SIR JOHN SAID, +THE REAL 'SANDWICH CLASS' ARE THOSE MIDDLE INCOME HOUSEHOLDS WHO EITHER PURCHASED THEIR OWN HOMES IN RECENT YEARS OR ARE PAYING THE FAIR MARKET RENT OR SOMETHING CLOSE TO IT FOR PRIVATE RENTED ACCOMMODATION.

+THE NUMBERS INVOLVED ARE RELATIVELY SMALL, SOMEWHERE BETWEEN FOUR PER CENT AND 10 PER CENT OF ALL HOUSEHOLDS, BUT PROBABLY NEARER TO FOUR PER CENT.+

NOTING THAT THE GOVERNMENT WAS AWARE OF THIS SANDWICHED CLASS, SIR JOHN SAID THAT FOUR PER CENT OF HOUSEHOLDS IS 54 600 AND 10 PER CENT IS 132 500.

+OUT OF A WORKING POPULATION OF ABOUT 2.5 MILLION ONLY SOME 18 500 MEN AND WOMEN WILL PAY SALARIES TAX OF 17 PER CENT, A VERY LOW LEVEL BY MOST INTERNATIONAL COMPARISONS,+ HE SAID.

+THE VAST MAJORITY IN HONG KONG DOES NOT AND WILL NOT EARN A SALARY ABOVE \$18 650 PER MONTH. THIS SEEMS TO ME A NOT UNREASONABLE LEVEL ABOVE WHICH A MODERATE INCREASE SHOULD BE BEARABLE.

+NOR AM I MORE THAN SYMPATHETIC TO A BACHELOR EARNING \$10 400 PER MONTH, OUT OF WHICH HE WILL BE ASKED TO PAY ANOTHER \$40,+ SIR JOHN POINTED OUT.

HE SAID THAT HIS CONCERN HAD TO FOCUS AT LEAST EQUALLY ON THE VAST MAJORITY WHICH FORMS THE LOWER INCOME EARNERS.

+I ACCEPT THAT, AS A RESULT OF INFLATION CREEP PLUS UNCHANGED THRESHOLDS AND ALLOWANCES FOR TWO YEARS, MORE PEOPLE ARE FALLING INTO THE TAX NET AT THE LOWER PAY LEVELS AND THAT THOSE IN THE TAX NET ALREADY ARE PAYING MORE IN REAL TERMS.

+I RECOGNISED THIS PROBLEM IN MY BUDGET SPEECH AND I HAVE PROMISED TO DO WHAT I CAN NEXT YEAR, SUBJECT ALWAYS TO THE BUDGETARY POSITION AT THAT TIME,+ HE STATED.

HE EXPLAINED THAT THIS CONSIDERATION WAS A CONSTRAINT THIS YEAR AS CONCESSIONS IN THIS AND ANALOGOUS AREAS WERE EXPENSIVE AND WOULD HAVE NECESSITATED EVEN HIGHER COMPENSATORY TAX INCREASES ELSEWHERE.

ON PROFITS TAX, SIR JOHN SAID THAT OUTSIDE THE COUNCIL, THERE HAD BEEN A +DELIBERATE EXAGGERATION+ OF THE PROBLEMS THAT MIGHT ACCOMPANY THE PROPOSED TWO PER CENT INCREASE WITH A CHANGED AMBIT.

IT WAS USEFUL FOR NEW LEGISLATIVE PROPOSALS TO BE CRITICISED, HE SAID.

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+IF, HOWEVER, THOSE WHO DENY THE NEED FOR INCREASED OR NEW TAX MEASURES ALTOGETHER, OR OPPOSE THE FORM PROPOSED, WISH TO BE TAKEN SERIOUSLY, IT WOULD BE MORE PERSUASIVE IF THEY SIMULTANEOUSLY SUBMITTED EQUALLY PRODUCTIVE ALTERNATIVES,+ HE ADDED.

HE NOTED THERE HAD BEEN ATTACKS ON THE PROFITS TAX INCREASE, ON MEASURES TO SAFEGUARD THE REVENUE YIELD AFTER THE WIDELY ADVOCATED REMOVAL OF INTEREST TAX, AND ON NEW ARRANGEMENTS TO BRING SO-CALLED OFFSHORE INTEREST INTO THE TAX NET.

+VESTED INTERESTS MUST HAVE THEIR FAIR SAY, BUT THE BUDGET CONCERNS THE ECONOMIC WELL-BEING OF THE WHOLE COMMUNITY.

+IF MY PROPOSALS ARE ACCEPTED, TAX REVENUE WILL STILL REPRESENT ONLY ABOUT 11.3 PER CENT OF GDP. THIS IS THE LOWEST FIGURE THAT I KNOW OF IN INDUSTRIAL ECONOMIES,+ HE SAID, ADDING THAT HONG KONG WOULD ALSO RETAIN LOWER CORPORATE TAXATION RATES THAN ANY OF ITS ASIAN COMPETITORS.+

ON THE GROWING COMPLICATION OF TAX LAW AND THE WASTE OF RESOURCES THAT COULD RESULT, SIR JOHN POINTED OUT THAT THIS WAS NO DESIGN OF THE GOVERNMENT BUT AN INEVITABLE AND PROPER REACTION.

+IT SHOWS OUR DETERMINATION TO PROTECT THE REVENUE IN THE INTERESTS OF THE OVERWHELMING MAJORITY WHEN CONFRONTED WITH PRIOR SKILFUL TAX AVOIDANCE MEASURES,+ HE ADDED.

SIR JOHN TOLD THE COUNCIL THAT HE WAS ALSO STUDYING WITH HIS ADVISORS THE ANTI-AVOIDANCE PROVISIONS CONTAINED IN THE ORDINANCE WITH A VIEW TO MAKING THEM MORE EFFECTIVE AND RELEVANT TO HONG KONG'S NEEDS.

BUT HE ADDED THAT NO PROPOSALS THAT HE MIGHT MAKE TO THE EXECUTIVE COUNCIL WOULD INCLUDE CHANGE TO THE BASIC TERRITORIAL SOURCE CRITERION.

+THE GOVERNMENT REMAINS WEDDED TO THE PRINCIPLE THAT TAXATION SHOULD ONLY BE APPLIED TO INCOME ARISING FROM HONG KONG,+ HE SAID.

+I SEE NO PERSUASIVE REASON WHY, IN THE INTERESTS OF THE GREAT BULK OF OUR PEOPLE, WE SHOULD NOT TAKE FAIR AND PRINCIPLED STEPS TO CATCH THOSE COMPANIES WHO, WHILE PROFITING FROM OUR ENVIRONMENT YET SEEK TO AVOID OUR LOW TAXATION AND THUS THEIR CONTRIBUTION TO HONG KONG'S INFRASTRUCTURE.

+THE FACTS MUST BE FACED. ON ONE SIDE IS A SAFEGUARD TO PROTECT AN EXISTING PROFITS TAX YIELD OF ABOUT \$400 MILLION PER YEAR (\$500 MILLION HAVING ALREADY BEEN LOST WITH THE REMOVAL OF INTEREST TAX), PLUS A MEASURE TO ACQUIRE ANOTHER \$350 MILLION PER YEAR FROM OFFSHORE INTEREST - ON THE OTHER, THE CONTINUATION OF OUR REASONABLE SOCIAL PROGRAMMES. FEW SERIOUSLY PROPOUND OTHER POSSIBLE COURSES OF ACTION,+ SIR JOHN STATED.

HE POINTED TO THE LACK OF BALANCE OF THOSE WHO CRITICISED THE DETAIL OF PROPOSED NEW LEGISLATION LONG BEFORE THE ACTUAL AMENDMENT HAD BEEN GAZETTED AS AN ADJUNCT TO THE NECESSARY REVENUE PROTECTION ORDER.

/HE EXPLAINED

HE EXPLAINED THAT ONCE THE EXECUTIVE COUNCIL HAD APPROVED IT, THE ADMINISTRATION WOULD DISCUSS THE PROPOSED AMENDMENT BILL WITH THE WORKING GROUP OF UNOFFICIALS.

+HAVING FAIRLY CONSIDERED ALL REPRESENTATIONS, OF WHICH THERE HAVE BEEN SEVERAL, I AM SURE THAT THEY WILL ASSIST THE GOVERNMENT TO ACHIEVE THE DESIRED EFFECTS WITHOUT UNFAIR RETROACTIVITY, DISTORTION OR INEQUITY.

+IT WILL BE UNUSUAL IF SOME CHANGES FOR THE BETTER ARE NOT AGREED FOR COMMITTEE STAGE AMENDMENT BEFORE FINAL READING,+ SIR JOHN SAID.

ON THE CONTROL OF PUBLIC SECTOR SPENDING, SIR JOHN SAID THAT RECURRENT EXPENDITURE WAS THE MAJOR TARGET.

HE SAID THAT FAIR-MINDED CRITICS WOULD NOTE THE FORECAST DROP OF 1.1 PERCENTAGE POINTS, OR A CUT OF OVER \$2.6 BILLION, ON THE RELATIVE SIZE OF THE PUBLIC SECTOR THIS FINANCIAL YEAR.

+OUR LIKELY PUBLIC SECTOR EXPENDITURE THIS FINANCIAL YEAR WILL BE ABOUT 18.3 PER CENT OF GDP. THE AVERAGE FIGURE FOR EEC MEMBERS IN 1982 WAS 50.8 PER CENT,+ HE POINTED OUT.

ON THE SUGGESTION BY AN UNOFFICIAL MEMBER THAT EXPENDITURE BE CUT TO 15 PER CENT OF GDP, SIR JOHN SAID THAT THIS WOULD REPRESENT A CUT OF MORE THAN \$7 BILLION.

THE GOVERNMENT'S TOTAL EXPENDITURE ON EDUCATION WILL BE \$7.1 BILLION, ON MEDICAL SERVICES \$3.5 BILLION AND ON THE POLICE \$2.1 BILLION.

+A CUT OF THE SIZE SUGGESTED, HOWEVER SPREAD, WOULD HAVE TRULY RESOUNDING REPERCUSSIONS,+ SIR JOHN SAID.

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DEFICIT REVISED DOWN TO \$3.1 BILLION

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THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, TODAY REVISED THE OVERALL DEFICIT FOR FISCAL 1983-84 DOWN TO \$3.1 BILLION.

IN HIS RECENT BUDGET SPEECH, SIR JOHN HAD GIVEN THE ESTIMATES OF REVENUE AND EXPENDITURE FOR 1983-84 AS \$30.3 BILLION AND \$33.6 BILLION RESPECTIVELY, THUS PRODUCING A DEFICIT OF \$3.3 BILLION.

TAKING INTO ACCOUNT THE PERFORMANCE OVER THE PAST THREE MONTHS, HE SAID THAT THE LATEST ASSESSMENT OF TOTAL REVENUE WAS SLIGHTLY HIGHER, WHILE TOTAL EXPENDITURE WAS LOWER.

+BECAUSE OF THIS IMPROVED SITUATION, FOLLOWING LAST YEAR'S PATTERN, THE OPPORTUNITY HAS BEEN TAKEN TO TRANSFER A FURTHER \$200 MILLION TO THE CAPITAL WORKS RESERVE FUND AND \$180 MILLION TO THE DEVELOPMENT LOAN FUND,+ HE SAID.

/SIR JOHN

SIR JOHN POINTED OUT THAT THESE TRANSFERS WOULD LEAVE BOTH FUNDS WITH IMPROVED SURPLUSES AT THE END OF THE CURRENT FINANCIAL YEAR AND WOULD ENABLE HIM, IF NECESSARY, TO REDUCE TRANSFERS AND CONSEQUENTLY EXPENDITURE ON THE GENERAL REVENUE ACCOUNT IN THE 1985-86 BUDGET.

+WITH RECURRENT REVENUE FOR 1983-84 NOW EXPECTED TO BE \$27.23 BILLION AND RECURRENT EXPENDITURE \$22.94 BILLION, OUR GUIDELINE RATIO OF NOT MORE THAN 85 PER CENT FOR THE LATTER IS WELL SATISFIED. THE FIGURE IS 84 PER CENT,+ HE SAID.

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SIR JOHN POINTS TO UPTURN IN PRIVATE INVESTMENT

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THERE ARE GROUNDS FOR OPTIMISM ABOUT PRIVATE INVESTMENT IN PLANT AND MACHINERY AS WELL AS SIGNS OF LONG-TERM INVESTMENT, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY.

AFTER DECLINING GENERALLY SINCE THE FOURTH QUARTER OF 1981, RETAINED IMPORTS OF CAPITAL GOODS INCREASED BY FIVE PER CENT IN REAL TERMS IN THE FOURTH QUARTER OF 1983, DUE LARGELY TO AN INCREASE IN RETAINED IMPORTS OF TEXTILE AND ELECTRICAL MACHINERY, SIR JOHN POINTED OUT.

HE ADDED THAT ALTHOUGH FIGURES FOR THE FIRST QUARTER OF THIS YEAR WERE NOT YET AVAILABLE, INDICATIONS WERE THE IMPROVEMENT HAD CONTINUED.

INDUSTRIALISTS WERE ALSO LOOKING FOR FACTORY PREMISES TO EXPAND THEIR OPERATIONS, WITH THE FALL IN PROPERTY PRICES AND THE EXPORT-LED ECONOMIC RECOVERY RESULTING IN SOME INCREASE IN THE TAKE-UP OF COMMERCIAL AND INDUSTRIAL PROPERTY IN THE SECOND HALF OF 1983, SIR JOHN SAID.

+IT IS AGAIN GOOD NEWS THAT SIGNS OF LONG-TERM INVESTMENT ARE REAPPEARING,+ HE SAID.

THE IMPLICATIONS OF THE INCREASED TAKE-UP, WHICH HAS REDUCED THE VACANCY RATES FOR MOST TYPES OF PROPERTY, WERE BEGINNING TO BE SEEN IN TERMS OF INCREASES IN FLOOR AREAS FOR WHICH CONSENTS TO COMMENCE CONSTRUCTION WERE BEING SOUGHT, HE SAID.

+ALTHOUGH THE FIGURES ARE VERY VOLATILE, THEY ARE INDICATIVE OF SLOWLY RETURNING CONFIDENCE IN THE AREA OF PROPERTY DEVELOPMENT,+ HE ADDED.

IN THE LAST QUARTER OF 1983, AND THE FIRST TWO MONTHS OF THIS YEAR, THE FLOOR AREA FOR WHICH CONSENTS WERE GIVEN TO START CONSTRUCTION EXCEEDED THE FLOOR AREA OF COMPLETED PROJECTS FOR THE FIRST TIME SINCE THE SECOND QUARTER OF 1982.

/+BUT BECAUSE

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+BUT BECAUSE THE LEVEL OF STARTS HAS BEEN SO LOW IN RECENT QUARTERS AND BECAUSE IT TAKES TIME FOR AN IMPROVEMENT IN STARTS TO BE REFLECTED IN ADDITIONAL WORK DONE, I DO NOT PROPOSE TO ALTER MY FORECAST OF A FURTHER SLIGHT FALL IN PRIVATE INVESTMENT IN BUILDING AND CONSTRUCTION,+ HE EXPLAINED.

ON INFLATION, SIR JOHN SAID THAT SO FAR THIS YEAR, IT HAD BEEN SLOWING DOWN FROM A YEAR ON YEAR RATE OF ABOUT 12.5 PER CENT IN JANUARY TO SLIGHTLY OVER NINE PER CENT IN MARCH.

AND HE EXPECTED THAT THE LINKED EXCHANGE RATE SYSTEM FOR THE HONG KONG DOLLAR WOULD BRING INFLATION DOWN FURTHER.

+THE SPEED AT WHICH THIS OCCURS DEPENDS LARGELY ON THE RATE AT WHICH THE RESIDUAL ADVERSE IMPACT OF LAST YEAR'S DEPRECIATION OF THE HONG KONG DOLLAR WORKS ITS WAY THROUGH OUR ECONOMY PLUS THE EXTENT TO WHICH THE US DOLLAR MAY DEPRECIATE AGAINST OTHER CURRENCIES THIS YEAR.

+THE LATTER IS SHEER GUESSWORK AT PRESENT. THOUGH SOME FURTHER FALL IS PROBABLE, I PERSONALLY WOULD NOT UNDERESTIMATE THE STRENGTH OF THE U.S. ECONOMY,+ SIR JOHN SAID.

FOR THESE REASONS, HE SAID HE WOULD HOLD TO HIS FORECAST OF INFLATION COMING DOWN TO SEVEN PER CENT BY THE END OF THE YEAR, DESPITE SUGGESTIONS BY SOME MEMBERS OF THE COUNCIL THAT IT WAS OVER-OPTIMISTIC.

WITH THE DEPRECIATION OF THE HONG KONG DOLLAR STOPPED IN SEPTEMBER LAST YEAR, PRICE INCREASES STEMMING DIRECTLY FROM THIS SOURCE SHOULD SOON BE OVER, HE ADDED.

+THE MAIN DANGER NOW IS INTERNALLY GENERATED COST INCREASES. IF THESE ARE SIGNIFICANT THEY WILL TEND TO DELAY THE DOWNWARD TREND WHICH I HAVE FORECAST,+ HE ADDED.

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PROPOSALS TO DEVELOP LOCAL ADMINISTRATION WELCOMED
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THERE WAS BROAD AND GENERAL SUPPORT FOR THE PROPOSED CHANGES IN LOCAL ADMINISTRATION, AND A CONSOLIDATED REPORT WOULD SHORTLY BE SUBMITTED TO THE GOVERNOR, THE SECRETARY FOR DISTRICT ADMINISTRATION, THE HON DAVID AKERS-JONES, SAID TODAY.

THE REPORT, BASED ON EXTENSIVE PUBLIC CONSULTATION OVER THE PAST TWO MONTHS, WOULD SOON BE PUT TO THE EXECUTIVE COUNCIL, +SO THAT ACTUAL DECISIONS MAY BE MADE IN SUFFICIENT TIME TO INTRODUCE WHATEVER LEGISLATION IS NECESSARY, AND TO MAKE THE REQUISITE FINANCIAL AND ADMINISTRATIVE ARRANGEMENTS WHATEVER THEY MAY BE, BEFORE THE MARCH 1985 DISTRICT BOARD ELECTIONS.+

/SPEAKING IN

SPEAKING IN THE RESUMED BUDGET DEBATE, MR AKERS-JONES SAID THE WIDE PUBLIC REACTION TO THE PROPOSALS OUTLINED BY THE CHIEF SECRETARY IN MID-FEBRUARY WAS BOTH A REFLECTION OF AN INCREASING PUBLIC INTEREST IN THE BENEFITS ARISING FROM IMPROVED LOCAL ADMINISTRATION AND OF THE DESIRE THAT THERE SHOULD BE MORE OPPORTUNITY FOR ELECTED REPRESENTATIVES TO PLAY A PART IN GOVERNMENT.

HE REFERRED TO A RECENT CALL BY THE HON LYDIA DUNN THAT HONG KONG MUST ADVANCE TOWARDS A MORE REPRESENTATIVE FORM OF GOVERNMENT INVOLVING A GRADUAL TRANSFER OF REAL POWER FROM OFFICIALS TO THE UNOFFICIALS.

THE PROPOSED MEASURES, HE SAID, MARKED AN IMPORTANT STEP IN THIS DIRECTION AND THE SYSTEM WAS BEING ADAPTED BY REFORMING AND STRENGTHENING THE FOUNDATIONS OF THE REPRESENTATIVE STRUCTURE.

MR AKERS-JONES SAID DISTRICT BOARDS PROVIDED AN OPPORTUNITY FOR ENTHUSIASTIC AND DEDICATED CITIZENS TO PARTICIPATE IN THE ADMINISTRATION OF LOCAL AFFAIRS. THEY ALSO PROVIDED A USEFUL EXPERIENCE FOR POTENTIAL LEADERS BEFORE THEY MOVE ON TO HIGHER LEVELS OF GOVERNMENT ADMINISTRATION.

+THE APPOINTMENT OF DISTRICT BOARD MEMBERS TO CENTRAL GOVERNMENT BOARDS AND COMMITTEES, INCLUDING THE LEGISLATIVE AND EXECUTIVE COUNCILS HAS NOW BECOME A FEATURE OF OUR ADMINISTRATION AND THIS TREND WILL NO DOUBT CONTINUE,+ HE SAID.

MR AKERS-JONES NOTED THAT WHILE THE PROPOSAL RELATING TO THE SETTING UP OF A NEW REGIONAL COUNCIL TO COVER THE AREAS NOT UNDER THE AEGIS OF THE URBAN COUNCIL HAD ATTRACTED MOST PUBLIC COMMENT, THE OTHER THREE PROPOSALS WERE OF NO LESS SIGNIFICANCE.

THE PROPOSAL TO INCREASE THE RATIO OF ELECTED TO APPOINTED UNOFFICIAL MEMBERS TO 2 : 1 HAD SIGNIFICANT IMPLICATIONS AND RECEIVED GENERAL SUPPORT. THIS WOULD MARK A MAJOR STEP FORWARD FOR DISTRICT ADMINISTRATION, FOR IT WOULD MEAN THAT FROM 1985 THE DISTRICT BOARDS WOULD HAVE AN ELECTED MAJORITY.

WITH REGARD TO THE GEOGRAPHICAL BOUNDARIES OF THE DISTRICT BOARDS, HE SAID, THE CONSENSUS APPEARED TO FAVOUR NO CHANGE EXCEPT IN TSUEN WAN, WHERE TWO BOARDS WERE FAVOURED -- ONE COVERING TSUEN WAN ITSELF AND THE OTHER KWAI CHUNG AND TSING YI ISLAND. THE DETAILED IMPLICATIONS OF HAVING TWO BOARDS IN TSUEN WAN WERE BEING EXAMINED, HE SAID.

THE THIRD PROPOSAL, INVOLVING THE DEVELOPMENT OF THE ROLE OF DISTRICT BOARDS IN THE USE AND RUNNING OF LOCAL COMMUNITY FACILITIES OTHER THAN SPECIALISED FACILITIES, WAS ANOTHER IMPORTANT PROPOSAL WIDELY WELCOMED.

PARTICIPATION BY LOCAL PEOPLE IN THE RUNNING OF COMMUNITY FACILITIES SUCH AS TOWN HALLS IN YUEN LONG AND TSUEN WAN HAD PROVED VALUABLE IN PROMOTING THE USE OF THESE BUILDINGS, HE NOTED.

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+THE PROPOSAL TO EXTEND THIS PARTICIPATION TO OTHER DISTRICTS, AND TO COVER OTHER RECREATION, SPORTS AND CULTURAL FACILITIES, WOULD PROVIDE A FURTHER OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO HAVE A SAY IN MAKING THE BEST USE OF LOCAL RESOURCES, WITHOUT, HOWEVER, BURDENING THEM WITH DIRECT STATUTORY RESPONSIBILITY AND DAY TO DAY MANAGEMENT DETAILS,+ HE SAID.

HE ADDED THAT THIS FUNCTION OF THE DISTRICT BOARDS COULD BE EXPANDED WITH RELATIVE EASE FOR APPROPRIATE FACILITIES IN THE NEW TERRITORIES. DIFFERENT CONSIDERATIONS APPLY IN THE URBAN AREAS BUT IT WAS A POSSIBILITY WHICH THE URBAN COUNCIL MAY WISH TO EXPLORE.

ON THE PROPOSED NEW REGIONAL COUNCIL, MR AKERS-JONES EXPLAINED THAT THE GOVERNMENT HAD TRIED TO PUT FORWARD AN ARRANGEMENT WHICH WAS MOST ACCEPTABLE TO THE PEOPLE IN THE AREAS, AND WHICH PROVIDED THE MOST OPPORTUNITY FOR INDIVIDUAL EXPRESSION AND DEVELOPMENT, SO THAT THEY WOULD BENEFIT AS A COMMUNITY FROM DIVERSITY AND COMPARISON.

HE SAID DUE WEIGHT SHOULD BE GIVEN TO THE FACT THAT THE AREA COVERED BY THE EIGHT NT DISTRICTS HAD A GROWING POPULATION WHICH BY 1988 WOULD BE OVER TWO MILLION. EACH OF THE EIGHT DISTRICTS HAS ITS OWN INDIVIDUAL CHARACTERISTICS, ITS OWN FACILITIES, ITS OWN PROBLEMS, AND AS A WHOLE THE REGION DIFFERED VERY CONSIDERABLY FROM THE HOMOGENEOUS DOWNTOWN AREAS OF HONG KONG AND KOWLOON.

+IN ANY COUNTRY IN THE WORLD, SUCH AN AREA AND SUCH A POPULATION WOULD JUSTIFY ITS OWN LOCAL ADMINISTRATIVE INSTITUTIONS FOR THE PROVISION OF LOCAL PUBLIC SERVICES AND FACILITIES,+ HE SAID.

NEITHER WAS IT UNREASONABLE TO SUPPOSE THAT THE EIGHT DISTRICTS, BOTH THE RURAL AND NEW TOWN POPULATIONS, EXPECT THAT THE SERVICES THAT AFFECT THEIR DAY-TO-DAY LIVES, AND IN PARTICULAR THE PRIORITIES IN THE PROVISION OF THOSE SERVICES SHOULD BE DETERMINED BY AN ORGANISATION MADE UP OF RESIDENTS OF THE AREA RATHER THAN AS NOW BY THE CENTRAL GOVERNMENT, OR BY A CENTRAL COUNCIL PERCEIVED TO BE REMOTE AND LESS LIKELY TO UNDERSTAND THEIR OWN REQUIREMENTS.

MR AKERS-JONES SAID THE PROPOSED NEW REGIONAL COUNCIL COULD SERVE AS AN UMBRELLA STATUTORY ORGANISATION, LEAVING THE RUNNING OF MANY OF ITS FACILITIES IN THE DISTRICTS TO BE DIRECTED BY DISTRICT COMMITTEES LINKED TO THE DISTRICT BOARDS.

+AS A WHOLE THE REGION IS IN THE THROES OF DRAMATIC CHANGE AS EACH OF THE NEW TOWNS GROWS IN SIZE AND IT WILL ACCEPT AN INFLOW OF ABOUT A MILLION PEOPLE IN THE NEXT TEN YEARS. THIS, TOO, IS CREATING AND WILL CREATE ITS OWN SPECIAL PROBLEMS AND OPPORTUNITIES AND REQUIRE SPECIAL AND KNOWLEDGEABLE ATTENTION,+ HE SAID.

ON THE COUNCIL'S POSSIBLE MEMBERSHIP, MR AKERS-JONES SAID CAREFUL CONSIDERATION WOULD BE GIVEN TO SUGGESTIONS THAT DISTRICT BOARD MEMBERS SHOULD SIT ON THE REGIONAL COUNCIL.

/IT WOULD

IT WOULD BE POSSIBLE, HE SAID, TO CREATE A REGIONAL COUNCIL COMPOSED OF MEMBERS ELECTED BY DISTRICT CONSTITUENCIES AND REPRESENTATIVES ELECTED BY DISTRICT BOARDS FROM AMONGST THEIR OWN NUMBER. THEY, TOGETHER WITH THE APPOINTED MEMBERS AND SOME SEATS RESERVED FOR THE HEUNG YEE KUK, COULD PROVIDE A WELL BALANCED REPRESENTATIVE BODY.

+CERTAINLY, THERE IS CONSIDERABLE SUPPORT FOR A LINK BETWEEN THE DISTRICT BOARDS AND THE PROPOSED REGIONAL COUNCIL WITH THE FORMER EACH SENDING A MEMBER TO SERVE ON THE REGIONAL COUNCIL.+

THIS WOULD CONTRAST WITH THE SYSTEM IN THE URBAN AREA WHEREBY URBAN COUNCILLORS HAVE SEATS RESERVED FOR THEM ON THE DISTRICT BOARDS, BUT DISTRICT BOARD MEMBERS DO NOT SIT ON THE URBAN COUNCIL.

RESPONDING TO COMMENTS ON THE UNNECESSARY COST OF HAVING A SECOND COUNCIL, MR AKERS-JONES SAID A REGIONAL COUNCIL WOULD NATURALLY HAVE ITS COST AS WOULD AN ENLARGED CENTRAL COUNCIL. +IT IS A QUESTION OF WEIGHING THIS ADDITIONAL COST AGAINST THE VARIOUS OTHER FACTORS I HAVE MENTIONED.+

HE SAID THAT ONE COUNCIL LARGE ENOUGH TO COVER THE WORK INVOLVED AND TO BE SUFFICIENTLY REPRESENTATIVE OF SUCH A DISPERSED AREA WOULD HAVE TO BE 60 OR 70 STRONG.

+TO FORM ONE COUNCIL WOULD IN ANY CASE REQUIRE THE DISSOLUTION OF THE EXISTING URBAN COUNCIL AND ACCEPTING, MOREOVER, THE DISRUPTION THAT THIS WOULD CAUSE. IT WOULD MEAN CALLING FOR FRESH ELECTIONS AND WORKING OUT A HOST OF FRESH ADMINISTRATIVE ARRANGEMENTS.

+THERE SEEMS NO DOUBT THAT THE CONDUCT OF BUSINESS IN SUCH A LARGE BODY WOULD BE COMPLEX, AND THAT IT MIGHT ENCOUNTER DIFFICULTY IN MAINTAINING ITS GRIP ON THE DETAILED PROBLEMS IN EACH CORNER OF THE WORK OF HONG KONG AND THE NEW TERRITORIES.+

MR AKERS-JONES SAID THE DISTRICT BOARDS HAD PROVED NOT ONLY VALUABLE AT DISTRICT LEVEL, BUT ALSO AN IMPORTANT LINK IN THE BROAD CONSULTATIVE MACHINERY THAT THE GOVERNMENT DEPENDED UPON IN PURSUING ITS AIM OF GOVERNMENT BY CONSENSUS.

IT WAS NOT WITHOUT SIGNIFICANCE, HE SAID, THAT THE BOARDS EITHER HAD DISCUSSED OR WOULD BE DISCUSSING POLICIES WITH REGARD TO EDUCATION, HOUSING AND BROADCASTING.

+AND ALL DISTRICT BOARDS HAVE BEEN ASSURED THAT, IF THEY WISH TO DO SO, THEY MAY DISCUSS AND GIVE THEIR ADVICE ON THE SUBJECT WHICH IS OF GREAT CONCERN TO US ALL -- THE FUTURE.+

SECOND TUNNEL MAY BE BEST SOLUTION, LEGCO TOLD

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A TUNNEL LINKING TAI KOO SHING AND CHA KWO LING APPEARED TO BE THE BEST LONG-TERM MEANS OF REDUCING CONGESTION IN THE CROSS-HARBOUR TUNNEL AND ON THE APPROACHES TO IT, THE ACTING SECRETARY FOR TRANSPORT, THE HON JUSTIN YUE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

BUT THIS WAS STILL A +PRELIMINARY VIEW+, TO BE CONFIRMED BY DETAILED ASSESSMENTS NOW UNDERWAY OF THE ECONOMIC AND FINANCIAL VIABILITIES OF THE VARIOUS OPTIONS, HE STRESSED.

+EVEN IF A FIRM DECISION COULD BE TAKEN LATER THIS YEAR TO CONSTRUCT A SECOND FIXED HARBOUR CROSSING, IT WILL TAKE AT LEAST FOUR YEARS TO COMPLETE,+ MR YUE SAID.

MOVING THE SECOND READING OF THE CROSS-HARBOUR TUNNEL (PASSAGE TAX) BILL 1984, MR YUE EXPLAINED THAT PRESENT INDICATIONS WERE THAT THE PROBLEMS ASSOCIATED WITH THE PROPOSED LEI YUE MUN BRIDGE WOULD BE DIFFICULT TO OVERCOME.

MR YUE SAID THERE WAS LITTLE SCOPE IN THE SHORT TERM FOR IMPROVING FURTHER THE EXISTING TUNNEL OPERATIONS AND THE TRAFFIC CONTROLS AROUND THE APPROACH ROADS AND EXITS.

HE POINTED OUT THAT THE DAILY FLOW THROUGH THE TUNNEL REMAINED IN EXCESS OF 100 000 VEHICLES.

+THIS IS WELL ABOVE THE CARRYING CAPACITY THAT THE TUNNEL WAS DESIGNED FOR,+ HE SAID.

THE STEERING GROUP EXAMINING THE OPTIONS WAS MAKING STEADY PROGRESS AND WOULD BE ABLE TO SUBMIT A FINAL REPORT TO THE EXECUTIVE COUNCIL BY SEPTEMBER THIS YEAR, HE SAID.

MR YUE SAID THE PRIMARY OBJECTIVE OF THE BILL WAS TO IMPOSE A TAX ON CERTAIN CLASSES OF VEHICLES TO REDUCE CROSS-HARBOUR CONGESTION.

PUBLIC AND PRIVATE OMNIBUSES, HE SAID, WOULD BE EXEMPTED FROM THE TAX.

+IN THIS WAY, THE VAST MAJORITY OF THE PUBLIC WHICH TRAVELS THROUGH THE TUNNEL ON PUBLIC TRANSPORT SHOULD REMAIN UNAFFECTED AND SHOULD, AS A RESULT OF REDUCED CONGESTION, ENJOY SHORTER JOURNEY TIMES,+ HE SAID.

THE BILL PROVIDES FOR THE CHARGING OF DIFFERENT RATES OF TAX ON DIFFERENT CLASSES OF MOTOR VEHICLES USING THE TUNNEL.

THE HIGHER RATE OF TAX OF \$5 WOULD APPLY TO PRIVATE CARS AND TAXIS WHICH TOGETHER ACCOUNT FOR 70 PER CENT OF THE TRAFFIC FLOW THROUGH THE TUNNEL.

/GOODS VEHICLES

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GOODS VEHICLES WOULD PAY THE SAME TAX AS PRIVATE CARS AND TAXIS. THIS WAS NOT EXPECTED TO ADD SIGNIFICANTLY TO TRANSPORT COST, AS OVER 90 PER CENT OF THE DAILY GOODS VEHICLE TRIPS DID NOT INVOLVE CROSSING THE HARBOUR.

MOTOR-CYCLES, PUBLIC AND PRIVATE LIGHT BUSES, WOULD BE SUBJECT TO A \$2 TAX, MR YUE SAID.

CONSULAR CORPS STAFF WERE EXEMPTED FROM THE TAX, WHILE GOVERNMENT VEHICLES WERE NOT EXEMPTED, EXCEPT IN THE SPECIAL CIRCUMSTANCES OF OFFICIALS CARRYING OUT DUTIES IN THE TUNNEL AREA.

THE TAX WOULD APPLY THROUGHOUT THE TWENTY-FOUR HOURS OF EACH DAY, HE SAID.

THE BILL WAS INTENDED TO TAKE EFFECT ON JUNE 1 THIS YEAR, AND EXPECTED TO BRING \$140 MILLION A YEAR OF REVENUE.

DEBATE ON THE BILL WAS ADJOURNED TO MAY 2.

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CROSS-HARBOUR TUNNEL CONGESTION 'INTOLERABLE' - YUE
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THE PRESENT LEVEL OF CONGESTION AT THE CROSS HARBOUR TUNNEL WAS INTOLERABLE, THE ACTING SECRETARY FOR TRANSPORT, THE HON JUSTIN YUE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

HE SAID THAT THE 1983 DECLINE OF 0.47 PER CENT IN CROSS HARBOUR TUNNEL TRAFFIC COMPARED WITH THE 1982 FIGURE REFERRED TO BY REV THE HON FR PATRICK MCGOVERN WAS NOT GOOD ENOUGH, AND WAS ONLY A TEMPORARY PHENOMENON.

MR YUE SAID THE VOLUME OF TRAFFIC FOR 1982 WAS 39.78 MILLION VEHICLES= AND FOR 1983, IT WAS 39.59 MILLION -- A DROP OF 0.47 PER CENT. BUT FOR THE LATEST 12-MONTH PERIOD ENDING MARCH 1984, IT WAS 39.79 MILLION.

+SO ALREADY WE ARE BACK TO WHERE WE WERE,+ HE SAID.

MR YUE SAID THAT THE TRANSPORT DEPARTMENT WAS CONSIDERING MEANS TO ENSURE THAT SUFFICIENT PUBLIC TRANSPORT WOULD BE PROVIDED SO AS NOT TO DEFEAT THE PURPOSE OF THE PROPOSED TAX -- WHICH HE HAD EARLIER EXPLAINED, IN MOVING THE CROSS-HARBOUR (PASSAGE TAX) BILL 1984 WAS TO IMPOSE A TAX ON CERTAIN CLASSES OF VEHICLES TO REDUCE CONGESTION IN THE TUNNEL.

HE SAID THAT A SUGGESTION THAT THE PROPOSED CROSS-HARBOUR TUNNEL TAX SHOULD NOT APPLY DURING NON-PEAK HOURS HAD BEEN EXAMINED.

+AS A CONCEPT, IT HAS CONSIDERABLE MERITS. BUT AS I HAVE SAID, THERE ARE ALSO CONSIDERABLE ADMINISTRATIVE AND OPERATIONAL PROBLEMS, THE MAIN ONE OF WHICH IS THAT THE CROSS-HARBOUR TUNNEL COMPANY'S EXISTING COMPUTER CANNOT COPE WITH SUCH A REQUIREMENT.

/+IF AND

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+IF AND WHEN THE COMPANY SHOULD SWITCH TO A NEW COMPUTER WITH ADDITIONAL CAPABILITIES, I WOULD CERTAINLY ASK FOR THIS TO BE RE-EXAMINED,+ HE SAID.

REFERRING TO A REQUEST THAT THE CROSS-HARBOUR TUNNEL TOLL SHOULD NOT BE FURTHER INCREASED, HE SAID THAT THE COMPANY'S APPLICATION FOR A TOLL INCREASE WAS BEING EXAMINED WITH CARE BY THE ADMINISTRATION.

+TO THE EXTENT THAT THE CROSS-HARBOUR TUNNEL COMPANY'S REVENUE IS REDUCED AS A RESULT OF RESISTANCE TO THE TUNNEL TAX, A SMALL INCREASE MAY BE JUSTIFIED, AND, IF SO, THERE IS A POSSIBILITY THAT SUCH AN INCREASE CAN BE OFFSET WITHIN THE TUNNEL TAX.

+HOWEVER, IT WILL BE SOME TIME BEFORE THE EFFECT OF THE TUNNEL TAX CAN BE CLEARLY ESTABLISHED. UNTIL THEN, NO FIRM VIEW CAN BE REACHED,+ HE SAID.

MR YUE SAID ALSO THAT EXTENSIVE CONSULTATIONS WERE GOING ON WITH THE TAXI ASSOCIATIONS AND WITH ALL THE DISTRICT BOARDS AND HE HOPED TO REPORT ON THIS TO THE EXECUTIVE COUNCIL IN JUNE.

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ECIC CONTINGENT LIABILITY RAISED
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A MOTION TO INCREASE THE CONTINGENT LIABILITY OF THE HONG KONG EXPORT CREDIT INSURANCE CORPORATION BY \$500 MILLION TO \$3 500 MILLION WAS APPROVED BY THE LEGISLATIVE COUNCIL TODAY.

MOVING THE MOTION, THE FINANCIAL SECRETARY THE HON SIR JOHN BREMRIDGE SAID THAT WITH EXPORTS GOING WELL, THE CONTINGENT LIABILITIES OF THE CORPORATION WERE INCREASING AT THE RATE OF ABOUT \$50 MILLION A QUARTER.

THIS RATE MIGHT ALSO ACCELERATE, AS A RESULT OF NEW AND EXPANDED BUSINESS, INCLUDING THAT GENERATED BY THE LAUNCHING OF A COMPREHENSIVE SHIPMENTS POLICY, HE SAID.

+IN THE CIRCUMSTANCES THE CORPORATION'S ADVISORY BOARD CONSIDERS THAT THE EXISTING STATUTORY LIMIT MAY BE REACHED DURING THE SECOND HALF OF 1984. IT HAS THUS ADVISED THAT THE MAXIMUM CONTINGENT LIABILITY SHOULD BE INCREASED BY \$500 MILLION TO \$3 500 MILLION,+ HE SAID.

FAILURE TO RAISE THE LIMIT COULD RESULT IN THE CORPORATION HAVING TO TURN AWAY FURTHER BUSINESS. ON THE BASIS OF THE USUAL GEARING OF THREE, UP TO \$167 MILLION WILL HAVE TO BE SET ASIDE FROM THE FREE FISCAL RESERVES AS COVER FOR THE ADDITIONAL CONTINGENT LIABILITY,+ MR BREMRIDGE SAID.

HE STRESSED, HOWEVER, THAT THIS MAXIMUM LIABILITY WAS A THEORETICAL AMOUNT, AND WAS NEVER LIKELY TO BE AT RISK AT ANY ONE TIME.

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WEDNESDAY, APRIL 25, 1984

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PUBLIC VIEWS BEING SOUGHT ON HOUSING ALLOCATION
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A CONSULTATIVE DOCUMENT ON VARIOUS ASPECTS OF PUBLIC HOUSING ALLOCATION POLICIES WILL BE PUBLISHED TOMORROW BY THE HOUSING AUTHORITY FOR PUBLIC DISCUSSION, THE SECRETARY FOR HOUSING, THE HON DONALD LIAO SAID TODAY.

SPEAKING AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR LIAO STRESSED THAT THIS WAS A DISCUSSION DOCUMENT +IN THE TRUEST SENSE OF THE WORD+ AND THE OPTIONS CONTAINED IN IT WERE NOT YET AGREED POLICIES.

MR LIAO EXPLAINED THAT THE STABILISATION OF POPULATION GROWTH AND THE SUSTAINED AND INCREASING LEVEL OF PUBLIC HOUSING PRODUCTION HAD ENABLED THE AUTHORITY TO CARRY OUT A FURTHER REVIEW OF ITS ALLOCATION POLICIES.

HE SAID THE AREAS WHICH WERE THE SUBJECT OF THAT REVIEW WERE THE ELIGIBILITY FOR PUBLIC HOUSING FOR SMALL HOUSEHOLDS, THE REHOUSING OF SQUATTERS AND TEMPORARY HOUSING AREA RESIDENTS, THE ISSUE OF WELL-OFF PUBLIC RENTAL TENANTS, MEASURES TO PROMOTE HOME OWNERSHIP, AND THE ADDITION OF MARRIED CHILDREN AND FAMILIES TO PUBLIC HOUSING TENANCIES.

+SINCE ANY CHANGE OF POLICY COULD HAVE AN IMPACT NOT ONLY ON THE 2.5 MILLION PUBLIC LIVING IN PUBLIC HOUSING BUT ALSO ON PROSPECTIVE TENANTS AND HOME OWNERS, THE AUTHORITY WILL SEEK THE VIEWS OF THE PUBLIC ON A RANGE OF OPTIONS BEFORE IT DECIDES WHETHER CHANGES OF POLICY SHOULD BE RECOMMENDED TO THE GOVERNMENT.

+COPIES OF THE CONSULTATIVE DOCUMENT WILL BE AVAILABLE TO MEMBERS OF THE PUBLIC AND THE PRESS AND HAVE NO DOUBT THAT VARIOUS DISTRICT BOARDS WOULD WISH TO DISCUSS THESE SUBJECTS,+ HE SAID.

REPLYING TO POINTS RAISED BY THE HON F.K. HU, MR LIAO SAID TOTAL PUBLIC HOUSING PRODUCTION IN 1983-84 TOTALLED 38 681 FLATS, OF WHICH THE HOUSING AUTHORITY CONTRIBUTED A RECORD 36 441.

HE SAID THE AUTHORITY INTENDED TO MAINTAIN SUCH PRODUCTION LEVELS FOR THE FORESEEABLE FUTURE.

INDEED, WHEN THE PRIVATE SECTOR PARTICIPATION SCHEME REACHED ITS FULL TARGET OF 5 000 A YEAR IN 1985-86, THE TOTAL PUBLIC HOUSING PRODUCTION WOULD RISE TO AN AVERAGE OF 40 000 FLATS PER YEAR, HE SAID.

AS TO THE SUGGESTION THAT THE HOUSING AUTHORITY SHOULD PURSUE A RENTAL POLICY AIMED AT REDUCING THE GAP BETWEEN ACTUAL COSTS AND RENTAL INCOME SO THAT GRADUALLY THE AUTHORITY COULD CONTRIBUTE MORE TO THE CONSTRUCTION OF RENTAL ESTATES AND BE LESS DEPENDENT ON PUBLIC FUNDS, MR LIAO AGREED THAT THIS WAS DESIRABLE, IT WAS THE OBJECTIVE OF THE AUTHORITY THAT RENTAL INCOME SHOULD COVER RECURRENT EXPENDITURE.

/+HOWEVER, SINCE

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+HOWEVER, SINCE RENTS FOR THE OLDER ESTATES ARE STILL AT A VERY LOW LEVEL, WE CONTINUE TO OPERATE AT A DEFICIT. MOREOVER, THE INFLATION RATE IN RECENT YEARS HAS MADE IT DIFFICULT FOR THE AUTHORITY TO KEEP PACE WITH RISING RECURRENT COSTS AND A SUBSTANTIAL REDUCTION TO THIS DEFICIT HAS NOT BEEN POSSIBLE.

+A MAJOR PROBLEM REMAINS THE HEAVY LEVEL OF SUBSIDY FOR THE OLDEST HOUSING BLOCKS, AS RENT INCREASES MUST BE A GRADUAL PROCESS AND WE NEED TO HAVE REGARD TO GENERAL ECONOMIC CIRCUMSTANCES AS WELL AS TENANTS' ABILITY TO PAY.

+THE REDEVELOPMENT PROGRAMME OF THESE MARK I-II BLOCKS, WHICH IS GATHERING MORE TIME, WILL NOT ONLY SUBSTANTIALLY IMPROVE THE LIVING CONDITIONS FOR THE 200 000 TENANTS IN THE REMAINING BLOCKS. BUT WILL ALSO SERVE TO REDUCE THE NUMBER OF OLD DEFICIT-INCURRING ESTATES AND INCREASE THE NUMBER OF NEW ESTATES WHICH ARE ABLE TO PAY THEIR WAY.+

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QUOTA TRANSFER SUBJECT TO MORE RULES

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A SUGGESTION THAT SOME QUOTA HOLDERS WERE WHOLLY ENGAGED IN +QUOTA FARMING+ WAS REFUTED TODAY BY THE SECRETARY FOR TRADE AND INDUSTRY, THE HON JOHN YAXLEY.

HE DID NOT BELIEVE THIS WAS POSSIBLE, SINCE THERE WAS AN ALLOCATION RULE WHICH PENALISED PERSISTENT TEMPORARY TRANSFERORS WHO TRANSFERRED OUT 50 PER CENT OR MORE OF THEIR TOTAL ALLOCATION IN TWO CONSECUTIVE YEARS AND THE RULE HAD BEEN IN FORCE FOR SOME TIME, MR YAXLEY SAID IN THE LEGISLATIVE COUNCIL TODAY.

MR YAXLEY WAS REPLYING TO A CALL BY THE HON PETER C. WONG FOR +A FRESH LOOK+ AT THE TEXTILE QUOTA ALLOCATION SYSTEM.

+EVEN SO,+ MR YAXLEY SAID, +I WOULD POINT OUT THAT OF THE 14 CHANGES TO THE TEXTILES EXPORT CONTROL SYSTEM INTRODUCED AFTER THE 1983 REVIEW, FOUR CHANGES APPLY SPECIFICALLY TO THE TRANSFER RULES WHILE ANOTHER FOUR INDIRECTLY AFFECT THOSE WHO HAVE TRANSFERRED QUOTAS.

+FURTHERMORE, THESE CHANGES ONLY TAKE EFFECT FROM THE CURRENT YEAR, AND ONLY TIME WILL SHOW THEIR EFFECTIVENESS. NEVERTHELESS, THESE CHANGES CLEARLY INDICATE THAT THERE IS NO COMPLACENCY IN THIS REGARD; BUT WE MUST TAKE CARE NOT TO THROW THE BABY OUT WITH THE BATH WATER.+

MR YAXLEY SAID THAT THE NEED FOR TEXTILE EXPORT QUOTAS WAS NOT OF HONG KONG'S CHOOSING.

/+WE MUCH

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+WE MUCH PREFER FREE TRADE IN TEXTILES. THE QUOTAS HAVE ARISEN BECAUSE WE HAVE TO RESTRAIN OUR EXPORTS OF CERTAIN TEXTILE AND CLOTHING PRODUCTS WITHIN LIMITS AGREED WITH OUR VARIOUS TRADING PARTNERS UNDER THE PROVISIONS OF THE MULTI-FIBRE ARRANGEMENT. THIS MEANS THAT THE DEMAND FOR THESE PRODUCTS IS OFTEN HIGHER THAN THE AGREED AND RESTRICTED SUPPLY FROM HONG KONG.

+THE HIGH QUOTA PREMIA MR WONG HAS HEARD OF CLEARLY RELATE TO THE RECENT CONDITIONS IN THE UNITED STATES MARKET WHERE THERE APPEARS TO BE AN EXTREMELY STRONG DEMAND FOR OUR PRODUCTS WHICH FAR EXCEEDS OUR AVAILABLE QUOTA.

+OUR 1983 SHIPMENT PERFORMANCE OF 99.9 PER CENT AGAINST OUR UNITED STATES RESTRAINT LIMIT GIVES AN INDICATION OF THIS. FROM PRESENT TRENDS, QUOTAS FOR THE UNITED STATES MARKET THIS YEAR WILL LIKewise BE FULLY USED,+ MR YAXLEY SAID.

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\$20 MILLION SPENT DAILY ON PUBLIC WORKS
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THE GOVERNMENT WAS SPENDING \$20 MILLION A DAY ON PUBLIC WORKS, THE SECRETARY FOR LANDS AND WORKS, MR NICKY CHAN, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED BUDGET DEBATE, MR CHAN SAID IN THE PAST 10 YEARS \$36.4 BILLION HAD BEEN SPENT ON PUBLIC WORKS, EXCLUDING THE COST OF PUBLIC HOUSING, BUT INCLUDING THE COST OF LAND ACQUISITION.

THIS COMPARED WITH A TOTAL OF \$5.35 BILLION SPENT IN THE PREVIOUS 10 YEARS, WHEN ANNUAL EXPENDITURE ON CAPITAL WORKS VARIED BETWEEN LESS THAN \$300 MILLION AND \$800 MILLION PER YEAR.

+OVER THE PAST THREE FINANCIAL YEARS EXPENDITURE HAS AVERAGED ABOUT \$7.4 BILLION PER YEAR OR \$20 MILLION A DAY, 365 DAYS A YEAR,+ MR CHAN TOLD THE COUNCIL.

EVEN ALLOWING FOR INCREASES IN CONSTRUCTION COSTS, HE SAID, THERE HAD BEEN VERY SIGNIFICANT EXPANSION IN GOVERNMENT'S PROGRAMME OF CAPITAL WORKS PROJECTS DURING THE PAST FEW YEARS, BUT A GREAT DEAL STILL REMAINED TO BE DONE TO COMPLETE THE PUBLIC WORKS PROGRAMME ALREADY IN HAND, AND TO FULFIL THE REQUIREMENTS OF THE VARIOUS PROGRAMMES ADOPTED BY GOVERNMENT.

IT WAS ESTIMATED AT MARCH 31 THAT THE OUTSTANDING VALUE OF WORKS FINANCED FROM THE CAPITAL WORKS RESERVE FUND (EXCLUDING LAND COSTS) CURRENTLY IN HAND OR ALREADY AUTHORISED TO BEGIN AMOUNTED TO ABOUT \$22.5 BILLION. WITH EXPENDITURE RUNNING AT BETWEEN \$6.5 BILLION AND \$7 BILLION A YEAR THIS REPRESENTED OVER THREE YEARS' WORKS, IGNORING ANY POSSIBLE ESCALATION IN CONSTRUCTION COSTS OR THE INJECTION OF URGENT ITEMS WHICH WOULD INEVITABLY OCCUR.

/MR CHAN

MR CHAN SAID HE WAS ACUTELY AWARE OF THE NEED TO REVIEW THE PRESENT SITUATION AND HAD GIVEN A GREAT DEAL OF THOUGHT RECENTLY TO WAYS AND MEANS OF ENSURING THAT PROJECTS MOST DESERVING OF PRIORITY WERE ALLOCATED PLANNING RESOURCES AND CONSIDERED FOR IMPLEMENTATION.

WHETHER INDIVIDUAL ITEMS SHOULD BE RETAINED IN THE PUBLIC WORKS PROGRAMME WAS ALREADY A MATTER OF CONSTANT SCRUTINY.

THE VALUE OF ITEMS IN THE PROGRAMME FOR WHICH A START HAD NOT YET BEEN AGREED STILL REPRESENTED ABOUT 10 YEARS' INJECTIONS OF NEW PROJECTS AT THE CURRENT RATE OF ABOUT 3.5 BILLION DOLLARS' WORTH ANNUALLY.

REFERRING TO THE QUESTION OF LAND PRODUCTION RAISED BY MR STEPHEN CHEONG, HE SAID THE GENERAL POSITION WAS KEPT UNDER REVIEW BY THE SPECIAL COMMITTEE ON LAND SUPPLY.

THE COMMITTEE'S CURRENT VIEW WAS THAT OVER THE NEXT SEVEN YEARS THERE SHOULD BE AN ADEQUATE SUPPLY OF LAND FOR INDUSTRIAL USE AND PRIVATE HOUSING.

HOWEVER, THERE WOULD REMAIN A NEED TO SUPPLY ABOUT 70 HECTARES A YEAR FOR PUBLIC HOUSING, INCLUDING HOME OWNERSHIP AND PRIVATE SECTOR PARTICIPATION SCHEMES.

IT HAD BEEN ESTIMATED THAT ABOUT 1 000 HECTARES OF NEW LAND WAS LIKELY TO BE NEEDED IN THE 1990'S TO MEET THE REQUIREMENTS OF POPULATION GROWTH UP TO THE YEAR 2001, MR CHAN SAID.

AT 1982 PRICES, THIS COULD COST ABOUT \$10 BILLION FOR SITE FORMATION ALONE, HE SAID.

IN ADDITION, RECENT STUDIES HAD SHOWN THAT FOR THE 1990'S GREATER EMPHASIS WOULD NEED TO BE GIVEN TO TRANSPORT AND OTHER KEY INFRASTRUCTURE FACILITIES.

THESE WERE BEING CONSIDERED IN THE CONTEXT OF THE TERRITORIAL DEVELOPMENT STRATEGY. PRELIMINARY RESULTS INDICATED THAT THE DEMAND FOR IMPROVEMENTS AND ADDITIONS TO THE TRANSPORT NETWORK COULD HEAVILY OUTWEIGH THE COST OF LAND PRODUCTION, THAT IN FUTURE MORE WORKS COULD BE +TRANSPORT-ORIENTED+ AND THAT THE ABILITY TO PROVIDE A SATISFACTORY BALANCE BETWEEN LAND USES AND TRANSPORT FACILITIES WOULD GREATLY INFLUENCE DECISIONS ON FURTHER LAND PRODUCTION FOR HOUSING AND OTHER USES.

MR CHAN AGREED WITH MR CHEONG THAT MUCH HAD ALREADY BEEN DONE AND THAT TAKING INTO ACCOUNT THE CURRENT LEVEL OF CONSTRUCTION COSTS GOVERNMENT'S CAPITAL WORKS PRODUCTION WAS RUNNING AT A HIGHER RATE THAN EVER BEFORE.

HOWEVER, THE DEMANDS AND ASPIRATIONS OF THE GROWING POPULATION WOULD ALLOW NO RELAXATION OF EFFORTS. INDICATIONS WERE THAT TO MAKE WAY FOR MAJOR INFRASTRUCTURAL ITEMS FOR THE 1990'S, AN URGENT NEED EXISTED TO ASSESS THE PRIORITIES OF PROJECTS ALREADY INCLUDED IN THE PUBLIC WORKS PROGRAMME, HE SAID.

+I CAN ASSURE MEMBERS THAT THIS WILL BE ACTIVELY PURSUED WITH A VIEW TO ENSURING THAT IN THE PLANNING AND EXECUTION OF WORKS (INCLUDING LAND PRODUCTION) WE CONCENTRATE ON THOSE PROJECTS WHICH DESERVE HIGH PRIORITY WHICH ARE IN ACCORDANCE WITH ALREADY-APPROVED GOVERNMENT PROGRAMMES AND WHICH CAN BE ACCOMMODATED WITHIN AVAILABLE RESOURCES,+ MR CHAN SAID.

REFERRING TO A POINT MADE BY MR CHEUNG YAN-LUNG ON LAND ADMINISTRATION, MR CHAN SAID A CASE COULD BE MADE FOR A NEW SURVEY OF THE NEW TERRITORIES, BUT THIS WOULD BE A MASSIVE AND DIFFICULT UNDERTAKING.

THE LANDS DEPARTMENT WAS TACKLING THE PROBLEM MAINLY BY WORKING ON RECTIFICATION IN AREAS AS NEW GRANTS WERE MADE AND THIS WOULD RESULT IN THE GRADUAL EXTENSION OF MUCH MORE ACCURATE RECORDS.

ON MR CHEUNG'S OTHER POINT THAT THE LANDS DEPARTMENT SHOULD MAINTAIN FLEXIBILITY IN ITS APPROACH, MR CHAN SAID THIS WAS CERTAINLY THE INTENTION AND HE THOUGHT IT WAS BEING ACHIEVED.

MR CHAN SAID FLEXIBILITY MUST HAVE ITS LIMITS, OTHERWISE THERE WAS A RISK OF ABUSE.

LAND OWNERS HELD THEIR LAND UNDER LEASE CONDITIONS WHICH MUST BE ADHERED TO.

WITHIN THESE CONDITIONS, LEGAL RIGHTS WOULD BE MAINTAINED AND EVERY EFFORT WOULD BE MADE TO ENSURE THAT SENSIBLE SOLUTIONS WERE FOUND TO ANY PROBLEMS HIGH MAY ARISE.

ON MRS PAULINE NG'S SUGGESTION THAT PROVISION UNDER THE ENGINEERING DEVELOPMENT DEPARTMENT'S STREET LIGHTING VOTE SHOULD INCLUDE THE LIGHTING OF SQUATTER AREAS, MR CHAN SAID LIGHTING IN THESE AREAS WAS BEING PROVIDED WITHIN THE HOUSING DEPARTMENT'S SQUATTER AREA IMPROVEMENT PROGRAMME AND BOTH THE CAPITAL AND RECURRENT COSTS OF THIS WERE BEING PAID FOR BY THE GOVERNMENT.

THE FIVE-YEAR PROGRAMME, WHICH WAS APPROVED BY THE EXECUTIVE COUNCIL EARLY LAST YEAR AT AN ESTIMATED COST OF \$300 MILLION, WAS A +ROLLING+ PROGRAMME OF WORKS AND OVER THE NEXT FOUR YEARS IMPROVEMENTS TO ABOUT 80 AREAS WOULD BE CARRIED OUT, INCLUDING THE PROVISIONING OF PUBLIC LIGHTING.

COMMITMENT TO PUBLIC ASSISTANCE SCHEME STRESSED

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THE PUBLIC ASSISTANCE SCHEME AND RELATED SPECIAL NEEDS ALLOWANCE SHOULD REMAIN THE CENTRAL PILLAR OF HONG KONG'S SOCIAL SECURITY SYSTEM, THE SECRETARY FOR HEALTH AND WELFARE, THE HON HENRY CHING, TOLD THE LEGISLATIVE COUNCIL TODAY.

SPEAKING AT THE RESUMED BUDGET DEBATE, MR CHING SAID THE GOVERNMENT WAS FULLY COMMITTED TO PROVIDING THE RESOURCES NECESSARY FOR THIS PURPOSE AND THAT THIS WAS REFLECTED IN THE DRAFT ESTIMATES WHICH SHOWED A SIGNIFICANT INCREASE IN PROVISION FOR PAYMENTS OF PUBLIC ASSISTANCE AND SPECIAL NEEDS ALLOWANCE.

HE ASSURED THE COUNCIL THAT THE PUBLIC ASSISTANCE SCHEME WAS DESIGNED SO THAT THE INCENTIVE TO WORK WAS NOT ERODED AND SO THAT HELP WAS DIRECTED TOWARDS THOSE MOST IN NEED.

+THERE IS NO EVIDENCE THAT THE LEVELS OF PUBLIC ASSISTANCE PAYMENTS ARE ENCOURAGING PEOPLE TO DEPEND ON SOCIAL SECURITY= INDEED THE GREAT MAJORITY OF RECIPIENTS ARE ELDERLY AND HANDICAPPED.+

ON THE NEED TO MAINTAIN A BALANCE BETWEEN SOCIAL WORK AND SOCIAL SECURITY, MR CHING POINTED OUT THAT ESTIMATED EXPENDITURE IN 1984-85 ON RELIEF AND WELFARE PAYMENTS, ON THE ONE HAND, AND ON ALL OTHER RECURRENT EXPENDITURE BY THE SOCIAL WELFARE DEPARTMENT, INCLUDING SUBVENTIONS, ON THE OTHER, IN EACH CASE REFLECTED AN INCREASE OF ABOUT 26 PER CENT PER ANNUM SINCE 1980-81.

A BALANCE IS THEREFORE BEING MAINTAINED, HE SAID.

+THESE TWO ELEMENTS OF OUR PROGRAMMES ARE COMPLEMENTARY TO EACH OTHER, AND THE GOVERNMENT WILL CONTINUE TO IMPROVE BOTH THE QUANTITY AND QUALITY OF SOCIAL WORK SERVICES AS FAR AS RESOURCES PERMIT.+

ON THE IMPORTANCE OF OUTPATIENT CLINICS HOLDING SESSIONS IN THE EVENINGS AND HOLIDAYS FOR THE CONVENIENCE OF WORKERS, MR CHING POINTED OUT THAT THE PURPOSE OF SUCH SESSIONS WAS BASICALLY TO RELIEVE PRESSURE ON DAY SESSIONS AND ON THE ACCIDENT AND EMERGENCY DEPARTMENTS.

+WITHIN LIMITED RESOURCES, IT WOULD NOT BE POSSIBLE TO EXPAND EVENING AND HOLIDAY SESSIONS PURELY ON THE GROUNDS OF CONVENIENCE, WITHOUT UNDULY AFFECTING THE SERVICES PROVIDED DURING DAY SESSIONS,+ HE SAID.

IN REPLY TO A CLAIM THAT GOVERNMENT SUBVENTED HOSPITALS GOT LESS FUNDING THAN GOVERNMENT HOSPITALS OF THE SAME NATURE, MR CHING POINTED OUT THAT THE AVERAGE STAY OF A PATIENT IN GOVERNMENT HOSPITALS TENDED TO BE SHORTER THAN IN SIMILAR SUBVENTED HOSPITALS.

+A SUBVENTED HOSPITAL, THEREFORE, WHICH GETS LESS FUNDING PER BED THAN A GOVERNMENT HOSPITAL MAY WELL BE GETTING MORE FUNDING PER PATIENT TREATED.

/+AND IT

+AND IT IS SURELY THE FUNDING PER PATIENT TREATED THAT IS THE MEASURE OF THE EFFECTIVE UTILISATION OF THE FUNDS,+ HE SAID.

TURNING TO POLLUTION CONTROL, MR CHING SAID AN INTERNAL REVIEW OF THE GOVERNMENT'S ORGANISATION FOR THE CONTROL OF POLLUTION WAS INSTITUTED IN THE MIDDLE OF 1983.

+THIS EXERCISE IS AT AN ADVANCED STAGE, AND IT SHOULD BE POSSIBLE TO FORMULATE DETAILED PROPOSALS LATER THIS YEAR,+ HE SAID.

INVESTMENT SEEN LINKED TO EXPORT GROWTH
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THE GOVERNMENT WAS FULLY AWARE OF THE CENTRAL IMPORTANCE OF A HEALTHY MANUFACTURING SECTOR IN HONG KONG'S ECONOMIC WELL BEING, THE SECRETARY FOR TRADE AND INDUSTRY, THE HON JOHN YAXLEY, SAID IN THE LEGISLATIVE COUNCIL TODAY.

REPLY TO UNOFFICIAL MEMBERS' CONCERN ABOUT THE APPARENT FAIL IN PRIVATE INVESTMENT IN MANUFACTURING, MR YAXLEY SAID THAT FIGURES FOR RETAINED IMPORTS OF INDUSTRIAL PLANT AND MACHINERY DID SHOW A DECLINE IN INVESTMENT BY MANUFACTURERS IN 1982 AND THE FIRST HALF OF 1983. FOLLOWING THE RECOVERY IN EXPORTS DURING 1983, RETAINED IMPORTS OF INDUSTRIAL PLANT AND MACHINERY BEGAN TO TURN UPWARDS AGAIN IN THE LAST QUARTER OF LAST YEAR.

+EXPORT ORDERS ARE CONTINUING AT A HIGH LEVEL, SO WE EXPECT THIS TREND TO CONTINUE,+ HE SAID.

ON THE TASK OF DISSEMINATING TECHNOLOGICAL INFORMATION, MR YAXLEY SAID THAT IT WAS CURRENTLY UNDERTAKEN BY A NUMBER OF PUBLIC AND PRIVATE ORGANISATIONS INCLUDING THE INDUSTRY DEPARTMENT, THE HONG KONG PRODUCTIVITY CENTRE, THE TRADE DEVELOPMENT COUNCIL, THE CHINESE MANUFACTURERS' ASSOCIATION, THE HONG KONG GENERAL CHAMBER OF COMMERCE AND THE FEDERATION OF HONG KONG INDUSTRIES.

+EQUALLY IMPORTANT HOWEVER IS THE IDENTIFICATION, AND INTRODUCTION, OF TECHNOLOGIES THAT ARE SPECIFICALLY USEFUL IN HONG KONG'S CIRCUMSTANCES. AS EXAMPLES OF WORK TOWARDS THAT GOAL, I MIGHT PERHAPS DRAW MEMBERS' ATTENTION TO RECENT STUDIES COMMISSIONED BY THE INDUSTRY DEVELOPMENT BOARD ON THE METAL AND LIGHT ENGINEERING INDUSTRY, THE ELECTRONICS INDUSTRY, AND TECHNOLOGY TRANSFER.

+ARISING FROM THESE STUDIES, MEASURES HAVE BEEN RECOMMENDED WHICH WILL FACILITATE THE DEVELOPMENT OF AN EFFICIENT AND EFFECTIVE TECHNOLOGICAL INFRASTRUCTURE TO HELP INDUSTRY TO MOVE TOWARDS TECHNOLOGY-INTENSIVE PRODUCTION,+ HE SAID.

/MR YAXLEY

MR YAXLEY SAID THE GOVERNMENT DID RECOGNISE THE NEED FOR THE CO-ORDINATION OF THE ACTIVITIES OF THE VARIOUS BODIES.

+THE INDUSTRY DEVELOPMENT BOARD DISCUSSED THIS RECENTLY, AND ITS CONSENSUS WAS THAT EXISTING RESOURCES SHOULD BE USED AS FAR AS PRACTICABLE.

+SPECIFIC PROPOSALS ON HOW THIS SHOULD BE DONE, AND HOW VARIOUS DEVELOPMENT ACTIVITIES COULD BE FUNDED, ARE BEING EXAMINED. THE NEEDS AND INTERESTS OF INDUSTRY WILL BE TAKEN FULLY INTO ACCOUNT IN THAT EXAMINATION,+ MR YAXLEY SAID.

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CIVIL SERVANTS APPRECIATE ROLE IN ECONOMY

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CIVIL SERVANTS OF ALL RANKS APPRECIATE THEIR ROLE IN THE ECONOMY OF HONG KONG, IN TERMS OF THEIR OWN COST TO THE COMMUNITY AS WELL AS OF THEIR CONTRIBUTION IN RETURN, THE SECRETARY FOR THE CIVIL SERVICE, THE HON MARTIN ROWLANDS SAID AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY.

MR ROWLANDS SAID THAT THIS YEAR THE CIVIL SERVICE WOULD AGAIN BE MAKING ITS CONTRIBUTION TO THE ECONOMY BY TAKING ON ADDITIONAL WORK WITHOUT A PROPORTIONATE INCREASE IN STAFF.

IN LAST YEAR'S BUDGET DEBATE, MR ROWLANDS TOLD THE COUNCIL THAT OF THE 60 GOVERNMENT DEPARTMENTS AND AGENCIES, 35 (58 PER CENT) WOULD BE EXPERIENCING ZERO OR CLOSE-TO-ZERO GROWTH IN STAFF DURING 1983-84.

DURING FISCAL 1984-85, THIS NUMBER WILL BE 34 (57 PER CENT), WHILE 16 OF THEM ARE EXPECTED TO SHOW SAVINGS IN STAFF.

+I DO NOT BELIEVE WE COULD ACHIEVE RESULTS OF THIS ORDER FOR TWO YEARS IN SUCCESSION WITHOUT THE COOPERATION OF STAFF ASSOCIATIONS AND OF INDIVIDUAL MEMBERS OF STAFF,+ HE SAID.

THE HON PETER POON HAD QUESTIONED WHETHER THE CIVIL SERVICE MIGHT BE +TOO LARGE FOR OUR NEEDS+, AND HAD URGED AN +IN-DEPTH REVIEW OF THE WHOLE CIVIL SERVICE STRUCTURE+.

IN REPLY, MR ROWLANDS SAID, +BUT THE SIZE AND STRUCTURE OF THE CIVIL SERVICE IS A FUNCTION OF PUBLIC POLICY AND HAS EVOLVED IN RESPONSE TO DECISIONS MADE IN THE EXECUTIVE AND LEGISLATIVE COUNCILS.

+TO ACHIEVE ANY REALLY SUBSTANTIAL STAFF SAVINGS IN THE SHORT TERM, OR TO FORESTALL FURTHER SUBSTANTIAL GROWTH IN THE LONGER TERM, I BELIEVE IT WILL BE NECESSARY TO REVIEW THE UNDERLYING PUBLIC POLICIES THEMSELVES, PARTICULARLY AS THE DEMAND FOR PUBLIC SERVICES CONTINUES TO GROW IN BOTH SCOPE AND AMOUNT.+

/MR ROWLANDS

MR ROWLANDS ALSO CONFIRMED THAT IT WAS THE GOVERNMENT'S POLICY TO CREATE POSTS OF TREASURY ACCOUNTANT IN ALL DEPARTMENTS TO IMPROVE EXPENDITURE CONTROL AS SUGGESTED BY MR POON.

IN RESPONSE TO A POINT RAISED BY THE HON STEPHEN CHEONG ON PERFORMANCE MEASURES, MR ROWLANDS TOLD THE COUNCIL THAT SUCH MEASURES WERE WIDELY USED IN THE CIVIL SERVICE.

HOWEVER, HE SAID, THERE WAS SCOPE FOR EXTENDING THE USE OF PERFORMANCE MEASURES, PARTICULARLY TO ADMINISTRATIVE AND GENERAL OFFICE WORK.

MR ROWLANDS ALSO TOLD THE COUNCIL THAT A LARGE NUMBER OF STUDIES AIMING AT EXPENDITURE REDUCTION AND IMPROVED SERVICES FOR THE PUBLIC HAD BEEN COMPLETED DURING THE PAST YEAR WHILE SOME WERE STILL IN PROGRESS.

THEY INCLUDE VALUE-FOR-MONEY STUDIES, PRODUCTIVITY STUDIES AND CORRUPTION PREVENTION STUDIES.

UNDER THE VALUE-FOR-MONEY STUDIES, ACHIEVED SAVINGS TO DATE TOTAL ABOUT \$120 MILLION AND POTENTIAL SAVINGS OF SEVERAL HUNDRED MILLION DOLLARS HAVE BEEN IDENTIFIED.

MR ROWLANDS ALSO SAID THAT A GREAT DEAL HAD BEEN DONE IN RECENT YEARS ON MANAGEMENT AND SUPERVISORY TRAINING AND THERE WAS A NEED TO DO MORE.

ON THE EMPLOYMENT OF OVERSEAS CONSULTANTS, MR ROWLANDS SAID THE DEPUTY FINANCIAL SECRETARY HAD ASSURED HIM A DECISION TO EMPLOY THEM WAS NEVER TAKEN LIGHTLY AND THAT APPROVAL WAS NOT GIVEN WITHOUT GOOD REASON.

IN ADDITION, MR ROWLANDS SAID THE SECRETARY FOR LANDS AND WORKS WOULD BE KEEPING A CLOSE WATCH ON THE EMPLOYMENT OF CONSULTANTS IN THE ENGINEERING AND PLANNING FIELDS, WITH MORE WORK EXPECTED TO BE UNDERTAKEN IN-HOUSE NOW THAT THE STAFFING SITUATION IN THE WORKS DEPARTMENTS HAD IMPROVED.

MR ROWLANDS ALSO EXPLAINED THAT PERSONNEL-RELATED EXPENSES OF THE CIVIL SERVICE COVER THE COSTS OF RECRUITING, TRAINING, HOUSING AND PROVIDING FOR PENSIONS AND GRATUITIES.

HE SAID, +OF THE TOTAL PROVISION OF \$2.15 BILLION, ABOUT 46 PER CENT IS FOR PENSIONS AND GRATUITIES WHILE 43 PER CENT IS FOR THE PROVISION OF ACCOMMODATION IN ONE FORM OR ANOTHER.

+THE PROVISION FOR PENSIONS IS A STATUTORY REQUIREMENT, WHILE THE PAYMENT OF GRATUITIES IS A CONTRACTUAL OBLIGATION.

+AS REGARDS ACCOMMODATION, THE PROVISION IN THE ESTIMATES IS NO MORE THAN IS REQUIRED TO PROVIDE FOR VARIOUS ALLOWANCES AND PAYMENTS APPROVED BY FINANCE COMMITTEE AND IN ACCORDANCE WITH POLICIES APPROVED BY THE GOVERNOR-IN-COUNCIL.+

+THE SAME CAN BE SAID OF EDUCATION, PASSAGE AND OTHER ALLOWANCES PROVIDED FOR UNDER THIS COMPONENT OF EXPENDITURE,+ HE SAID.

AS FOR THE IDEA OF REWARDING EXCELLENCE WITH ADDITIONAL SALARY INCREMENTS, MR ROWLANDS SAID THERE WOULD BE PRACTICAL DIFFICULTIES TO BE OVERCOME.

ON THE QUESTION OF REWARDING GOOD PERFORMANCE, HE SAID, +FOR THE MAIN CAREER GRADES THE BEST WAY OF REWARDING EXCELLENCE IS ALMOST CERTAINLY THROUGH CAREER ADVANCEMENT.+

ON THE HON CHAN YING-LUN'S REMARKS ABOUT THE IMPORTANCE OF MAINTAINING A COHESIVE CIVIL SERVICE IN THE YEARS AHEAD, MR ROWLANDS SAID THE CIVIL SERVICE BRANCH AND HEADS OF DEPARTMENTS WERE IN CLOSE AND REGULAR TOUCH WITH ALL GROUPS OF STAFF.

+THESE ARRANGEMENTS, BOTH FORMAL AND INFORMAL, ENABLE US TO UNDERSTAND IN DEPTH THE CONCERNS OF STAFF ABOUT THE FUTURE AND TO TAKE THEM FULLY INTO ACCOUNT IN OUR PLANNING.

+THE TASK OF ENSURING CONTINUITY OF THE PUBLIC SERVICE UP TO AND BEYOND 1997 MUST NOW BE TACKLED WITH CARE AND THOROUGHNESS, FOR AN EFFECTIVE AND CONTINUING PUBLIC SERVICE WILL BE ONE OF THE KEYSTONES ON WHICH THE FUTURE RESTS,+ HE SAID.

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EDUCATION COMMISSION PLAYS VALUABLE ROLE

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THE EDUCATION COMMISSION IN ITS PRESENT FORM IS SUFFICIENTLY FLEXIBLE TO ALLOW ITS RELATIONSHIPS WITH OTHER BODIES TO EVOLVE AND GUIDELINES TO BE SET UP IN THE LIGHT OF EXPERIENCE, THE SECRETARY FOR EDUCATION AND MANPOWER, THE HON NEIL HENDERSON, SAID IN THE LEGISLATIVE COUNCIL TODAY.

THESE BODIES ARE THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE, THE BOARD OF EDUCATION AND THE VOCATIONAL TRAINING COUNCIL.

+I HAVE NO DOUBT THAT UNDER THE ABLE AND EXPERIENCED LEADERSHIP OF ITS CHAIRMAN, THE HON Q.W. LEE, IT WILL PLAY AN EFFECTIVE AND VALUABLE ROLE IN OFFERING CONSOLIDATED ADVICE ON THE EDUCATIONAL SYSTEM AS A WHOLE, AND THAT A HARMONIOUS WORKING RELATIONSHIP WITH THE OTHER THREE BODIES WILL BE BUILT UP AND MAINTAINED,+ MR HENDERSON SAID.

IT HAD BEEN ACCEPTED THAT THE VOCATIONAL TRAINING COUNCIL'S NEW TECHNICAL INSTITUTES IN TUEN MUN AND SHA TIN SHOULD BE BUILT TO HIGHER STANDARDS THAN THE EXISTING ONES, WHICH IS TO ACKNOWLEDGE A GREATER BUILDING COST PER STUDENT PLACE, HE POINTED OUT.

+HOWEVER, THE LATEST PROJECT ESTIMATE PUTS THE COST OF PROVIDING EACH STUDENT PLACE IN THE NEW TIS AT ABOUT 80 PER CENT MORE THAN THAT OF BUILDING ONE OF THE EXISTING TIS AT TODAY'S PRICES,+ HE SAID.

WITH THE DECLINE IN THE TENDER PRICE INDEX, CONSTRUCTION COSTS SHOULD BE CHEAPER SO THAT THE INCREASE WAS DUE TO DESIGN, HE POINTED OUT.

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+AN ANALYSIS OF COST ESTIMATES AND PROJECT PLANS ENABLES COSTS DUE TO AGREED IMPROVEMENTS IN QUALITY TO BE SEPARATED FROM THOSE ARISING OUT OF THE DESIGN FEATURES.

+THE FORMER CAN BE ACCEPTED AS REASONABLE BUT THE LATTER MAY HAVE TO BE REJECTED AS BEING LESS THAN ESSENTIAL IN THIS TIME OF STRINGENCY,+ MR HENDERSON SAID.

THE ADMINISTRATION HAD THEREFORE ASKED THAT THE DESIGN OF THE TWO NEW INSTITUTIONS TO BE AMENDED ACCORDINGLY, HE ADDED.

+TO AVOID RECURRENCE OF THIS KIND OF SITUATION IN FUTURE, IT WILL BE NECESSARY TO ENSURE THAT, FROM THE START, DESIGN AND FINANCIAL CONSIDERATIONS ARE MORE CLOSELY RELATED,+ HE SAID.

ON THE INCREASING DIFFICULTY OF ENFORCING THE APPRENTICESHIP ORDINANCE, MR HENDERSON SAID THAT THE REDUCTION IN THE ESTABLISHMENT OF THE INSPECTORATE FROM 72 IN 1981-82 TO 53 IN 1983-84 REFLECTED A SERVICE-WIDE POLICY TO DELETE ALL ESTABLISHMENT POSTS NOT CURRENTLY FILLED.

DUE TO RECRUITING DIFFICULTIES AS A RESULT OF THE HIGH STANDARDS REQUIRED, THE STRENGTH OF THE INSPECTORATE HAS STAYED FAIRLY CONSTANT.

EVEN SO THE INSPECTORATE MANAGED TO ACHIEVE AN +ENCOURAGINGLY HIGH LEVEL OF COVERAGE+ OF INDUSTRIAL ESTABLISHMENTS IN THE DESIGNATED TRADES, WITH EACH INSPECTOR CARRYING OUT ABOUT 1 000 VISITS A YEAR, HE SAID.

MR HENDERSON ADDED THAT THE INSPECTORATE'S PRACTICES AND PROCEDURES WERE BEING EXAMINED TO DETERMINE WHETHER ITS STATUTORY OBLIGATIONS COULD BE DISCHARGED EVEN MORE EFFECTIVELY.

+IT MAY, FOR EXAMPLE, BE POSSIBLE TO REORDER INSPECTION PRIORITIES TO GIVE GREATER COVERAGE TO THE WORST OFFENDERS,+ HE SUGGESTED.

ON INDUSTRIAL SAFETY, MR HENDERSON TOLD THE COUNCIL THIS WAS A MATTER OF HIGH PRIORITY FOR THE GOVERNMENT.

THE PLANNED EXPANSION OF THE FACTORY INSPECTORATE WOULD BE CONTINUED AS SOON AS CIRCUMSTANCES PERMITTED, HE SAID.

+HOWEVER, REGARDLESS OF THEIR NUMBER OR EFFECTIVENESS, FACTORY INSPECTORS CANNOT BE EVERYWHERE, ALL THE TIME.

+IF WE ARE TO REDUCE ACCIDENT RATES AND LOSS OF LIFE, IT IS VITAL THAT INDIVIDUAL EMPLOYERS AND EMPLOYEES BECOME MORE SAFETY CONSCIOUS. SAFETY EDUCATION AND PUBLICITY ARE THE KEY,+ HE SAID.

THE GOVERNMENT, HE ADDED, WOULD ALSO CONTINUE TO SEEK IMPROVEMENT THROUGH SAFETY LEGISLATION.

MR HENDERSON ALSO TOLD THE COUNCIL THAT IT WAS NOW TIME TO INTRODUCE A POST OF COMMISSIONER FOR REHABILITATION IN PLACE OF THE PRESENT PRINCIPAL ASSISTANT SECRETARY.

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MORE SCHOOLS AND TEACHERS PLANNED

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THERE WILL BE MORE SCHOOLS AND TEACHERS IN THE NEXT FEW YEARS, THE HON COLVYN HAYE, DIRECTOR OF EDUCATION TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED BUDGET DEBATE, MR HAYE SAID THAT TWO ADDITIONAL NON-GRADUATE TEACHERS WOULD BE PROVIDED FOR EACH STANDARD GOVERNMENT AND AIDED SECONDARY SCHOOL IN 1986 AND 1987.

FINANCIAL APPROVAL HAD BEEN GIVEN FOR AN EXPANSION PROGRAMME FOR THE COLLEGES OF EDUCATION TO TRAIN THE ADDITIONAL TEACHERS, AT A COST OF \$123 MILLION OVER THE NEXT FIVE YEARS.

AS FOR TEACHER RETRAINING, MR HAYE SAID THAT THE COLLEGES OF EDUCATION WERE SUPPLYING SYSTEMATIC RETRAINING COURSES FOR BOTH PRIMARY AND SECONDARY SCHOOL TEACHERS, THE INSTITUTE OF LANGUAGE IN EDUCATION OFFERED INTENSIVE PROGRAMMES FOR CHINESE AND ENGLISH LANGUAGE TEACHERS, THE ADVISORY INSPECTORATE RAN SHORT COURSES FOR SERVING TEACHERS, AND THE BRITISH COUNCIL HAD BEEN COMMISSIONED TO RUN REFRESHER COURSES FOR ENGLISH LANGUAGE TEACHERS.

WHILE A DECISION ON THE JUNIOR SECONDARY EDUCATION ASSESSMENT SYSTEM HAD YET TO BE MADE, HE SAID, THE EDUCATION DEPARTMENT WAS NOT PROPOSING TO FREEZE THE SECONDARY SCHOOL BUILDING PROGRAMME.

+IN FACT, WE HAVE RECENTLY SOUGHT AND OBTAINED APPROVAL TO BUILD AS MANY AS 36 ADDITIONAL SECONDARY SCHOOLS BETWEEN 1987 AND 1991 AT A COST OF NEARLY \$570 MILLION.+

WHEN COMPLETED, THESE SCHOOLS WOULD CONTRIBUTE VERY SIGNIFICANTLY TO THE PHASING OUT OF THE LESS SATISFACTORY BOUGHT PLACES IN FORMS I TO III AND THE PROVISION OF ADDITIONAL PLACES IN FORMS IV TO VI, WHICH WOULD RAISE THE PERCENTAGE OF SUBSIDISED FORM IV PLACES FROM THE PRESENT 62 PER CENT TO 74 PER CENT OF THE 15-YEAR-OLD AGE GROUP.

EFFORTS WERE ALSO BEING MADE TO BRING THE QUALITY OF PLACES IN THE PRIVATE SECTOR CLOSER TO THAT OF THE GOVERNMENT AND AIDED SECTOR BY ALLOWING INCREASES IN THE COST OF BOUGHT PLACES THROUGH HIGHER FEE LEVELS WHEREVER THESE WERE CONSIDERED JUSTIFIED.

+A SYSTEM OF CONTROL HAS ALSO BEEN INTRODUCED WHEREBY THE PRIVATE SCHOOLS CONCERNED MUST SHOW PROOF THAT A SPECIFIED PROPORTION OF THE INCREASED FEE INCOME IS ACTUALLY SPENT ON IMPROVING TEACHERS' SALARIES. THIS SYSTEM OF CONTROL WILL BE KEPT UNDER CONSTANT AND CAREFUL REVIEW,+ MR HAYE SAID.

WITH REGARD TO THE CALL BY THE HON SELINA CHOW FOR PROVISION OF MORE PLACES IN LONGER FULL-TIME CRAFT COURSES IN THE TECHNICAL INSTITUTES AS RECOMMENDED IN THE HELMORE REPORT, MR HAYE SAID HE AGREED FULLY WITH THE PROPOSAL, AND HAD DISCUSSED THE MATTER WITH THE DIRECTOR OF TECHNICAL EDUCATION AND INDUSTRIAL TRAINING.

+THIS WAS IN THE CONTEXT OF THE GENERAL REVIEW OF THE SENIOR SECONDARY CURRICULUM AND EXAMINATION WHICH THE EDUCATION DEPARTMENT IS NOW CONDUCTING WITH THE HELP OF COMMENTS FROM THE BOARD OF EDUCATION, SCHOOLS COUNCILS, THE CURRICULUM DEVELOPMENT COMMITTEE, AND SHORTLY, THE HONG KONG EXAMINATIONS AUTHORITY.+

MR HAYE SAID HE FIRMLY BELIEVED THAT IF THE AIM OF PROVIDING A GOOD AND RELEVANT EDUCATION FOR ALL CHILDREN, WERE TO BE ACHIEVED, IT WAS NECESSARY TO ENSURE THAT THERE WOULD BE SUITABLE PROVISION FOR THOSE CHILDREN FOR WHOM AN ACADEMIC EDUCATION IN FORMS IV AND V MIGHT NOT BE THE BEST ANSWER.

+THIS MUST BE ONE OF THE FEW PLACES IN THE WORLD WHERE IT IS POSSIBLE FOR CHILDREN TO PROGRESS FROM THE HUMBLEST OF ORIGINS TO THE PROUDEST POSITIONS IN SOCIETY BECAUSE THEY HAVE ACCESS TO EDUCATIONAL OPPORTUNITY WHICH IS NOT ONLY GOOD BUT RELEVANT FOR THEM,+ HE SAID.

DEALING WITH DR THE HON HENRIETTA IP'S POINT THAT THERE WAS A SHORTFALL OF 6 000 SCHOOL PLACES FOR THE MENTALLY HANDICAPPED, MR HAYE SAID THIS FIGURE DERIVED FROM THE PREVALENCE RATE USED IN THE REHABILITATION PROGRAMME PLAN WAS AN ESTIMATE OF DEMAND WHICH EXPERIENCE SHARED TO BE UNREALISTICALLY HIGH.

+THE ACTUAL SITUATION, ASSESSED IN JANUARY THIS YEAR, IS THAT THE NUMBER OF MENTALLY HANDICAPPED CHILDREN WHO, FOR ONE REASON OR ANOTHER, ARE STILL AWAITING A SPECIAL SCHOOL PLACE, STANDS AT ONLY 630,+ HE SAID.

EVEN IF THIS FIGURE WERE DOUBLED FOR PLANNING PURPOSES, THE RESULTANT THEORETICAL DEMAND WOULD BE ABOUT 1 200. THE REHABILITATION DEVELOPMENT COORDINATING COMMITTEE HAD YET TO ENDORSE A REALISTIC FIGURE FOR PLANNING PURPOSES, BUT MR HAYE GAVE ASSURANCE THAT IT WOULD NOT EXCEED 1 200.

THE EDUCATION DEPARTMENT, HE SAID, WAS STRIVING TO REMEDY THE SHORTFALL OF PLACES FOR THE MENTALLY HANDICAPPED THROUGH A SPECIAL SCHOOLS BUILDING PROGRAMME AND OTHER EMERGENCY MEASURES.

AN ADDITIONAL 242 PLACES FOR MENTALLY HANDICAPPED CHILDREN HAD BEEN PLANNED FOR 1984/85 AND THREE NEW PURPOSE-BUILT SPECIAL SCHOOLS FOR THE MENTALLY HANDICAPPED WOULD COME ON STREAM IN THE 1986/87 ACADEMIC YEAR, PROVIDING AN ADDITIONAL 330 PLACES IF BUILDINGS PROCEED TO SCHEDULE.

TO COVER THE SHORTAGE IN THE INTERIM PERIOD, MR HAYE SAID THAT AN EXPERIMENTAL PROGRAMME HAD BEEN INITIATED THIS YEAR PROVIDING A HOME-BASED RESOURCES TEACHING SERVICE FOR CHILDREN ON THE WAITING LIST FOR SPECIAL SCHOOL PLACES.

VISITING TEACHERS CONDUCT HOME-TEACHING AND TRAIN PARENTS TO CARRY ON TEACHING PROGRAMMES AT HOME. THE PUPILS GO TO SCHOOL AT LEAST ONE DAY A WEEK FOR SPECIALISED TRAINING AND SOCIAL AND CULTURAL ACTIVITIES.

+THE PROGRAMME HAS BEEN WELL RECEIVED, AND IF AN EVALUATION THIS MAY CONFIRMS ITS SUCCESS, THE SCOPE OF THE PROGRAMME WILL BE EXPANDED TO CATER FOR MANY MORE MENTALLY HANDICAPPED CHILDREN AWAITING SCHOOL PLACES,+ MR HAYE SAID.

TEMPORARY ACCOMMODATION HAD ALSO BEEN ADAPTED TO OPERATE SPECIAL SCHOOLS UNTIL NEW SCHOOLS COULD BE BUILT. THE ASSOCIATION FOR THE MENTALLY HANDICAPPED HAD BEEN GIVEN SPECIAL PERMISSION TO USE TEMPORARY GOVERNMENT PREMISES UNTIL IT BUILT A NEW SPECIAL SCHOOL, AND 13 OTHER SETS OF PREMISES HAD BEEN ADAPTED BY THE GOVERNMENT TO HELP MEET THE PROBLEM.

+IT IS WORTH ADDING THAT THERE ARE MORE THAN ANOTHER DOZEN SPECIAL SCHOOL PROJECTS IN THE PLANNING STAGE,+ THE DIRECTOR ADDED.

THERE HAD BEEN CONSIDERABLE IMPROVEMENTS IN THE PROVISION FOR SPECIAL EDUCATION IN GENERAL, AND ADDITIONAL ALLOCATIONS HAD BEEN APPROVED TO PROVIDE A HIGHER TEACHER TO CLASS RATIO, THE PROVISION OF MORE GRADUATE TEACHERS AND REPLACEMENT STAFF, MORE PROMOTION POSTS, ADDITIONAL PARA-MEDICAL STAFF AND IMPROVED CONDITIONS OF SERVICE FOR THOSE ENGAGED IN SPECIAL EDUCATION.

ON THE SUGGESTION BY DR IP THAT THE GOVERNMENT PRACTISED POSITIVE DISCRIMINATION IN FAVOUR OF THE ENGLISH SCHOOLS FOUNDATION (ESF), MR HAYE SAID THAT THERE WAS NO SUCH DISCRIMINATION.

THE ENGLISH-SPEAKING SCHOOLS SYSTEM EXISTED BECAUSE THE COURSES FOLLOWED IN THE LOCAL +ANGLO-CHINESE+ SCHOOLS WERE NOT APPROPRIATE FOR ENGLISH-SPEAKING CHILDREN, AND THEY DID NOT HAVE THE WIDER CHOICE OF SCHOOL PLACEMENT AS SUGGESTED BY DR IP. THE ABILITY OF ENGLISH-SPEAKING CHILDREN TO STUDY OVERSEAS WITH ALLOWANCES PAID BY THE GOVERNMENT RESULTED FROM THEIR PARENTS' CONDITIONS OF EMPLOYMENT WITH THE GOVERNMENT, AND NOT BECAUSE OF THEIR ABILITY TO SPEAK ENGLISH, AS HAD BEEN SUGGESTED.

IN SUBVENTING ESF SCHOOLS, THE PRINCIPLE OF PARITY WAS STRICTLY ADHERED TO. +THE GRANTS PAID TO THE ESF SCHOOLS ARE BASED ON THE NOTIONAL SUBSIDY PER PLACE PAID TO LOCAL AIDED SCHOOLS. THE HIGHER COST PER PLACE RESULTS FROM THE APPROVED FORMULA WHICH RECOGNISES THE GREATER MOBILITY AMONG THE STUDENT POPULATION FOR WHICH IT IS THE ESF'S RESPONSIBILITY TO CATER, AND THE INEVITABLE FLUCTUATIONS IN ENROLMENTS WHICH CAN OCCUR,+ MR HAYE SAID.

NOTE TO EDITORS:

GOVERNOR LEAVING FOR PEKING

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THE GOVERNOR, SIR EDWARD YOUDE, LEAVES HONG KONG TOMORROW (THURSDAY) TO CONTINUE TO TAKE PART IN THE SINO-BRITISH TALKS ON THE FUTURE OF HONG KONG.

SIR EDWARD WILL BE TRAVELLING ON FLIGHT BA 03, ETD 1.40 PM.

A FACILITY HAS BEEN ARRANGED FOR MEDIA PHOTOGRAPHERS AND CAMERAMEN TO COVER SIR EDWARD'S DEPARTURE. THOSE ASSIGNED TO COVER THE EVENT SHOULD ASSEMBLE IN THE AIRPORT PRESS CONFERENCE ROOM NOT LATER THAN 12.30 PM. GIS OFFICERS WILL BE ON HAND TO ASSIST.

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KAIFONG GROUP PRAISED FOR WORK

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THE TSIM SHA TSUI DISTRICT KAIFONG WELFARE ASSOCIATION HAD RESPONDED TO THE RAPIDLY CHANGING SOCIAL AND ECONOMIC CONDITIONS TO TAKE GOOD CARE OF THE WELFARE OF THE LOCAL COMMUNITY, THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON, MR BARRIE WIGGHAM, SAID TODAY (WEDNESDAY).

+ONE VERY GOOD MEANS EMPLOYED BY THE ASSOCIATION TO ENSURE THAT IT IS KEPT INFORMED OF LATEST DEVELOPMENTS IN HONG KONG IS TO ORGANISE REGULAR LUNCHEON MEETINGS,+ HE SAID.

MR WIGGHAM WAS SPEAKING AT THE ASSOCIATION'S FIRST ANNIVERSARY CELEBRATION OF MONTHLY LUNCHEON MEETINGS.

HE NOTED THAT A WIDE VARIETY OF SUBJECTS HAD BEEN THOROUGHLY COVERED AT THESE MEETINGS.

THESE RANGED FROM PRIVATE BUILDING TO HOUSING ESTATE MANAGEMENT, STRUCTURE OF THE INTEREST RATE SYSTEM TO THE HONG KONG ECONOMY, DEVELOPMENT OF KOWLOON PARK AS WELL AS OTHER GENERAL SUBJECTS, LIKE ROAD SAFETY AND TRAINING OF DRAMATISTS.

+AT THESE MEETINGS, PROMINENT LOCAL LEADERS, UNIVERSITY LECTURERS, AND SENIOR GOVERNMENT OFFICIALS ARE INVITED TO TALK ON SUBJECTS OF COMMON CONCERN TO THE PEOPLE OF HONG KONG.

+USEFUL EXCHANGES OF VIEWS BETWEEN MEMBERS OF THE ASSOCIATION AND THE SPEAKERS ARE ALSO MADE POSSIBLE.+ HE SAID.

MR WIGGHAM ALSO PRAISED THE ASSOCIATION FOR ITS ACHIEVEMENTS AND SERVICES TO THE PUBLIC.

+THE DISTRICT COMMUNITY HAS NO DOUBT BENEFITED A GREAT DEAL FROM THE WIDE RANGE OF SERVICES CURRENTLY PROVIDED, WHICH INCLUDE A NON-PROFIT-MAKING KINDERGARTEN, MEDICAL AND DENTAL CLINICS, A VOCATIONAL TRAINING CENTRE AS WELL AS RECREATIONAL FACILITIES FOR PEOPLE OF ALL AGES,+ HE SAID.

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TEACHERS CAN NEVER BE REPLACED BY MACHINES : HAYE
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TEACHERS WERE TOLD TODAY BY THE DIRECTOR OF EDUCATION, MR COLVYN HAYE, THAT THEY MUST MASTER AND CONTROL TECHNOLOGY.

WHILE HE INTENDED TO ENCOURAGE THE USE OF COMPUTERS IN SCHOOLS, HE STRESSED THAT TEACHERS COULD +NEVER BE REPLACED BY MACHINES.+

MR HAYE WAS SPEAKING AT THE OPENING OF THE MICROCOMPUTERS IN EDUCATION CONFERENCE AT THE FAR EAST FINANCE CENTRE.

THERE HAD BEEN OTHER TECHNOLOGICAL INNOVATIONS WHICH SEEMED DESTINED AT THE TIME TO CHANGE THE STRUCTURE AND CONTENT OF THE SCHOOL CURRICULUM, BUT WHICH IN THE EVENT HAD HAD ONLY AN INDIRECT OR PERIPHERAL INFLUENCE ON THE PROCESS OF TEACHING AND LEARNING, HE SAID.

MORE SIGNIFICANTLY, MR HAYE ADDED, THE FUNDAMENTAL ROLE OF TEACHERS HAD LARGELY REMAINED UNCHANGED, ALTHOUGH THEY NOW HAD VARIOUS KINDS OF TEACHING AIDS - FROM THE CASSETTE RECORDER TO THE OVERHEAD PROJECTOR - TO ENLIVEN THEIR LESSONS.

HOWEVER, HE RECOGNISED THE NEED FOR PUPILS TO BE COMPUTER-LITERATE AND TO HAVE ACCESS TO LEARNING IN COMPUTER-LITERATE SCHOOLS, HE SAID.

AS A STEP ALONG THIS ROAD, THE CURRICULUM DEVELOPMENT COMMITTEE INTRODUCED +COMPUTER STUDIES+ IN THE SENIOR SECONDARY CURRICULUM IN 1980, ARGUING THAT ACCEPTANCE OF THIS NEW SUBJECT WAS MORE LIKELY IF IT COULD BE SEEN TO LEAD TO RECOGNITION IN THE HONG KONG CERTIFICATE OF EDUCATION EXAMINATION.

+THIS ASSUMPTION PROVED CORRECT AND OVER 90 SCHOOLS APPLIED TO JOIN THE FIRST PHASE OF THE COMPUTER STUDIES PILOT SCHEME, WHICH BEGAN IN SEPTEMBER, 1982. FUNDS WERE APPROVED TO ADMIT 30 PUBLIC-SECTOR SCHOOLS AND THE ADVISORY INSPECTORATE SET ABOUT MONITORING THE PROGRESS OF THE SCHEME AND STEPPING UP THE PROGRAMME OF IN-SERVICE TRAINING.

+PUBLISHERS WERE QUICK TO RESPOND TO THIS INITIATIVE AND WITHIN TWO YEARS A NUMBER OF SUITABLE BOOKS WERE AVAILABLE ON THE LOCAL MARKET AND A WEALTH OF RESOURCES LEARNING MATERIAL WAS AVAILABLE FOR SCHOOL USE.

+ENCOURAGED BY THE CLEAR SUCCESS OF THE SCHEME SO FAR AND THE INTEREST GENERATED IN THOSE SCHOOLS NOT DIRECTLY LINKED TO THE FIRST PHASE, ADDITIONAL FUNDS WERE SOUGHT TO EXPAND THE PROJECT TO A FURTHER 75 PUBLIC-SECTOR SECONDARY SCHOOLS IN SEPTEMBER,+ THE DIRECTOR SAID.

MR HAYE ALSO SAID THAT THE EDUCATION DEPARTMENT WOULD SHORTLY BE SETTING UP A SEPARATE SECTION WITHIN THE ADVISORY INSPECTORATE TO STRENGTHEN ADVISORY SERVICES IN COMPUTER STUDIES AND TO PLAN DEVELOPMENTS IN COMPUTER EDUCATION AND MICROELECTRONICS.

THERE WAS A STRONG GROUNDSWELL OF ENTHUSIASM FOR THE USE OF COMPUTERS IN SCHOOLS, PARTICULARLY AMONG TEACHERS, AND IT WAS HIS DEPARTMENT'S AIM TO BUILD ON THIS INTEREST, HE SAID.

FRANCE SETS THREE-YEAR QUOTA ON WATCHES
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THE TRADE DEPARTMENT RECEIVED CONFIRMATION TODAY THAT THE EEC COMMISSION HAD FORMALLY ANNOUNCED ITS DECISION TO AUTHORISE FRANCE TO INTRODUCE A TEMPORARY QUOTA GOVERNING THE IMPORT OF DIGITAL QUARTZ WATCHES. THIS DECISION WAS PUBLISHED IN THE EEC OFFICIAL JOURNAL ON APRIL 19 AND TOOK EFFECT ON THE FOLLOWING DAY.

THE QUOTA ARRANGEMENT WILL APPLY FOR THREE YEARS TO ALL SUPPLIERS EXCEPT THOSE COVERED BY A FREE TRADE AGREEMENT WITH THE EEC. THE LIMIT FOR THE FIRST YEAR, 1984, IS 6 793 000 PIECES. IT WILL GROW BY FIVE PER CENT PER ANNUM. WITHIN THE ANNUAL QUOTA, LIMITS ARE SET FOR MAJOR SUPPLIERS. THE LIMIT FOR HONG KONG FOR 1984 IS 4.4 MILLION PIECES. THIS WILL ALSO GROW BY FIVE PER CENT PER YEAR. THE NEW ARRANGEMENTS WILL SUPERSEDE THE EXISTING DISCRIMINATORY RESTRICTIN ON IMPORTS OF HONG KONG QUARTZ WATCHES MAINTAINED BY FRANCE.

COMMENTING ON THE EEC'S DECISION, A SPOKESMAN OF THE TRADE DEPARTMENT EXPRESSED REGRET THAT THE COMMISSION CONSIDERED PROTECTION NECESSARY FOR FRANCE'S WATCH INDUSTRY. HE NOTED, HOWEVER THAT THE NEW ARRANGEMENTS WERE NOT AS DISCRIMINATORY AGAINST HONG KONG AS THE RESTRICTIONS MAINTAINED BY FRANCE AGAINST HONG KONG SINCE OCTOBER 1981. THERE HAD ALSO BEEN AN ATTEMPT BY THE COMMISSION TO HAVE REGARD TO GATT PROVISIONS IN REACHING ITS DECISION, ALTHOUGH THE QUESTION OF WHETHER THE QUOTA ARRANGEMENT WAS FULLY CONSISTENT WITH THE GATT COULD NOT BE DETERMINED UNTIL A MORE THOROUGH EXAMINATION HAD BEEN CARRIED OUT.

IN THIS CONNECTION, THE SPOKESMAN SAID, THE COMMISSION'S DECISION WOULD HAVE TO BE NOTIFIED SHORTLY TO THE GATT COUNCIL AND CONSIDERED BY ITS MEMBERS. HONG KONG WOULD FOLLOW CLOSELY AND PARTICIPATE IN SUCH CONSIDERATIONS.

TURNING TO THE REMAINING RESTRICTIONS STILL BEING MAINTAINED BY FRANCE ON IMPORTS FROM HONG KONG OF TOYS, RADIOS AND UMBRELLAS, THE SPOKESMAN SAID THAT THE HONG KONG GOVERNMENT WOULD CONTINUE TO PRESS FOR THE EARLY TERMINATION OF THESE RESTRICTIONS.

HE SAID THAT HONG KONG'S REPRESENTATIVE HAD RAISED THIS ISSUE AT A NUMBER OF MEETINGS OF THE GATT COUNCIL - ON OCTOBER 3, NOVEMBER 1, 1983 AND FEBRUARY 7, 1984 - AND THE DEPARTMENT WAS ENCOURAGED BY THE SUPPORT RECEIVED WITHIN THE COUNCIL.

NOTE TO EDITORS:

\$24-MILLION CONTRACT TO BE SIGNED
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A \$24-MILLION CONTRACT FOR CONSTRUCTING PROMENADES ALONG THE BANKS OF THE SHING MUN RIVER IN SHA TIN WILL BE SIGNED TOMORROW (THURSDAY).

SIGNING WILL BE SHA TIN PROJECT MANAGER, MR C.K. CHOW, AND A REPRESENTATIVE OF THE CONTRACTOR, CHINA CONSTRUCTION ENGINEERING CORPORATION.

YOU ARE INVITED TO COVER THE SIGNING CEREMONY TO BE HELD AT 3 PM IN THE CONFERENCE ROOM AT SHA TIN NEW TOWN DEVELOPMENT OFFICE, SHA TIN GOVERNMENT OFFICES, 1ST FLOOR, 6 TUNG LO WAN HILL ROAD, SHA TIN.

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NOTE TO EDITORS :

PROPERTY REVIEW 1984
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THE COMMISSIONER OF RATING AND VALUATION, MR RAYMOND FRY, WILL GIVE A PRESS CONFERENCE ON THE FINDINGS OF THE +PROPERTY REVIEW 1984+ AT 2.30 PM TOMORROW (THURSDAY) IN THE GIS THEATRE, FIFTH FLOOR, BEACONSFIELD HOUSE, CENTRAL.

THE ASSISTANT COMMISSIONER, MR HUI MAN-SHING, WILL ALSO BE PRESENT.

YOU ARE INVITED TO COVER THE PRESS CONFERENCE.

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WEDNESDAY, APRIL 25, 1984

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NOTE TO EDITORS :

BELILIOS STAR FOR BRAVE YOUTH

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A CEREMONY WILL BE HELD TOMORROW (THURSDAY) AT THE SHEUNG WAN FIRE STATION TO PRESENT THE BELILIOS STAR TO AN 18-YEAR-OLD BOY, LEE WING-KEE, FOR HIS COURAGEOUS ACTION DURING TYPHOON ELLEN LAST YEAR.

THE BELILIOS STAR, WHICH IS AWARDED FOR ACTS OF CONSPICUOUS VALOUR OR SELF DENIAL WITHIN HONG KONG, WILL BE PRESENTED BY A DISTRICT BOARD MEMBER OF CENTRAL AND WESTERN DISTRICT MISS MARIA TAM AT 11 AM.

YOU ARE INVITED TO COVER THE CEREMONY.

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NOTE TO EDITORS:

INTERNATIONAL DRAWING CONTEST

LOCAL CHILDREN WILL BE ABLE TO PARTICIPATE IN AN INTERNATIONAL DRAWING CONTEST ON SUNDAY, MAY 6, AT THE CHATER ROAD PEDESTRIAN PRECINCT IN CENTRAL.

THE ANNUAL INTERNATIONAL CHILDREN DRAWING CONTEST, HELD IN HONG KONG SINCE 1978, IS OPEN TO CHILDREN AGED BETWEEN FOUR AND 13.

SPONSORED BY THE CENTRAL AND WESTERN DISTRICT BOARD, THE EVENT IS JOINTLY ORGANISED BY THE HARBOUR JAYCEES AND THE DISTRICT OFFICE.

DETAILS OF THIS YEAR'S CONTEST WILL BE ANNOUNCED AT A PRESS CONFERENCE AT 2.30 PM TOMORROW (THURSDAY) IN THE CONFERENCE ROOM OF THE CENTRAL AND WESTERN DISTRICT OFFICE ON THE THIRD FLOOR, 222-224 DES VOEUX ROAD CENTRAL.

YOU ARE INVITED TO ATTEND THE PRESS CONFERENCE.

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LONGER CLEARWAY HOURS

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FROM 10 AM ON FRIDAY (APRIL 27), URBAN CLEARWAY HOURS ON THE WESTBOUND CARRIAGEWAY OF CONNAUGHT ROAD CENTRAL BETWEEN ICE HOUSE STREET AND PEDDER STREET WILL BE EXTENDED TO 24 HOURS DAILY FOR TWO MONTHS.

NO MOTOR VEHICLES OTHER THAN FRANCHISED BUSES WILL BE ALLOWED TO STOP FOR PASSENGERS OR GOODS WITHIN THE ROAD SECTION.

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