



## DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL: 5-233191

WEDNESDAY, FEBRUARY 24, 1982

### CONTENTS

### PAGE NO.

#### BUDGET SPEECH

TAX CONCESSIONS TO BENEFIT 300 000 .....	1
CONCESSIONS ON INTEREST TAX EFFECTIVE TOMORROW .....	2
TAX INCENTIVES TO BOOST INVESTMENT .....	4
RELIEF IN ESTATE DUTY .....	5
8 PER CENT GROWTH IN GDP TIPPED .....	5
\$11 BILLION FOR PUBLIC WORKS AND LAND ACQUISITIONS .....	7
\$1.6 BILLION TO BE SPENT ON HIGHWAYS .....	8
PUBLIC EXPENDITURE MUST KEEP PACE WITH GDP - FS .....	9
NEW DEPARTMENT TO COMBINE TECHNICAL EDUCATION AND INDUSTRIAL TRAINING .....	11
\$4.1 BILLION FOR MORE HOUSING .....	12
BETTER CARE FOR AGED, HANDICAPPED AND YOUNG .....	13
HOSPITAL OVERCROWDING EASED .....	15
POLICE STRENGTH TO BE INCREASED BY 1 000 .....	16
NEW TOWN DEVELOPMENT .....	17
REVENUE TO REACH \$39.7 BILLION IN 1982-83 .....	17
\$6.3 BILLION SURPLUS TIPPED FOR 1982-83 .....	19
\$7.7 BILLION SURPLUS FOR 1981-82 .....	21
FS HOPES TO REVIEW SEPARATE TAXATION FOR WORKING WIVES NEXT YEAR .....	22
ECONOMIC AND SOCIAL POLICIES OUTLINED .....	23
SIR MURRAY'S MONUMENT: A DECADE OF PROGRESS .....	24
HONG KONG IS DOING WELL, SAYS FS .....	24
TELEVISION TALK ON BUDGET .....	28
SIR SHIU-KIN PLEDGES \$5 MILLION TOWARDS GOVERNMENT MEDICAL PROJECT .....	31
GREAT CHANGES IN NEW TERRITORIES, SAYS MACPHERSON .....	32
BUILDING IN DANGEROUS CONDITION .....	33

WEDNESDAY, FEBRUARY 24, 1982

- 1 -

TAX CONCESSIONS TO BENEFIT 300 000

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THE FINANCIAL SECRETARY, THE HON JOHN BREMIDGE, IN HIS FIRST BUDGET, HAS PROPOSED CONSIDERABLE CONCESSIONS IN THE PERSONAL TAXATION WHICH WILL BENEFIT ABOUT 300 000 TAXPAYERS.

THE NEW ALLOWANCES ARE:

- \* AN INCREASE IN THE LEVEL OF PERSONAL ALLOWANCES FROM \$15 000 TO \$20 500 FOR SINGLE PERSONS AND FROM \$30 000 TO \$41 000 FOR MARRIED COUPLES-
- \* AN INCREASE IN THE CHILD ALLOWANCES FROM \$7 000 TO \$8 000 FOR THE FIRST CHILD AND FROM \$5 000 TO \$5 500 FOR THE SECOND CHILD. ALLOWANCES FOR THE THIRD TO NINTH CHILDREN WILL REMAIN UNCHANGED- AND
- \* AN INCREASE IN THE DEPENDENT PARENT ALLOWANCE FROM \$7 000 TO \$8 000.

THE PRESENT SUPPLEMENTARY PERSONAL ALLOWANCES OF \$7 500 FOR A SINGLE PERSON AND \$15 000 FOR A MARRIED PERSON WILL REMAIN UNCHANGED, AND THE AVAILABLE CLAW-BACK MECHANISM WILL CONTINUE TO BE ZERO RATED. TAKEN TOGETHER THE BASIC PERSONAL ALLOWANCE PLUS SUPPLEMENTARY ALLOWANCE, THE TAX THRESHOLD FOR A SINGLE PERSON WILL BE INCREASED FROM \$22 500 TO \$28 000 AND FROM \$45 000 TO \$56 000 FOR A MARRIED COUPLE. THE NEW ALLOWANCES WILL BE, THEREFORE, VERY NEARLY 25 PER CENT HIGHER THAN THE PRESENT LEVELS FIXED A YEAR AGO.

THESE INCREASED ALLOWANCES WILL KEEP AN ESTIMATED 92 000 PEOPLE, WHO WOULD OTHERWISE BE BROUGHT INTO THE TAX NET, OUT OF IT. THEY COMPRISED 52 000 TAXPAYERS WHO WERE PREVIOUSLY LIABLE TO TAX AND 40 000 OTHERS WHO WOULD HAVE BECOME LIABLE IN 1982-83 WITHOUT THESE CONCESSIONS.

ABOUT 218 000 WILL REMAIN IN THE TAX NET. OF THESE SOME 205 000 WILL BENEFIT BY WAY OF REDUCED LIABILITY.

UNDER THE PROPOSED CONCESSIONS, THE TAX LIABILITY OF A SINGLE PERSON WITH AN ANNUAL INCOME OF \$36 000 WILL BE REDUCED FROM \$850 TO \$400, A SAVING OF \$450 OR 52.9 PER CENT.

FOR A MARRIED COUPLE WITH NO CHILDREN EARNING \$96 000 A YEAR, THEIR TAX LIABILITY WILL BE REDUCED FROM \$7 750 TO \$5 000, A SAVING OF \$2 750 OR 35.5 PER CENT. THE TAX SAVING FOR A MARRIED COUPLE WITH TWO CHILDREN AT THE SAME INCOME LEVEL WILL BE \$2 325 OR 48.4 PER CENT.

UNDER THE NEW ALLOWANCES, THE INCOME LEVELS AT WHICH SALARIES TAXPAYERS ENTER THE STANDARD RATE ZONE WILL BE RAISED FROM \$106 250 TO \$120 000 FOR A SINGLE PERSON AND FROM \$162 500 TO \$190 000 FOR A MARRIED COUPLE WITH NO CHILDREN.

/COMPARED WITH .....

COMPARED WITH TAX LIABILITY OF OTHER COUNTRIES IN THIS REGION AND UK, TAX PAYABLE IN HONG KONG IS THE LOWEST. FOR EXAMPLE, A MARRIED COUPLE WITH NO CHILDREN EARNING \$60 000 A YEAR WILL PAY \$200 IN TAX IN HONG KONG WITH AN EFFECTIVE TAX RATE OF 0.3 PER CENT WHILE THEIR TAX LIABILITY IN SINGAPORE WILL BE \$4 341 (7.2% OF THEIR INCOME) = \$6 008 IN MALAYSIA (10%) AND \$11 052 IN UK (18.4%).

IF APPROVED, THE NEW ALLOWANCES WILL BE APPLICABLE TO FINAL SALARIES TAX ASSESSMENTS AND ALSO FOR PERSONAL ASSESSMENTS FOR 1981-82 AND TO PROVISIONAL SALARIES TAX FOR 1982-83.

THE COST TO THE REVENUE IN 1982-83, AFTER ALLOWING FOR THE TWO-INSTALMENT SYSTEM FOR THE PAYMENT OF PROVISIONAL SALARIES TAX, WILL BE \$509 MILLION, EQUIVALENT TO A 22 PER CENT OF THE ESTIMATED REVENUE FROM THE PERSONAL TAXATION. THE COST IN A FULL YEAR IS ESTIMATED TO BE AT \$316 MILLION AT PRESENT LEVELS OF CHARGEABLE INCOME.

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#### NOTE TO EDITORS:

EXAMPLES OF SALARIES TAX PAYABLE UNDER THE PROPOSED CONCESSIONS ARE SHOWN IN APPENDICE E AND F OF THE FINANCIAL SECRETARY'S BUDGET SPEECH- THE INCOME LEVELS AT WHICH SALARIES TAXPAYERS ENTER THE STANDARD RATE ZONE ARE IN APPENDIX G WHILE THE COMPARISON OF TAX PAYABLE IN HONG KONG, SINGAPORE, MALAYSIA AND UK IS CONTAINED IN APPENDIX H.

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#### CONCESSIONS ON INTEREST TAX EFFECTIVE TOMORROW

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WITH EFFECT FROM TOMORROW (THURSDAY), INTEREST PAID OR CREDITED ON FOREIGN CURRENCY DEPOSITS PLACED WITH LICENSED BANKS AND REGISTERED AND LICENSED DEPOSIT-TAKING COMPANIES WILL BE EXEMPT FROM INTEREST TAX WHILE THE INTEREST TAX ON HONG KONG DOLLAR DEPOSITS WITH THESE FINANCIAL INSTITUTIONS WILL BE REDUCED FROM 15 TO 10 PER CENT UNDER AN ORDER SIGNED BY THE GOVERNOR THIS (WEDNESDAY) MORNING.

THESE CONCESSIONS WERE ANNOUNCED BY THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE IN HIS BUDGET SPEECH TODAY.

MR BREMRIDGE SAID INTEREST ON OTHER FORMS OF INDEBTEDNESS SUCH AS MORTGAGES AND PRIVATE LOANS WOULD CONTINUE TO ATTRACT LIABILITY TO TAX AT THE STANDARD RATE OF 15 PER CENT, OR 16-1/2 PER CENT IN THE CASE OF THE PROFITS OF CORPORATIONS WHICH RECEIVED SUCH INTEREST AS PART OF THEIR TRADING PROFITS.

THE COST TO REVENUE OF EXEMPTING FOREIGN CURRENCY DEPOSITS AND OF REDUCING THE INTEREST RATE ON HONG KONG DOLLAR DEPOSITS IS ESTIMATED TO BE \$400 MILLION IN 1982-83, SUBJECT ALWAYS TO THE INFLUENCES WHICH VARIATIONS IN INTEREST RATES FROM TIME TO TIME AND IN THE VOLUMES OF DEPOSIT BUSINESS TRANSACTED MIGHT HAVE ON REVENUE YIELDS.

MR BREMRIDGE SAID HE DECIDED AGAINST IMPOSING A MINIMUM LEVEL ON FOREIGN CURRENCY DEPOSITS AS ANY SUCH LIMITATION WOULD NECESSARILY HAVE HAD TO BE ARBITRARY. IF SET TOO HIGH IT WOULD HAVE VITIATED THE OBJECTIVES OF THE EXEMPTION AND IF SET TOO LOW IT COULD HAVE BEEN READILY CIRCUMVENTED, FOR INSTANCE BY GROUPS OF DEPOSITORS JOINING TOGETHER TO MEET THE STIPULATED MINIMUM.

+FURTHERMORE A MINIMUM LEVEL OF DEPOSITS WHICH WAS PITCHED HIGH WOULD BE OPEN TO CRITICISM ON GROUNDS OF EQUITY - HELPING ONLY THE RICH INVESTORS AT THE EXPENSE OF THE MAN IN THE STREET.+

MR BREMRIDGE SAID ACCORDING TO A REPORT PREPARED BY THE HONG KONG ASSOCIATION OF BANKS, THE GENERAL CONSENSUS OF ITS MEMBERS WAS IN FAVOUR OF A TAX EXEMPTION FOR FOREIGN CURRENCY DEPOSITS. +THESE SUBMISSIONS ACKNOWLEDGED THE PROBABLE FISCAL CONSEQUENCES OF REPEAL, BUT TOOK THE VIEW THAT IN THE CONTEXT OF OUR BUDGETARY SITUATION, WE COULD AFFORD THE LOSS IN YIELDS FROM INTEREST TAX. THEY ALSO ARGUED THAT THE MONETARY AND ECONOMIC ADVANTAGES, IN PARTICULAR THE ENHANCEMENT OF HONG KONG'S POSITION AS AN INTERNATIONAL FINANCIAL CENTRE, COULD WELL OUTWEIGH THE FISCAL LOSSES- AND THAT SUCH LOSSES WOULD IN PART AT LEAST BE OFFSET BY INCREASED PROFITS TAX YIELDS FROM FINANCIAL INSTITUTIONS.

+AFTER LONG INTERNAL DEBATE AND MUCH HEARTSEARCHING WE HAVE COME TO THE CONCLUSION THAT THE ARGUMENTS FOR A PARTIAL REPEAL OF THE INTEREST TAX ON PRAGMATIC AND ECONOMIC GROUNDS OUTWEIGH THE FISCAL ARGUMENTS FOR ITS RETENTION. THE GOVERNMENT CONSIDERS THAT THE CONTINUING GROWTH OF HONG KONG AS AN INTERNATIONAL FINANCIAL CENTRE IS WORTHY OF ENCOURAGEMENT,+ HE SAID.

HAVING DECIDED TO EXEMPT SUCH INTEREST TAX, MR BREMRIDGE SAID, THERE REMAINED THE PROBLEM THAT THE HONG KONG DOLLAR WOULD BE IN DANGER IF DEPOSITORS BEGAN SIGNIFICANTLY TO MOVE ACROSS THE EXCHANGES OUT OF LOCAL DOLLAR DEPOSITS INTO FOREIGN CURRENCY DEPOSITS.

HE SAID IT WAS NOW A RELATIVELY SIMPLE MATTER FOR AN INVESTOR TO MINIMISE HIS EXCHANGE RISKS AT SMALL COST BY ENTERING INTO WHAT WAS KNOWN IN THE TRADE AS A +SWAP+ TRANSACTION - THAT WAS THE COINCIDENTAL PURCHASE AND RESALE OF THE FOREIGN CURRENCY DEPOSIT. THIS PRACTICE WAS CLEARLY MUSHROOMING.

MR BREMRIDGE SAID BY REDUCING THE INTEREST TAX ON HONG KONG DOLLAR DEPOSITS TO 10 PER CENT, THE TAX ADVANTAGES OF MOVING INTO FOREIGN CURRENCY DEPOSITS WOULD USUALLY BE SMALL AND A SWITCH COULD WELL BE DISADVANTAGEOUS WHEN MEASURED AGAINST THE COSTS OF COVERING EXCHANGE RISKS.

WEDNESDAY, FEBRUARY 24, 1982

- 4 -

TAX INCENTIVES TO BOOST INVESTMENT  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE HAS PROPOSED TWO TAX CONCESSIONS WHICH OFFER INCENTIVES FOR INVESTMENT TO THE BUSINESS SECTOR AND IN PARTICULAR TO MANUFACTURERS.

IN HIS BUDGET, THE FINANCIAL SECRETARY PROPOSED THAT THE INITIAL ALLOWANCE FOR EXPENDITURE INCURRED ON THE PROVISION OF QUALIFYING PLANT AND EQUIPMENT SHOULD BE INCREASED FROM 35 PER CENT TO 55 PER CENT.

HE ALSO PROPOSED THAT THE GRANT OF INDUSTRIAL BUILDINGS ALLOWANCES, WHICH ARE AT PRESENT COMPUTED BY REFERENCE TO THE COST OF CONSTRUCTION ONLY, SHOULD BE COMPUTED BY REFERENCE TO THE NET PRICE PAID BY THE PURCHASER.

IN PUTTING FORWARD HIS PROPOSALS, MR BREMRIDGE SAID HE WAS WELL AWARE OF THE DIFFICULTIES CURRENTLY BEING EXPERIENCED FOR EXAMPLE BY MANY IN THE SPINNING, WEAVING, DYEING AND FINISHING SECTORS.

HE SAID HE BELIEVED THAT IF OUR INDUSTRY IS TO REMAIN FLEXIBLE AND COMPETITIVE, MANUFACTURERS SHOULD BE FURTHER ENCOURAGED TO EXPAND THEIR INVESTMENT IN NEW CAPITAL EQUIPMENT.

IT IS ALSO DESIRABLE, HE SAID THAT NEW PLANT AND EQUIPMENT, AND PARTICULARLY THE WORKERS WHO OPERATE THE MACHINES, SHOULD BE ACCOMMODATED IN MODERN AND EFFICIENT PREMISES.

MR BREMRIDGE SAID THE NEW INITIAL ALLOWANCE FOR EXPENDITURE ON PLANT AND EQUIPMENT WILL APPLY TO BOTH FINAL PROFITS TAX ASSESSMENTS FOR 1981-82 AND PROVISIONAL PROFITS TAX FOR 1982-83.

THE COST TO THE REVENUE OF THIS INCREASED ALLOWANCE WILL BE \$354 MILLION IN 1982-83 AND \$180 MILLION IN A +FULL+ YEAR.

THE NEW INDUSTRIAL BUILDINGS ALLOWANCES, ALSO APPLICABLE TO BOTH FINAL PROFITS TAX ASSESSMENTS FOR 1981-82 AND PROVISIONAL PROFIT TAX FOR 1982-83, WILL MEAN THE COST TO THE REVENUE OF \$66 MILLION IN 1982-83 AND \$34 MILLION IN A +FULL+ YEAR.

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RELIEF IN ESTATE DUTY

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, AMONG HIS PACKAGE OF TAX CUTS IN HIS FIRST BUDGET SPEECH, HAS PROPOSED THREE CONCESSIONS IN THE ESTATE DUTY WHICH HE SAYS IS IN LINE WITH HONG KONG'S LOW TAX PHILOSOPHY.

THE CONCESSIONS ARE:

- \* THE EXEMPTION LIMIT ON ESTATE DUTY WILL BE INCREASED FROM \$1 MILLION TO \$2 MILLION=
- \* NEW RATES FOR ESTATE DUTY FROM 10 PER CENT FOR \$2 MILLION, RISING BY TWO PERCENTAGE POINTS FOR EVERY EXTRA \$500 000 TO THE MAXIMUM RATE OF 18 PER CENT FOR \$4 MILLION AND ABOVE= AND
- \* EXEMPTION FROM DUTY ALTOGETHER THE PRINCIPAL MATRIMONIAL HOME OF THE DECEASED WHO HAS LEFT A SURVIVING SPOUSE.

ON THE FIRST CONCESSION, MR BREMRIDGE SAID THE INCREASE MIGHT AT FIRST SIGHT SEEM SOMEWHAT GENEROUS, BUT IT RECOGNISED THAT ASSET VALUES HAD CONTINUED TO RISE AND WAS CONSISTENT WITH OUR LOW TAX PHILOSOPHY.

THE NEW RATES FOR THE ESTATE DUTY WERE TO KEEP THE CONCEPT OF GRADUALITY IN TAXATION WHILE THE LAST RELIEF ACKNOWLEDGED THE CLAIM THAT SOMETIMES THERE COULD BE HARDSHIP FOR THE SURVIVING SPOUSE BECAUSE THE HOME WAS SUBJECT TO DUTY. +WHILE I KNOW OF NO CASE WHERE A WIDOW HAS BEEN OBLIGED TO SELL THE HOME IN ORDER TO PAY THE DUTY, IT SEEMS LOGICAL IN THE CONTEXT OF OUR LOW TAX PHILOSOPHY TO EXCLUDE IT FROM CHARGE.+

THE COST TO THE REVENUE OF THESE THREE CONCESSIONS WILL BE ABOUT \$42 MILLION IN 1982-83 AND \$52 MILLION IN THE FOLLOWING YEAR.

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8 PER CENT GROWTH IN GDP TIPPED

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HONG KONG'S GROSS DOMESTIC PRODUCT WILL GROW BY EIGHT PER CENT IN REAL TERMS IN 1982, MADE UP OF GROWTH RATES OF SEVEN PER CENT FOR BOTH PRIVATE AND GOVERNMENT CONSUMPTION EXPENDITURE AND OF 16 PER CENT FOR GROSS DOMESTIC FIXED CAPITAL FORMATION.

THE FORECAST WAS MADE BY THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE IN HIS BUDGET PRESENTED TO THE LEGISLATIVE COUNCIL TODAY.

MR BREMRIDGE SAID ALTHOUGH THE FORECAST GROWTH RATE IN REAL TERMS FOR THE GDP IS LOWER THAN OUR ACTUAL ACHIEVEMENT IN RECENT YEARS, IT IMPLIES A GREATER INCREASE IN THE GROWTH RATE OF OUTPUT PER PERSON EMPLOYED THAN LAST YEAR.

- 6 -

+THIS IS THE RESULT OF THE GROWTH RATE OF THE LABOUR FORCE RETURNING TO AROUND TWO PER CENT TO THREE PER CENT AS THE EFFECTS OF ILLEGAL IMMIGRATION SUBSIDE,+ HE SAID.

FURTHERMORE THE GDP FORECAST, ALLIED WITH A FORECAST GROWTH RATE OF 1.9 PER CENT IN THE POPULATION, IMPLIES A GROWTH RATE OF SIX PER CENT IN PER CAPITA GDP, ONLY SLIGHTLY LESS THAN THE SEVEN PER CENT FOR 1981.

THIS MEANS THAT +PER CAPITA GDP AT CURRENT PRICES WILL HAVE REACHED THE IMPRESSIVE FIGURE OF \$30 370, WHICH IS 16 PER CENT HIGHER THAN IN 1981, MR BREMRIDGE POINTED OUT.

+AS THE DEPRESSIVE EFFECT OF IMMIGRATION ON WAGE INCREASES SHOULD CONTINUE TO SUBSIDE, THERE IS EVERY REASON TO BELIEVE THAT OUR LOWER PAID WORKERS WILL ENJOY THEIR FAIR SHARE OF THIS EXPECTED INCREASE IN PROSPERITY,+ HE SAID.

THE FINANCIAL SECRETARY ALSO FORECAST THAT THE GROWTH RATES FOR DOMESTIC EXPORTS AND RE-EXPORT WILL BE SEVEN PER CENT AND 20 PER CENT, GIVING A FORECAST OF 11 PER CENT FOR TOTAL EXPORTS IN 1982.

THE FORECAST FOR IMPORTS IS 12 PER CENT AND FOR NET EXPORT OF SERVICES FIVE PER CENT.

MR BREMRIDGE EXPECTED THE RATE OF INCREASE OF THE GDP DEFLATOR, A GENERAL MEASURE OF INFLATION, TO SLOW DOWN TO NINE PER CENT COMPARED WITH 10 PER CENT IN 1981- AND THE RATE OF INCREASE IN CONSUMER PRICES TO SLOW DOWN TO 12 PER CENT COMPARED WITH 15 PER CENT.

+SHOULD THIS FORECAST ACTUALLY BE BORNE OUT, IT WILL BE ASSOCIATED WITH A FAIR MEASURE OF STABILITY,+ HE SAID.

+THERE SHOULD NOT BE ANY SIGNIFICANT IMBALANCE BETWEEN AGGREGATE DEMAND AND SUPPLY, AND THUS THE VISIBLE TRADE GAP SHOULD NOT WIDEN APPRECIABLY.

+THE GROWTH RATE OF DOMESTIC DEMAND SHOULD NOT BE SO RAPID AS TO PRE-EMPT ADEQUATE RESOURCES GOING TO THE EXPORT SECTOR. CONSEQUENTLY DOMESTIC EXPORTS SHOULD PLAY AN INCREASINGLY IMPORTANT PART IN PROVIDING THE IMPETUS TO ECONOMIC GROWTH.+

MR BREMRIDGE SAID THE PUBLIC SECTOR SHOULD STILL BE COMMANDING AN INCREASING SHARE OF THE ECONOMY'S RESOURCES, BUT THE EXTENT OF THE INCREASE SHOULD BE LESS THAN IN 1981.

THE GROWTH RATE OF INVESTMENT SHOULD BE REASONABLY RAPID, BUT IN RESPECT OF BUILDING AND CONSTRUCTION, BECAUSE THERE IS SOME SPARE CAPACITY AT PRESENT THE GROWTH SHOULD NOT BE SO FAST AS TO CREATE UNDUE PRESSURE ON COSTS.

+BUT WITH THE PUBLIC SECTOR'S SHARE OF THIS INDUSTRY'S OUTPUT INCREASING WHEN PRIVATE SECTOR DEMAND IS ALSO GROWING, WE SHALL HAVE TO LOOK OUT FOR SIGNS OF SUCH PRESSURE DEVELOPING,+ HE SAID.

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**\$11 BILLION FOR PUBLIC WORKS AND LAND ACQUISITIONS  
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THE CAPITAL WORKS RESERVE FUND, SET UP THIS JANUARY, WILL HAVE, IF APPROVED, \$11 BILLION TO BE SPENT ON PUBLIC WORKS AND LAND ACQUISITION.

THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, CALLED FOR THIS MONEY TO BE TRANSFERRED FROM THE DRAFT EXPENDITURE ESTIMATES.

PUBLIC WORKS WOULD ACCOUNT FOR \$6.7 BILLION, AN INCREASE OF \$1.6 BILLION OR 32 PER CENT OVER THE 1981-82 REVISED ESTIMATE AND LAND ACQUISITIONS, \$1.7 BILLION.

THE SURPLUS FROM THE FUND WOULD BE ABOUT \$2.6 BILLION, MR BREMRIDGE SAID.

HE SAID THE OUTSTANDING COMMITMENT ON PROJECTS IN HAND ON APRIL 1 LAST YEAR WAS NEARLY \$23 BILLION AND THAT THIS INCREASED BY OVER \$7 BILLION BECAUSE OF NEW PROJECTS DURING 1981-82.

WORK SCHEDULED DURING 1982-83 ON NEW PROJECTS WOULD TOTAL ABOUT \$3 BILLION, HE SAID.

+AFTER ALLOWING FOR ESTIMATED EXPENDITURE ON OTHER CONTINUING PROJECTS DURING 1982-83, THE OUTSTANDING COMMITMENT AT APRIL 1, 1983 WILL BE NO LESS THAN \$18 BILLION, BUT WILL CERTAINLY BE MUCH HIGHER AS FURTHER NEW WORKS ARE APPROVED DURING THE YEAR,+ HE SAID.

MR BREMRIDGE PROPOSED TO SPEND \$6.4 BILLION ON TRANSPORT, ROADS, CIVIL ENGINEERING AND LAND. THIS AMOUNT, HE ADDED, WOULD BE 17 PER CENT OF TOTAL CONSOLIDATED ACCOUNT EXPENDITURE, COMPARED WITH \$1 BILLION OR 11 PER CENT IN 1977-78.

ON LAND PRODUCTION, HE SAID THE SPECIAL COMMITTEE ON LAND SUPPLY WOULD PAY PARTICULAR ATTENTION TO IMPROVING THE METHODOLOGY OF LAND PRODUCTION FORECASTS- SETTING TARGETS FOR THE SUPPLY OF LAND FOR ALL USES (OTHER THAN FOR PUBLIC HOUSING WHICH HAS PRIORITY AND FOR WHICH THE SUPPLY IS GEARED TO THE HOUSING AUTHORITY'S REQUIREMENTS), BASED ON DEMAND RATHER THAN PRODUCTION OF NEW LAND ESTIMATES- REVIEWING PROGRESS OF PLANS TO PRODUCE MORE LAND IN THE 80S AT MA ON SHAN, AS AN EXTENSION TO SHA TIN NEW TOWN, AND AT JUNK BAY, AND, EXAMINING THE EFFECTS OF TEMPORARY USES OF LAND AND OF SQUATTING UPON THE PROVISION OF LAND FOR DEVELOPMENT.

HE ALSO SAID GROSS LAND PRODUCTION IN 1982-83 WAS EXPECTED TO BE 644 HECTARES, COMPARED WITH 632 HECTARES THIS YEAR (EXCLUDING 27 HECTARES AND 40 HECTARES RESPECTIVELY FOR LAND FORMED BY OR FOR THE INDUSTRIAL ESTATES CORPORATION).

THE LAND PRODUCTION FORECAST FOR 1983-84 IS 852 HECTARES- FOR 1984-85, 729 HECTARES AND, 1985-86, 622 HECTARES.

WEDNESDAY, FEBRUARY 24, 1982

- 8 -

## \$1.6 BILLION TO BE SPENT ON HIGHWAYS

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OVER \$1.6 BILLION OUT OF THE \$11 BILLION PROPOSED FOR THE CAPITAL WORKS RESERVE FUND HAS BEEN EARMARKED FOR IMPROVING HIGHWAYS IN 1982-83, THE LEGISLATIVE COUNCIL WAS TOLD TODAY (WEDNESDAY).

IN PROPOSING THIS, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID THE AIM OF ROAD DEVELOPMENT WAS TO PROVIDE A HIGHWAYS NETWORK THAT WOULD PERMIT THE FREE AND RAPID MOVEMENT OF VEHICULAR TRAFFIC TO AND FROM ANY PART OF THE TERRITORY WITH SAFETY AND ECONOMY.

+TO THIS END, EIGHT MAIN TRUNK ROUTES HAVE BEEN IDENTIFIED AND A LARGE NUMBER OF PROJECTS HAVE EITHER BEEN STARTED OR ARE BEING PLANNED TO IMPROVE THESE ROUTES,+ HE SAID.

THE ROUTES ARE NAMED FROM 1 TO 8, WITH ROUTE 5 BEING A PROPOSED ROUTE FROM SHA TIN TO TSUEN WAN FOR WHICH A FEASIBILITY STUDY HAS JUST BEEN COMPLETED.

ROUTE 1, HE SAID, WOULD BE FROM ABERDEEN TO THE SHA TIN-NORTH TAI PO COASTAL ROAD VIA THE ABERDEEN TUNNEL, THE CANAL ROAD FLYOVER TO THE CROSS HARBOUR TUNNEL, AND THEN TO WO HOP SHEK FROM PRINCESS MARGARET ROAD, WATERLOO ROAD, THE LION ROCK TUNNEL, ROAD T1 THROUGH SHA TIN.

THE PROVISION OF \$291 MILLION IN 1982-83 WOULD BE MAINLY FOR THE COMPLETION OF THE ABERDEEN TUNNEL, THE WONG NEI CHUNG GAP ROAD-STUBBS ROAD FLYOVER, THE SHA TIN TO NORTH TAI PO COASTAL TRUNK ROAD AND THE NEW TERRITORIES TRUNK ROAD IMPROVEMENTS.

ROUTE 2 (\$288 MILLION), STARTS FROM THE CROSS HARBOUR TUNNEL WESTWARDS VIA TSUEN WAN AND TUEN MUN TO YUEN LONG AND FANLING.

THE ROUTE FOLLOWS GASCOIGNE ROAD AND TONG MEI ROAD FIRST, AND THEN PROCEEDS ALONG THE COAST THROUGH YAU MA TEI, SHAM SHUI PO AND LAI CHI KOK (THE WEST KOWLOON CORRIDOR) TO JOIN THE TSUEN WAN BYPASS.

IT THEN CONTINUES VIA THE BYPASS, THE TUEN MUN HIGHWAY AND CASTLE PEAK ROAD TO TUEN MUN AND YUEN LONG, CONTINUING VIA AU TAU AND MAI PO TO JOIN ROUTE 1 AT THE SOUTHERN END OF THE FANLING BYPASS.

ROUTE 3 (\$76 MILLION), STARTS FROM THE CROSS HARBOUR TUNNEL VIA THE WUHU INTERCHANGE AND CHATHAM ROAD TO THE AIRPORT TUNNEL AND THEN ACROSS KOWLOON BAY RECLAMATION TO LEI YUE MUN VIA KWUN TONG ROAD.

ROUTE 4 (\$45 MILLION) STARTS FROM LAI CHI KOK VIA CHING CHEUNG AND LUNG CHEUNG ROADS, PAST THE SOUTHERN ENTRANCE TO THE LION ROCK TUNNEL TO JOIN KWUN TONG ROAD AT PING SHEK AND THEN TO JOIN ROUTE 3 AT NGAU TAU KOK.

/ROUTE 6 .....

ROUTE 6 (\$10 MILLION) IS FROM THE INTERCHANGE NORTH OF MEI FOO SUN CHUEN VIA CASTLE PEAK ROAD THROUGH TSUEN WAN TO JOIN ROUTE 2 AT THE EASTERN END OF THE TUEN MUN HIGHWAY.

ROUTE 7 (\$15 MILLION), IS FROM ABERDEEN WESTWARDS VIA KELLETT BAY, TELEGRAPH BAY AND SANDY BAY TO JOIN CONNAUGHT ROAD AT THE WESTERN RECLAMATION, AND THEN VIA CONNAUGHT ROAD, HARCOURT ROAD AND GLOUCESTER ROAD TO VICTORIA PARK.

THE \$15 MILLION PROVISION FOR 1982-83 WOULD BE MAINLY FOR THE INVESTIGATION AND DETAILED DESIGN OF THE ELEVATED ROAD ALONG CONNAUGHT ROAD AND THE FEASIBILITY STUDY AND PRELIMINARY DESIGN OF THE ROAD FROM KENNEDY TOWN TO ABERDEEN.

ROUTE 8 (\$345 MILLION), IS FROM VICTORIA PARK TO CHAI WAN VIA THE HONG KONG ISLAND EASTERN CORRIDOR NOW UNDER CONSTRUCTION.

MR BREMRIDGE SAID ANOTHER \$551 MILLION WOULD BE NEEDED FOR IMPROVEMENTS TO SECONDARY ROUTES, MISCELLANEOUS MINOR ROADWORKS AND ROADS WITHIN NEW TOWN LAYOUTS.

HE SAID THE AREA TRAFFIC CONTROL SYSTEM DESIGNED TO INCREASE THE CAPACITY OF EXISTING ROADS BY IMPROVING TRAFFIC FLOW WAS ALREADY OPERATING SUCCESSFULLY IN WEST KOWLOON AND WAS BEING EXTENDED TO COVER EAST KOWLOON AND THE NORTHERN PART OF HONG KONG ISLAND.

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PUBLIC EXPENDITURE MUST KEEP PACE WITH GDP - FS  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, TODAY UNDERLINED THE NEED FOR FIRM BUT SENSITIVE RESTRAINT OF THE GROWTH OF PUBLIC EXPENDITURE.

MERELY THROWING MONEY AT PROBLEMS SOLVES NOTHING IN THE LONG RUN HE SAID, STRESSING THAT IN THE FUTURE HONG KONG SHOULD TRY TO KEEP THE GROWTH RATE IN PUBLIC SPENDING DOWN TO THAT OF THE GDP.

FOR THE COMING YEAR, MR BREMRIDGE HAS BUDGETTED FOR A 10.7 PER CENT INCREASE IN REAL TERMS IN PUBLIC SECTOR EXPENDITURE.

THE TOTAL EXPENDITURE ON CONSOLIDATED ACCOUNT FOR THE NEW FISCAL YEAR WILL BE NO LESS THAN \$37.7 BILLION, AN INCREASE IN MONEY TERMS OF \$6.8 BILLION, OR 22 PER CENT OVER THE REVISED ESTIMATE FOR 1981-82.

HE SAID THE GROWTH RATE OF 10.7 PER CENT ENVISAGED FOR 1982-83 THOUGH LARGE, REPRESENTED A SIGNIFICANT SLOWING DOWN IN THE GROWTH RATE OF THE PUBLIC SECTOR.

+THIS IS STILL ARGUABLY ON THE HIGH SIDE THOUGH IT DOES INCLUDE CONSIDERABLE CONTINGENCIES, BUT CERTAINLY IT IS TRENDING THE RIGHT WAY - IF INDEED IT IS ACCOMPLISHED.+

HE HOPED THAT MEMBERS OF THE LEGISLATIVE COUNCIL WOULD ACCEPT THE OVERALL NEED FOR FIRM THOUGH SENSITIVE RESTRAINT OF THE GROWTH OF PUBLIC EXPENDITURE, BEARING IN MIND THAT RESTRAINT DID NOT MEAN PETTY-MINDED MEANNESS. NOR WAS HE SEEKING REDUCTIONS EXCEPT WHERE THERE WAS CLEAR WASTE OR PROGRAMMES CHANGE OR END.

+I CANNOT ACCEPT INCREASED OVERALL EXPENDITURE, FOR I MUST EMPHASISE MY BELIEF THAT A THRIFTY USE OF RESOURCES AND A CORRECT ALLOCATION OF PRIORITIES REPRESENT THE PRUDENT APPROACH. MERELY THROWING MONEY AT PROBLEMS SOLVES NOTHING IN THE LONG RUN,+ HE SAID.

MR BREMRIDGE NOTED THAT THE GROWTH RATE FOR PUBLIC SECTOR EXPENDITURE FOR 1981-82 WAS 21.8 PER CENT IN REAL TERMS AND THIS WAS QUITE DIFFERENT FROM LAST YEAR'S BUDGET FORECAST FOR AN EASING BACK IN THE INCREASE IN EXPENDITURE IN REAL TERMS ON CONSOLIDATED ACCOUNT FROM 21.4 PER CENT IN 1980-81 TO 12.8 PER CENT IN THE CURRENT FINANCIAL YEAR.

HE EXPLAINED THAT THIS WAS DUE TO THE FACT THAT EXPENDITURE HAD BEEN BOOSTED BY THE NEED TO OPERATE THE DESALTER AND THE INCREASED COSTS OF LAND ACQUISITION. NEITHER COULD BE ANTICIPATED, AND NEITHER COULD BE OFFSET AGAINST OTHER SAVINGS.

NEVERTHELESS, HE SAID, IT WAS CLEAR THAT IN ANY GROWING ECONOMY IT WAS APPROPRIATE THAT PUBLIC EXPENDITURE SHOULD INCREASE, FOR ECONOMIC GROWTH INEVITABLY ENCOURAGED AND REQUIRED SOME GROWTH OF THE PUBLIC SECTOR.

HE STRONGLY BELIEVED THAT IN HONG KONG, FOR THE FUTURE, FIRSTLY WE SHOULD TRY TO KEEP THIS GROWTH RATE IN PUBLIC EXPENDITURE DOWN TO THE GROWTH RATE OF THE GDP, AND SECONDLY, EVEN IF THIS WAS NOT FEASIBLE OR APPROPRIATE EVERY YEAR THAT THE TREND SHOULD BE CLEARLY THIS WAY INCLINED.

+A TREND OF UNRESTRAINED GROWTH IN THE RELATIVE SIZE OF THE PUBLIC SECTOR WOULD BE DEPLORABLE, FOR IT WOULD INEVITABLY AFFECT OUR EXCHANGE RATE, INFLATION AND BASIC CREDIBILITY IN HONG KONG,+ MR BREMRIDGE SAID.

WEDNESDAY, FEBRUARY 24, 1982

- 11 -

NEW DEPARTMENT TO COMBINE TECHNICAL EDUCATION  
AND INDUSTRIAL TRAINING  
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A NEW +TECHNICAL EDUCATION AND INDUSTRIAL TRAINING DEPARTMENT+ IS BEING SET UP TO SERVE AS THE EXECUTIVE ARM OF THE VOCATIONAL TRAINING COUNCIL TO BE ESTABLISHED BY ORDINANCE THIS YEAR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID IN HIS BUDGET SPEECH.

THE DEPARTMENT WILL COMBINE THE IMPORTANT FIELDS OF TECHNICAL EDUCATION AND INDUSTRIAL TRAINING UNDER ONE AUTHORITY.

THE FINANCIAL SECRETARY ESTIMATED THAT EXPENDITURE ON THE WHOLE FIELD OF EDUCATION WOULD AMOUNT TO \$4.7 BILLION FOR THE 1982-83 YEAR.

THE LARGEST SINGLE SUM OF \$1 640 MILLION WILL BE SPENT ON SECONDARY SCHOOLS AND TECHNICAL INSTITUTES, IN PURSUIT OF THE OBJECTIVE OF INCREASING DURING THE 1980'S THE NUMBER OF PLACES IN SCHOOLS, TECHNICAL INSTITUTES AND ADULT EDUCATION CENTRES TO MEET THE FULL DEMAND FROM FORM III LEAVERS SUITABLE FOR THE KIND OF COURSES PROVIDED, HE SAID.

SINCE SEPTEMBER 1980, SUBSIDISED PLACES IN FORM I TO III OF SECONDARY SCHOOLS HAVE BEEN AVAILABLE TO MEET THE FULL DEMAND AT THIS LEVEL.

IN SEPTEMBER 1981 THERE WERE 57 255 SUBSIDISED FORM IV PLACES IN SECONDARY SCHOOLS, AND THE FIGURE IS EXPECTED TO INCREASE TO 57 635 PLACES BY THIS SEPTEMBER.

THERE WILL ALSO BE INCREASES IN FULL-TIME PLACES ON CRAFT AND DIPLOMA COURSES, AS WELL AS IN PART-TIME DAY COURSES, IN THE FIVE TECHNICAL INSTITUTES.

DRAFT ESTIMATES OF \$1 297 MILLION EARMARKED FOR PRIMARY SCHOOLS FOR THE YEAR.

+FREE AND UNIVERSAL PRIMARY SCHOOLING HAS BEEN AVAILABLE SINCE 1971 AND THERE IS A SURPLUS OF PLACES IN SOME PRIMARY SCHOOLS IN OLDER PARTS OF THE URBAN AREA,+ HE SAID.

GOVERNMENT'S POLICY HOWEVER, WAS THAT NO CHILD SHOULD HAVE TO TRAVEL AN UNREASONABLE DISTANCE TO ATTEND PRIMARY SCHOOL AND NINE NEW PRIMARY SCHOOLS ARE EXPECTED TO BE COMPLETED IN 1982-83 IN CONJUNCTION WITH THE DEVELOPMENT OF PUBLIC HOUSING ESTATES IN THE NEW TOWNS AND OTHER DEVELOPING AREAS, MR BREMRIDGE SAID.

SOME \$32 MILLION, WILL BE SPENT (AGAINST \$24 MILLION) MAINLY IN ASSISTING POST SECONDARY COLLEGES IN RESTRUCTURING THEIR COURSES TO PROVIDE PLACES IN THE FORM VI AND POST FORM VI LEVELS. THE BAPTIST COLLEGE AND THE LINGNAN COLLEGE HAD OPTED FOR SUCH ASSISTANCE, HE SAID.

AT THE TERTIARY LEVEL, \$1 110 MILLION WILL BE PROVIDED FOR UNIVERSITY AND POLYTECHNIC EDUCATION, AS AGAINST \$943 MILLION IN THE PREVIOUS YEAR.

/THE FUNDS, .....

THE FUNDS, WHILE TAKING ACCOUNT OF STUDENT GROWTH RATE OF ABOUT THREE PER CENT TO FOUR PER CENT IN THE UNIVERSITIES, ALSO PROVIDE FOR THE START OF DEGREE COURSES IN SOCIAL WORK, BUILDING SERVICES ENGINEERING AND COMPUTER STUDIES, APPLIED SCIENCE AND MATHEMATICS AT THE POLYTECHNIC, AND FOR SOME ENROLMENT OF SOME 230 PART-TIME STUDENTS FOR DEGREE COURSES AT THE CHINESE UNIVERSITY, HE SAID.

THEY ALSO INCLUDE EXPENSES IN CONNECTION WITH THE DEVELOPMENT OF A NEW MEDICAL SCHOOL AT THE CHINESE UNIVERSITY AND THE NEW DENTAL SCHOOL AT THE UNIVERSITY OF HONG KONG, FOR WHICH GRANTS OF \$51 MILLION EACH HAD BEEN PROVIDED.

CAPITAL EXPENDITURE AT THE THREE TERTIARY INSTITUTIONS WILL REMAIN AT A HIGH LEVEL OF \$260 MILLION AS WORK CONTINUES ON MAJOR BUILDING PLANS.

FINANCIAL ASSISTANCE FOR STUDENTS AT THE POST SECONDARY LEVEL AND TERTIARY LEVEL, WHICH HAS BEEN IMPROVED, WILL COME TO ABOUT \$164 MILLION, AGAINST \$134 MILLION PREVIOUSLY, MR BREMRIDGE SAID.

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#### \$4.1 BILLION FOR MORE HOUSING

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, HAS PROVIDED 4.1 BILLION DOLLARS IN HIS BUDGET FOR CONSTRUCTION OF PUBLIC HOUSING IN 1982-83, INCLUDING TEMPORARY HOUSING AREAS.

THE FIGURE DOES NOT INCLUDE THE VALUE OF LAND USED BY THE HOUSING AUTHORITY FOR RENTAL HOUSING AND FOR FLATS BUILT UNDER THE HOME OWNERSHIP SCHEME TO BE SOLD FROM 1982.

THE EXPENDITURE IS 200 MILLION DOLLARS MORE THAN THE 3.9 BILLION DOLLARS SPENT IN 1981-82 FOR THE SAME PURPOSE.

HE SAID PRODUCTION IN THE FOUR YEARS 1982-83 TO 1985-86 WILL AMOUNT TO 148 900 FLATS UNDER THE GOVERNMENT'S PUBLIC HOUSING PROGRAMME EXCEEDING PRODUCTION IN THE PREVIOUS FOUR YEARS, 1978-79 TO 1981-82, BY 31 429 FLATS.

+THESE PRODUCTION FIGURES DO NOT INCLUDE 2 454 HOUSING SOCIETY FLATS AND 19 450 HOME OWNERSHIP (PRIVATE SECTOR PARTICIPATION AND MIDDLE INCOME HOUSING) SCHEME FLATS EXPECTED TO COME ON STREAM DURING THE SAME FOUR-YEAR PERIOD, ACHIEVING AN AVERAGE COMPLETION RATE OF 42 700 A YEAR OR 170 804 IN THE NEXT FOUR YEARS,+ MR BREMRIDGE NOTED.

AS REGARDS THE HOME OWNERSHIP SCHEME, THE FINANCIAL SECRETARY SAID THAT 22 100 FLATS OUT OF A TOTAL OF ABOUT 27 800 FLATS IN THE FIRST FOUR PHASES WILL HAVE BEEN COMPLETED BY THE END OF 1982-83.

+IN ORDER TO ENSURE THAT PURCHASERS OF THE 8 413 FLATS IN PHASES IVA AND IVB OF THE HOME OWNERSHIP SCHEME TO BE SOLD IN 1982-83 HAVE ACCESS TO ADEQUATE MORTGAGE FINANCE.

+I SHALL SHORTLY BE WRITING TO OVER 400 FINANCIAL INSTITUTIONS SEEKING THEIR PARTICIPATION IN PROVIDING THE 1.4 BILLION DOLLARS REQUIRED,+ HE DISCLOSED.

+MY SIMILAR INVITATION IN RESPECT OF PHASES IIB, IIIA AND IIIB OF THE HOME OWNERSHIP SCHEME AND THE SECOND STAGE OF THE PRIVATE SECTOR PARTICIPATION SCHEME HAS RAISED 1.2 BILLION FROM 46 BANKS AND DEPOSIT-TAKING COMPANIES.

+NEW MORTGAGE TERMS HAVE BEEN NEGOTIATED WHICH SHOULD PROVIDE THE BASIS FOR EVEN WIDER PARTICIPATION IN THE COMING PHASES WHILE PRESERVING A PREFERENTIAL ELEMENT FOR HOME OWNERSHIP SCHEME PURCHASERS,+ HE SAID.

THE FINANCIAL SECRETARY ALSO SAID THAT ALTHOUGH THE ANNUAL PUBLIC HOUSING TARGET OF PRODUCTION OF 35 000 FLATS HAS NOW BEEN ACHIEVED, AND WILL AT LEAST BE MAINTAINED, THE LENGTH OF THE HOUSING AUTHORITY'S WAITING LIST HAS REMAINED DISAPPOINTINGLY STATIC IN RECENT YEARS.

+IT IS LIKELY TO REMAIN SO FOR SOME TIME IN VIEW OF CONTINUING CLEARANCE, THE INCREASING NUMBERS OF ELIGIBLE HOUSEHOLDS, AND OTHER FACTORS,+ HE SAID.

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BETTER CARE FOR AGED, HANDICAPPED AND YOUNG  
\* \* \* \*

THE GOVERNMENT IS TO SPEND \$1 317.3 MILLION FOR SOCIAL WELFARE PROGRAMMES IN 1982-83, REPRESENTING AN INCREASE OF \$170.6 MILLION OVER THE PREVIOUS YEAR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID TODAY (WEDNESDAY).

OVER HALF OF THE INCREASE - \$95.4 MILLION - WILL GO TOWARDS SOCIAL WELFARE SUBVENTION, BRINGING SUBVENTION FOR 1982-83 TO THE 300-MILLION-DOLLAR MARK FOR THE FIRST TIME. IT WAS \$204.6 MILLION IN 1981-82.

THE AGED, HANDICAPPED AND YOUNG HAVE BEEN SINGLED OUT TO RECEIVE BETTER CARE THAN EVER UNDER THE NEW BUDGET WHICH, AMONG OTHER THINGS, PROVIDES FOR A TOTAL OF 13 766 PLACES IN DAY CARE CENTRES, 2 470 MORE THAN THE PREVIOUS YEAR- 690 PLACES FOR THE ELDERLY IN CARE AND ATTENTION HOMES, OR 315 MORE THAN IN 1981-82- AND 528 PLACES FOR SPECIAL CHILD CARE (REHABILITATION) CENTRES - AN INCREASE OF 108 PLACES.

MR BREMRIDGE SAID +A LARGE PROPORTION OF RECURRENT EXPENDITURE WILL CONTINUE TO BE CHANNELLED THROUGH SOCIAL WELFARE SUBVENTION TO VOLUNTARY AGENCIES.+

FOR EXAMPLE, REHABILITATION SERVICES PROVIDED THROUGH THE SUBVENTED VOLUNTARY AGENCIES WILL BE EXPANDED AND IMPROVED. TOWARDS THIS END, A TOTAL PROVISION OF \$38 MILLION IS MADE, COMPARED WITH 26 MILLION DOLLARS IN 1981-82, TO INCREASE SPECIAL CHILD CARE CENTRE PLACES FOR DISABLED PRE-SCHOOL CHILDREN, SHELTERED WORKSHOP PLACES FOR DISABLED ADULTS, AND FOR MILDLY DISABLED PRE-SCHOOL CHILDREN IN ORDINARY CHILD CARE CENTRES.

MR BREMRIDGE NOTED THAT IN OCTOBER 1981 A REVISED SUBVENTION SYSTEM WAS APPROVED UNDER WHICH THE SOCIAL SERVICES AND FACILITIES PROVIDED BY ORGANISATIONS AND TRUSTS WILL BE CLASSIFIED AS CATEGORY I OR CATEGORY II DEPENDENT ON THEIR NATURE (MOST SERVICES WILL BE IN CATEGORY I).

+IT WILL TAKE SOME TIME TO SET STANDARD COSTS AND, IN THE MEANTIME, WITH EFFECT FROM APRIL 1982, CATEGORY I SERVICES WILL RECEIVE SUBVENTION AT 100 PER CENT OF THEIR EXISTING RECOGNISED EXPENDITURE, ADJUSTED FOR PRICE INCREASES BUT DISREGARDING ALL THEIR INCOME EXCEPT FEES.+

+CATEGORY II SERVICES WILL RECEIVE EITHER A FIXED PERCENTAGE DETERMINED ON THE AVERAGE LEVEL OF FINANCIAL SUPPORT GIVEN TO A PARTICULAR SERVICE (ADJUSTED FOR PRICE INCREASES BUT DISREGARDING ALL INCOME EXCEPT FEES) OR AN APPROPRIATE ARBITRARY LUMP SUM,+ THE FINANCIAL SECRETARY SAID.

HE ESTIMATED THE ADDITIONAL COST IN 1982 OF INTRODUCING THE NEW SYSTEM AT \$31.33 MILLION. +AFTER ALLOWING FOR THIS AND THE EXPANSION OF SUCH SERVICES, PROVISION OF \$289 MILLION IS INCLUDED IN THE DRAFT ESTIMATES (INCLUDING \$38 MILLION FOR REHABILITATION SERVICES) COMPARED WITH \$192 MILLION IN 1981-82 (OF WHICH \$26 MILLION WAS FOR REHABILITATION SERVICES).+

MR BREMRIDGE ALSO REVEALED THE INTRODUCTION OF A NON-MEANS-TESTED DEATH GRANT. +THE DRAFT ESTIMATES INCLUDE PROVISION OF \$309 MILLION FOR PUBLIC ASSISTANCE (COMPARED WITH \$303.5 MILLION IN 1981-82) AND \$468 MILLION FOR SPECIAL NEEDS ALLOWANCES (COMPARED WITH \$416 MILLION IN 1981-82). INCLUDED IN THIS LATTER FIGURE IS \$5 MILLION FOR A NON-MEANS-TESTED DEATH GRANT WHICH WILL BE INTRODUCED WITH EFFECT FROM APRIL 1, 1982.+

THIS WILL BE PAYABLE TO THE DEPENDENT SURVIVORS OF PERSONS WHO DIE IN EMPLOYMENT IF THE DECEASED ARE NOT COVERED BY THE TERMS OF THE EMPLOYMENT ORDINANCE OR IF THE SURVIVORS ARE NOT IN RECEIPT OF ANY OTHER FORM OF COMPENSATION OF EX-GRATIA ASSISTANCE.

THE BUDGET ALSO PROVIDES FOR 19 FULL-TIME AND 19 PART-TIME CENTRES +AS PART OF A CONCERTED PROGRAMME TO PREVENT SERIOUS DISABILITY BY THE DETECTION OF ABNORMALITIES AS EARLY AS POSSIBLE,+ MR BREMRIDGE SAID.

THE RECURRENT EXPENDITURE ON SPECIAL EDUCATION IS ESTIMATED AT \$166 MILLION COMPARED WITH THE REVISED ESTIMATE FOR 1981-82 OF \$129 MILLION.

ON MEDICAL REHABILITATION, PRIORITIES ARE THE IMPROVEMENT OF SERVICES FOR THE MENTALLY ILL, MORE HOSPITAL BEDS FOR THE MENTALLY RETARDED AND THE SETTING UP OF MEDICAL REHABILITATION CENTRES DESIGNED TO PROVIDE INTENSIVE IN-PATIENT SERVICES. THE FIRST OF THREE GOVERNMENT MEDICAL REHABILITATION CENTRES WILL BE LOCATED IN THE PRINCE OF WALES HOSPITAL.

AN ESTIMATED \$120 MILLION IS BEING PROVIDED FOR THE MEDICAL REHABILITATION SERVICES OPERATED BY THE MEDICAL AND HEALTH DEPARTMENT, COMPARED WITH A REVISED ESTIMATE FOR 1981-82 OF \$107 MILLION.

WEDNESDAY, FEBRUARY 24, 1982

- 15 -

HOSPITAL OVERCROWDING EASED

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THE INTEGRATION OF GOVERNMENT AND SUBVENTED MEDICAL SERVICES WITHIN THE REGIONAL SYSTEM HAS EASED OVER-CROWDING IN THE MAIN GOVERNMENT REGIONAL HOSPITALS AND IMPROVED THE UTILISATION OF BEDS IN THE SUBVENTED HOSPITALS.

THIS WAS STATED BY THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, IN HIS BUDGET SPEECH TODAY.

HE ESTIMATED EXPENDITURE FOR THE MEDICAL AND HEALTH DEPARTMENT IN 1982-83 TO BE \$1 369.8 MILLION, AND EXPENDITURE ON MEDICAL SUBVENTIONS TO BE \$775.8 MILLION.

+ADDITIONAL SENIOR STAFF HAD BEEN PROVIDED IN THE MEDICAL AND HEALTH DEPARTMENT TO COMPLETE THE PROCESS OF REGIONALISATION AND TO RATIONALISE THE ADMINISTRATIVE STRUCTURE AT HEADQUARTERS.

+TO ENABLE SUBVENTED HOSPITALS TO ASSUME A GREATER ROLE IN THE TREATMENT OF ACUTE HOSPITAL CASES, DEVELOPMENT PROGRAMMES ARE UNDER WAY IN THE CARITAS, POK OI AND YAN CHAI HOSPITALS, REQUIRING CAPITAL SUBVENTION OF SOME \$36 MILLION IN 1982-83,+ HE SAID.

IN ADDITION TO THE CONSTRUCTION OF GENERAL AND SPECIALIST HOSPITALS, 12 NEW CLINICS AND POLYCLINICS WERE INCLUDED IN THE PUBLIC WORKS PROGRAMME, AND THREE PROJECTS WERE DUE FOR COMPLETION IN THE COMING FINANCIAL YEAR, HE SAID.

ON HOSPITAL BEDS, MR BREMRIDGE NOTED THAT THE RATIO OF 5.5 HOSPITAL BEDS PER 1 000 POPULATION SHOULD BE REGARDED AS A DESIRABLE STANDARD FOR LONG TERM PLANNING.

THE FORMULA FOR DETERMINING THIS RATIO WAS CONSTANTLY BEING REFINED, HE SAID.

+BY THE END OF 1981-82, THERE WILL BE SOME 22 500 BEDS IN GOVERNMENT, SUBVENTED AND PRIVATE HOSPITALS. WITH SOME 300 MORE BEDS TO BE PROVIDED IN THE DRAFT ESTIMATES, ABOUT 81 PER CENT OF REQUIREMENTS WILL BE MET.

MR BREMRIDGE ALSO REPORTED THAT FIVE OTHER CLINICS, IN ADDITION TO THE EXISTING TWO SCHOOL DENTAL CLINICS, WERE PLANNED EXTENDING THE SCHOOL DENTAL SERVICE PROGRESSIVELY TO COVER ALL PRIMARY SCHOOL CHILDREN.

TWO EXISTING SCHOOL DENTAL CLINICS NOW PROVIDE TREATMENT FOR CHILDREN IN PRIMARY ONE, AND IN THE COMING FINANCIAL YEAR, THEY WILL COVER CHILDREN UP TO PRIMARY THREE, HE ADDED.

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POLICE STRENGTH TO BE INCREASED BY 1 000  
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THE ROYAL HONG KONG POLICE FORCE WILL CONTINUE TO EXPAND IN 1982-83, WITH A NET INCREASE OF ABOUT 1 000 DISCIPLINED PERSONNEL TO ABOUT 22 920.

THIS IS PROVIDED IN THE BUDGET ESTIMATES, WHICH ALLOCATES \$2 513 MILLION FOR LAW AND ORDER, COMPARED WITH THE REVISED ESTIMATE OF \$2 155 MILLION FOR 1981-82. THE POLICE FORCE INCLUDING THE ROYAL AUXILIARY POLICE FORCE, WILL REQUIRE \$1 682 MILLION.

A MAJOR EFFORT CONTINUED TO BE REQUIRED OF THE POLICE FORCE IN DETERRING ILLEGAL IMMIGRATION BY BOTH LAND AND SEA, AND THE EXPANSION OF THE MARINE POLICE FLEET CONTINUED IN 1981-82, WITH 12 LAUNCHES DELIVERED. A FURTHER 15 LAUNCHES AT A COST OF \$192 MILLION WILL BE ORDERED THIS YEAR.

ON IMMIGRATION, THE FINANCIAL SECRETARY NOTED THAT PASSENGER TRAFFIC ENTERING AND LEAVING HONG KONG AMOUNTED TO 24 MILLION LAST YEAR WITH LEGAL IMMIGRATION FROM CHINA REMAINING STEADY AT 55 000. MR BREMRIDGE SAID A NEW TEMPORARY PASSENGER TERMINAL WOULD COME INTO USE AT LO WU, AND AN IMPROVED COMPUTERISED INDEX FOR IMMIGRATION RECORDS WOULD BE IN OPERATION IN 1982-83.

PREPARATION WAS ALSO UNDER WAY TO REPLACE THE EXISTING 4.5 MILLION IDENTITY CARDS IN STAGES WITH A MORE SECURE CARD, SUPPORTED BY A NEW COMPUTERISED RECORDS SYSTEM. WHILE THE CRIME RATE WAS CONTAINED IN 1981 THE NUMBER OF PRISONERS INCREASED, AND \$120 MILLION WAS NEEDED IN 1982-83 FOR CAPITAL EXPENDITURE ON BUILDINGS AND INSTALLATIONS, HE SAID.

MR BREMRIDGE ESTIMATED THAT \$140 MILLION, COMPARED WITH \$15 MILLION IN 1981-82, WOULD BE SPENT ON THE JUDICIARY'S BUILDINGS AND INSTALLATIONS, NOTABLY THE NEW SUPREME COURT BUILDING AND THE DISTRICT COURT AND MAGISTRACY BUILDING ON THE WAN CHAI RECLAMATION.

HE NOTED THAT TWO POSTS FOR HIGH COURT JUDGES, THREE POSTS FOR JUSTICES OF THE APPEAL COURT AND SEVEN POSTS FOR DISTRICT COURT JUDGES WERE CREATED IN 1981-82.

THE DRAFT ESTIMATES PROVIDE FOR TOTAL EXPENDITURE OF \$1 948 MILLION ON DEFENCE IN 1982-83, COMPARED WITH THE REVISED ESTIMATE OF \$1 553 MILLION FOR 1981-82.

WORKS SERVICES FOR BOTH CAPITAL WORKS AND MAINTENANCE UNDER PROVISIONS OF THE DEFENCE COSTS AGREEMENT WOULD TOTAL \$228 MILLION. THIS SUM INCLUDED ABOUT \$95 MILLION FOR WORK ON NEW BARRACKS FOR A FIFTH BATTALION PROVIDED UNDER THE DEFENCE COSTS AGREEMENT MADE EFFECTIVE SINCE APRIL 1, 1981 FOR A PERIOD OF SEVEN YEARS.

THE HONG KONG GOVERNMENT'S 75 PER CENT CONTRIBUTION TO CAPITAL COSTS IN 1982-83 WOULD BE \$175 MILLION.

OTHER PROVISIONS IN THE DRAFT ESTIMATES INCLUDE \$199 MILLION FOR THE REPROVISIONING OF LYEMUN AND SHAM SHUI PO BARRACKS, \$4.5 MILLION FOR CONSTRUCTION OF FACILITIES FOR IMPROVED MARITIME COMMUNICATIONS AND \$6.4 MILLION FOR EXPENDITURE ON AIRCRAFT MAINTENANCE FOR THE ROYAL HONG KONG AUXILIARY AIR FORCE.

WEDNESDAY, FEBRUARY 24, 1982

- 17 -

NEW TOWN DEVELOPMENT

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, ANNOUNCED TODAY (WEDNESDAY) THAT \$4 573.9 MILLION WILL BE PROVIDED FROM THE CAPITAL WORKS RESERVE FUND FOR THE CONTINUING DEVELOPMENT OF THE NEW TOWNS AND RURAL NEW TERRITORIES IN THE COMING FINANCIAL YEAR.

OF THE SUM, \$1 249 MILLION WILL BE FOR LAND ACQUISITION.

+WHILE THE MAIN THRUST CONTINUES TO BE IN THE DIRECTION OF LAND PRODUCTION FOR HOUSING, INCREASED EMPHASIS WILL CONTINUE TO BE PLACED ON THE PRODUCTION OF COMMUNITY FACILITIES TO CATER FOR THE NEEDS OF THE GROWING POPULATIONS OF THE NEW TOWNS,+ HE SAID IN PRESENTING HIS BUDGET.

THIS IS IN LINE WITH THE OBJECTIVE OF DEVELOPING THE NEW TOWNS AT TSUEN WAN, SHA TIN, TUEN MUN, TAI PO AND FANLING, YUEN LONG AND JUNK BAY INTO SELF-CONTAINED COMMUNITIES.

THE TOTAL POPULATION OF THESE NEW TOWNS, TOGETHER WITH OTHER RURAL TOWNSHIPS IS EXPECTED TO INCREASE BY 176 000 PEOPLE IN 1982-83 TO 1 432 000, OR 50 PER CENT OF FULL DEVELOPMENT, HE SAID.

LAND PRODUCTION DURING THE SAME PERIOD IS ESTIMATED AT 282 HECTARES. THIS WILL INCREASE THE TOTAL PRODUCTION TO 2 611 HECTARES, REPRESENTING 55 PER CENT OF FULL DEVELOPMENT.

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REVENUE TO REACH \$39.7 BILLION IN 1982-83

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TOTAL REVENUE COLLECTIONS FOR 1982-83 IS EXPECTED TO AMOUNT TO \$39.7 BILLION, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE TOLD THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON.

BUT ON AN ANALYTICALLY ADJUSTED BASIS THE TOTAL WOULD BECOME \$39.2 BILLION, COMPRISING RECURRENT REVENUE OF \$26.6 BILLION AND CAPITAL REVENUE OF \$12.6 BILLION, HE SAID.

+THE ESTIMATE OF RECURRENT REVENUE AT \$26.6 BILLION IS AN INCREASE OF \$2.2 BILLION, OR NINE PER CENT, ON THE REVISED ESTIMATE OF 1981-82,+ HE SAID.

HE EXPECTED \$12.5 BILLION FROM EARNINGS AND PROFITS TAXES, AN INCREASE OF \$1.7 BILLION, OR 16 PER CENT, ON THE REVISED 1981-82 ESTIMATE.

/I AM ASSUMING .....

+I AM ASSUMING THAT TOTAL PROFITS ASSESSABLE TO PROFITS TAX IN 1982-83 WILL BE AROUND 20 PER CENT HIGHER THAN PROFITS ASSESSED TO TAX IN 1981-82, AND THAT THERE WILL BE LITTLE CHANGE IN HOLD-OVER ORDERS, SO PROVIDING A YIELD OF \$8.5 BILLION,+ MR BREMRIDGE SAID.

SALARIES TAX ESTIMATED AT \$2.2 BILLION WOULD BE 20 PER CENT HIGHER THAN THIS YEAR'S REVISED ESTIMATE AND WOULD TAKE INTO ACCOUNT THE NUMBER OF TAXPAYERS COMING INTO THE TAX NET AND HIGHER EARNINGS.

EXPECTING +HIGHISH+ INTEREST RATES, MR BREMRIDGE ESTIMATED \$950 MILLION OUT OF INTEREST TAX AND \$840 MILLION IN PROPERTY TAX, TAKING INTO ACCOUNT THE NEW ASSESSABLE VALUES AND ASSUMING A MODERATE GROWTH IN PROPERTIES CHARGEABLE TO TAX.

BUT INDIRECT TAXATION AT \$5.5 BILLION WOULD BE \$646 MILLION OR 10 PER CENT LESS THAN THIS YEAR'S REVISED ESTIMATE OF \$6.2 BILLION.

MR BREMRIDGE STATED TWO REASONS FOR THIS:

- \* THE EXPECTED YIELD FROM GENERAL RATES IS ONLY \$691 MILLION FOLLOWING THE RECENT DECISION TO REDUCE THE PERCENTAGE CHARGE ON THE URBAN AREAS FROM 7-1/2 PER CENT TO 3-1/2 PER CENT, AND TO DOUBLE THE PERCENTAGE CHARGE FOR URBAN COUNCIL RATES FROM FOUR PER CENT TO EIGHT PER CENT. +THIS HAS MEANT A REDUCTION IN THE YIELD FROM GENERAL RATES, AND A CORRESPONDING INCREASE IN THE YIELD FROM URBAN COUNCIL RATES OF \$459 MILLION IN 1982-83,+ HE EXPLAINED.
- \* \$1.7 BILLION FROM STAMP DUTIES, A REDUCTION OF \$495 MILLION OR 22 PER CENT ON THIS YEAR'S REVISED ESTIMATE. HE SAID THIS SEEMED PRUDENT BECAUSE THE LATTER WAS NO LESS THAN 96 PER CENT HIGHER THAN THE ORIGINAL ESTIMATE, DUE TO THE TURNOVER RECORDED ON THE STOCK EXCHANGES LAST YEAR.

ESTIMATING A YIELD OF \$8.6 BILLION FROM ALL OTHER RECURRENT REVENUE, MR BREMRIDGE FORECAST \$12.6 BILLION FROM CAPITAL REVENUE, AN INCREASE OF \$2.2 BILLION OR 21 PER CENT ON THE 1981-82 REVISED ESTIMATE.

HE SAID LAND TRANSACTIONS WERE EXPECTED TO BRING IN \$12.5 BILLION OUT OF THE TOTAL CAPITAL REVENUE AND WOULD COMPRISE \$9.2 BILLION FROM THE SALE OF 91 HECTARES OF LAND, \$2.5 BILLION FROM PRIVATE TREATY GRANTS AND \$691 MILLION FROM MODIFICATIONS AND RE-GRANTS.

+THE CONTINUED EXPANSION OF THE LAND SALES PROGRAMME BY PUBLIC AUCTION AND TENDER FROM 63 HECTARES IN 1980-81 AND 86 HECTARES IN 1981-82 TO 91 HECTARES IN 1982-83 UNDERLINES THE GOVERNMENT'S DETERMINATION TO DISPOSE OF LAND AT A FAIR MARKET PRICE FOR DEVELOPMENT AS SOON AS IT IS AVAILABLE, EVEN DURING A PERIOD WHEN PRICES ARE FALLING,+ HE SAID.

+THE INCREASED AREA OF LAND TO BE SOLD IN 1982-83 IS, OF COURSE, A REFLECTION OF THE CONTINUED INCREASE IN EXPENDITURE ON DEVELOPMENT WORKS.+

ON THE LONGER TERM OUTLOOK FOR LAND SALES, HE SAID THAT EVEN THOUGH SALES FOR VARIOUS REASONS TENDED TO LAG BEHIND LAND PRODUCTION, THE FORECAST WAS THAT AT LEAST 100 HECTARES WOULD BE SOLD IN EACH OF THE THREE-YEAR FORECAST PERIOD 1983-84 TO 1985-86.

+TOGETHER WITH PRIVATE TREATY GRANTS AND MODIFICATIONS AND REGRANTS, THE POTENTIAL REVENUE YIELDS ARE HIGH ENOUGH TO SUGGEST THAT THE FINANCING OF THE CAPITAL ACCOUNT IN THE FORECAST PERIOD WILL CONTINUE TO BE LESS DEPENDENT ON THE SURPLUS ON RECURRENT ACCOUNT THAN IN PREVIOUS YEARS.

+I HAVE NO DOUBT THAT THIS SUBJECTIVE VIEW WILL BE RAISED IN THE DEBATE TO COME,+ HE SAID.

MR BREMRIDGE ADDED THAT DESPITE THE CURRENT CYCLICAL DOWNTURN HE HAS COMPLETE CONFIDENCE IN THE LONG-TERM PROSPECTS OF THE REAL ESTATE DEVELOPERS.

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**\$6.3 BILLION SURPLUS TIPPED FOR 1982-83**  
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A SURPLUS OF \$6.3 BILLION IS FORECAST IN THE BUDGET FOR 1982-83.

THIS IS BASED ON THE DIFFERENCE BETWEEN THE ADJUSTED TOTAL REVENUE FOR THE YEAR ESTIMATED AT \$39.2 BILLION AND TOTAL EXPENDITURE OF \$32.9 BILLION INCLUDING THE NEW CAPITAL WORKS RESERVE FUND.

PRESENTING HIS DRAFT ESTIMATES FOR EXPENDITURE IN THE COMING FINANCIAL YEAR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID \$19.5 BILLION WAS BEING SOUGHT FOR RECURRENT EXPENDITURE, REPRESENTING AN INCREASE OF \$2.8 BILLION OR 17 PER CENT ON THE 1981-82 REVISED ESTIMATE.

MR BREMRIDGE SAID 35 PER CENT OF RECURRENT EXPENDITURE, COMPARED WITH 38 PER CENT OVER THE PAST FIVE YEARS, WOULD BE FOR CIVIL SERVICE SALARIES.

+BUT AT \$6.7 BILLION THE PROVISION THUS SOUGHT AS IS OUR USUAL PRACTICE MAKES NO ALLOWANCE FOR THE COST OF ANY REVISION OF CIVIL SERVICE SALARIES THAT MAY BE AGREED IN 1982-83,+ HE POINTED OUT.

THE APPROVED ESTABLISHMENT WOULD BE 137 838 POSTS, OF WHICH ABOUT 89 PER CENT WOULD LIKELY BE FILLED ON APRIL 1, 1982.

+THE VACANCY RATIO OF 11 PER CENT IS SLIGHTLY HIGHER THAN THE HISTORICAL RATIO, REFLECTING THE SIGNIFICANT INCREASE IN THE APPROVED ESTABLISHMENT DURING 1981-82 OF OVER 12 000 POSTS, OR 9.5 PER CENT,+ HE SAID, ADDING THAT PROVISION HAS BEEN MADE FOR 16 500 POSTS IN 1982-83.

REFERRING TO THE SUBSTANTIAL INCREASE IN THE CIVIL SERVICE, MR BREMRIDGE SAID PARTICULAR ATTENTION WOULD BE PLACED DURING THE COMING YEAR ON THE MOST EFFECTIVE USE OF AVAILABLE STAFF RESOURCES.

HE IS ASKING FOR \$3.8 BILLION FOR DEPARTMENTAL OTHER CHARGES, TAKING INTO ACCOUNT INCREASED PRICES, PARTICULARLY ELECTRICITY, FUEL AND TRANSPORTATION.

+BUT IT ALSO INCLUDES PROVISION FOR STAFF-RELATED EXPENSES SUCH AS TRAINING AND QUARTERING, WHICH WERE PREVIOUSLY CLASSIFIED MISCELLANEOUS EXPENDITURE,+ HE SAID.

MR BREMRIDGE ALSO EXPLAINED THAT THESE CHARGES ACCOUNTED FOR 20 PER CENT OF RECURRENT EXPENDITURE, SUBSTANTIALLY MORE THAN THE PROPORTION OVER THE PAST FIVE YEARS OF 15 PER CENT.

ALL OTHER RECURRENT EXPENDITURE, HE SAID, AMOUNTED TO \$9 BILLION, INCLUDING \$600 MILLION FOR ADDITIONAL COMMITMENTS WHICH MIGHT ARISE DURING THE YEAR.

ON CAPITAL ACCOUNT, HE SAID THE PROVISION BEING SOUGHT OF \$16 BILLION INCLUDED A TRANSFER OF \$11 BILLION TO THE NEW CAPITAL WORKS RESERVE FUND, BUT WOULD EXCLUDE ESTIMATED PUBLIC WORKS NON-RECURRENT EXPENDITURE OF \$8.4 BILLION WHICH WOULD BE CHARGED TO THE FUND.

+FOR COMPARATIVE PURPOSES, THE PROVISION SOUGHT WOULD OTHERWISE BE \$13.4 BILLION, WHICH WOULD REPRESENT AN INCREASE OF \$3 BILLION OR 29 PER CENT ON THE REVISED ESTIMATE FOR 1981-82,+ HE SAID.

MR BREMRIDGE ALSO PROPOSED TRANSFERRING \$2.4 BILLION TO THE DEVELOPMENT LOAN FUND FOR ON-LENDING TO THE HOUSING AUTHORITY, AND \$638 MILLION TO SUBVENTIONS AND THE UNIVERSITY AND POLYTECH GRANTS COMMITTEE, COMPARED WITH \$408 MILLION FOR 1981-82.

HE IS ALSO SEEKING \$2 BILLION FOR ALL OTHER COMPONENTS OF THE CAPITAL ACCOUNT, INCLUDING \$700 MILLION FOR UNFORESEEN COMMITMENTS.

WEDNESDAY, FEBRUARY 24, 1982

- 21 -

**\$7.7 BILLION SURPLUS FOR 1981-82**

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REVISED ESTIMATES OF REVENUE AND EXPENDITURE ON GENERAL REVENUE ACCOUNT FOR 1981-82 WILL RESULT IN A SURPLUS OF \$7.7 BILLION, DERIVED FROM \$34.8 BILLION IN REVENUE AND \$27.1 BILLION IN EXPENDITURE, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, REPORTED TODAY.

THIS WAS JUST THREE PER CENT BELOW THE \$7.9 BILLION SURPLUS BUDGETED, BUT WAS ACHIEVED DESPITE A REVISED ESTIMATE OF EXPENDITURE OF \$2.5 BILLION, OR 10 PER CENT, IN EXCESS OF APPROVED ESTIMATE, HE SAID.

+WITH THE TRANSFER OF THE 1981-82 SURPLUS TO THE GENERAL REVENUE BALANCE OUR FISCAL RESERVES AT THE BEGINNING OF THE FINANCIAL YEAR 1982-83 WILL BE ABOUT \$23 BILLION,+ MR BREMRIDGE SAID.

AFTER ALLOWING (ON THE BASIS OF A GEARING OF THREE) \$6.5 BILLION AS COVER FOR FORMAL CONTINGENT LIABILITIES OF AROUND \$19.5 BILLION BY MARCH 31, 1986, THE LAST YEAR OF THE NEW FORECAST PERIOD, THE +FREE+ FISCAL RESERVES WILL BE AROUND \$16.5 BILLION, MR BREMRIDGE SAID.

THE REVISED INCREASE OF ESTIMATED EXPENDITURE OF \$2.5 BILLION WAS MADE UP BY \$1.5 BILLION ON RECURRENT ACCOUNT, DUE TO CIVIL SERVICE SALARY REVISIONS AND ADJUSTMENTS AND THEIR CONSEQUENCES FOR SALARIES OF STAFF FOR SUBVENTED ORGANISATIONS, AND BY THE NEED TO OPERATE THE DESALTER, AND \$960 MILLION ON CAPITAL ACCOUNT FOR PUBLIC WORKS PROGRAMME, AND BY INCREASES IN LAND RESUMPTION AND CLEARANCE COSTS, HE SAID.

MR BREMRIDGE SAID THE REVISED ESTIMATE OF REVENUE WAS \$2.2 BILLION (OR SEVEN PER CENT) HIGHER THAN THE ORIGINAL ESTIMATE, DERIVED ENTIRELY ON RECURRENT ACCOUNT REVENUE WHICH WAS UP BY \$3.8 BILLION, AGAINST A CAPITAL REVENUE DECREASE OF \$1.6 BILLION.

THE INCREASE IN RECURRENT ACCOUNT WAS DERIVED MAINLY FROM EARNINGS AND PROFITS TAX, UP BY \$1.9 BILLION, OR 21 PER CENT, AND FROM STAMP DUTIES, UP BY \$1.1 BILLION.

MR BREMRIDGE EXPLAINED THAT THE SHORTFALL IN CAPITAL REVENUE RESULTED FROM LOWER THAN EXPECTED LAND PRICES.

+THE ORIGINAL ESTIMATE ENVISAGED REVENUE OF \$9.8 BILLION FROM THE SALE OF 79 HECTARES OF LAND. THE REVISED ESTIMATE INCLUDES \$8.1 BILLION FROM THE SALE OF 86 HECTARES OF LAND.

+CRITICS WHO ALLEGE DESPITE SUCH REPEATED PROOF TO THE CONTRARY THAT THE GOVERNMENT ADOPTS A HIGH LAND PRICE POLICY WILL ANYWAY BE PLEASED TO NOTE THAT THE ACTUAL SALE OF 86 HECTARES OF LAND OWNED BY THE COMMUNITY HAS EXCEEDED THE ORIGINAL ESTIMATE OF 79 HECTARES,+ HE SAID.

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FS HOPES TO REVIEW SEPARATE TAXATION FOR WORKING WIVES NEXT YEAR  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE HOPES TO TAKE ANOTHER LOOK AT THE ISSUE OF SEPARATE TAXATION FOR MARRIED WOMEN NEXT YEAR AS ON PRAGMATIC GROUNDS, FURTHER TAX CHANGES THIS YEAR ARE NOT POSSIBLE.

HE DESCRIBED THE ISSUE AS CONTENTIOUS AND IT HAD CAUSED HIM SLEEPLESS NIGHTS.

HOWEVER, HE WAS FORTIFIED BY TWO OTHER CONSIDERATIONS. FIRSTLY, THE COST OF REVENUE OF SEPARATE TAXATION FOR MARRIED WOMEN WOULD BE ABOUT \$200 MILLION PER ANNUM. IT WOULD NOT BE PRUDENT TO ADD THIS CONSIDERABLE SUM TO THIS YEAR'S TOTAL TAX CUTS, AND IT WOULD THEREFORE BE NECESSARY TO SACRIFICE OTHERS OF HIS PROPOSALS TO MAKE ROOM FOR BENEFITS OF MARRIED WOMEN. +I DO NOT THINK IT SENSIBLE THAT MY OVERALL RELIEFS SHOULD THUS BE DISTORTED,+ HE ADDED.

SECONDLY, AND FORTUITOUSLY, THE COMMISSIONER FOR INLAND REVENUE HAD TOLD HIM THAT BECAUSE OF THE CONSIDERABLE CHANGES PROPOSED THIS YEAR AND THE COMPUTER SOFTWARE PROBLEMS INHERENT IN A SYSTEM OF SEPARATE ASSESSMENT, HIS DEPARTMENT COULD NOT COPE WITH SUCH A CHANGE.

MR BREMRIDGE SAID WITHOUT MAKING ANY PROMISES OR COMMITMENTS AND ABSOLUTELY DEPENDENT ON THE SITUATION AS IT THEN EXISTED, HE HOPED TO BE ABLE TO HAVE ANOTHER LOOK AT THE ISSUE NEXT YEAR WITH A VIEW TO SOME MOVEMENT.

ON OTHER TAXATION MATTERS, HE REFUTED ALLEGATIONS THAT THE PROFITS TAX LEGISLATION ENABLED THE COMMISSIONER OF INLAND REVENUE TO CHARGE CAPITAL GAINS TO TAX. HE SAID THE COMMISSIONER HAD ASSURED HIM THAT HE HAD NEVER DONE SO AND HAD NOT THE SLIGHTEST INTENTION OF TRYING TO DO SO. HE DID CONCEDE THAT THERE WERE OCCASIONS WHEN HE SOUGHT TO TAX AS INCOME WHAT THE TAXPAYER PREFERRED TO THINK OF AS A CAPITAL PROFIT. +BUT THERE ARE REMEDIES THROUGH THE APPEAL PROCESS, IF THE COMMISSIONER'S VIEW IN SUCH A CASE SEEMS INCORRECT.+

MR BREMRIDGE ALSO DESCRIBED AS A MISINTERPRETATION OF THE LAW THAT +EXECUTORS OF DECEASEDS' ESTATES ARE IN SOME JEOPARDY IN THAT THE COMMISSIONER COULD SUCCESSFULLY RECOVER FROM THE PERSONAL ASSETS OF THE EXECUTOR TAXES OWED BY THE DECEASED.+ THE DEPARTMENT DID NOT SEEK TO RECOVER TAXES IN DEFAULT IN THIS WAY, HE ADDED.

HOWEVER, MR BREMRIDGE HAD TAKEN DUE NOTE OF THESE REPRESENTATIONS AND IF AT SOME CONVENIENT TIME IN THE FUTURE IT WAS THOUGHT THAT ANY OF THEM HAD MERIT, OR THAT THERE WAS INDEED SOME LEGAL DOUBT AS TO THE PROPER INTERPRETATION OF THE EXISTING LEGISLATION, STEPS WOULD BE TAKEN TO PUT MATTERS RIGHT.

HE ALSO NOTED THAT WHILE THERE WERE SEVERAL SOURCES OF INCREASED OR ADDITIONAL REVENUE FAIRLY OPEN, WITH TOBACCO AND ALCOHOL ONLY AMONG THE MORE OBVIOUS, HE DID NOT BELIEVE THAT IT WAS ORDINARILY APPROPRIATE FOR THE GOVERNMENT TO RAISE TAXATION WHEN IT CLEARLY DID NOT NEED THE MONEY EITHER FOR ITS IMMEDIATE EXPENDITURE REQUIREMENTS OR IN ORDER FURTHER TO STRENGTHEN PRUDENT RESERVES.

WHILE FOR YEARS IT HAD BEEN ARGUED IN HONG KONG THAT IN NORMAL CIRCUMSTANCES TAXATION SHOULD BE FISCAL IN NATURE THERE MIGHT HAVE TO BE EXCEPTIONS. HIGHER TAXES ON MOTOR VEHICLES AND DUTIES ON PETROL WERE POSSIBLE EXAMPLES.

+THERE ARE OTHERS. COMMON SENSE IN SUCH CASES MAY INDICATE THAT THE GOVERNMENT SHOULD CONSIDER NOT ONLY ITS FISCAL REQUIREMENTS BUT ALSO THE POTENTIAL OF TAXATION AS A SUPPLEMENTARY MEANS OF ACHIEVING OTHER POLICY ENDS,+ HE SAID.

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### ECONOMIC AND SOCIAL POLICIES OUTLINED

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THE IMPORTANCE OF THE HEALTHY AND GROWING ECONOMIC RELATIONSHIP BETWEEN HONG KONG AND CHINA AND A POLICY DIRECTED TOWARDS THE SURVIVAL OF THE FITTEST ARE THE TWO MAIN THEMES WHICH UNDERLINE GOVERNMENT'S ECONOMIC, FISCAL AND MONETARY POLICIES.

IN HIS BUDGET SPEECH TODAY, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID WE IN HONG KONG ADMIRE THE PROGRESS WHICH CHINA HAS MADE IN MODERNISING HER ECONOMY- AND WE ARE A BENEFICIARY, AND AT THE SAME TIME ARE FORTUNATELY PLACED IN BEING ABLE TO CONTRIBUTE TO THE PROGRESS.

HE SAID THE GOVERNMENT'S GENERAL POLICIES MUST REFLECT THIS OPPORTUNITY FOR MUTUAL BENEFIT - AND NOT LEAST TOWARDS THE SPECIAL ECONOMIC ZONE JUST NORTH OF THE BORDER.

SECOND, OUR ENTREPRENEURS AND INDUSTRIALISTS ARE NIMBLE ON THEIR FEET, ADEPT AT SEEKING AND TURNING TO GOOD ACCOUNT NEW OPPORTUNITIES, MOTIVATED BY THE PROFITS THAT ARISE FROM FREE MARKETS OPEN TO ALL THE TALENTS, AND UNFETTERED BY HEAVY TAXATION.

THEY ARE WELL SERVED BY OUR LABOUR FORCE, WHICH ALSO IS HARD WORKING AND HIGHLY MOTIVATED. THUS IN OUR BUSINESS COMMUNITY THE SUCCESSFUL PROSPER.

MR BREMRIDGE SAID THE UNSUCCESSFUL ARE NOT CARRIED BY GOVERNMENT SUBSIDY. + AS A COMMUNITY WE CANNOT AFFORD TO CARRY INDUSTRIAL OR COMMERCIAL FAILURES,+ HE SAID.

IN SHARP CONTRAST, HOWEVER, WE SET A NET OF SOCIAL SERVICES TO CATCH THOSE INDIVIDUAL CITIZENS WHO THROUGH MISFORTUNE OR DISABILITY CANNOT MAKE THEIR FAIR WAY IN SOCIETY.

+IT SHOULD BE CLEARLY UNDERSTOOD THAT THE WHOLE LONG-TERM PURPOSE OF OUR POLICY OF THE ENCOURAGEMENT OF THE CREATION OF WEALTH IS NOT TO ENABLE THE RICH TO GET RICHER BUT RATHER TO ACHIEVE AN IMPROVING STANDARD OF LIFE IN ALL ITS ASPECTS FOR THE WHOLE COMMUNITY,+ HE SAID.

MR BREMRIDGE ALSO SAID THE GOVERNMENT MUST CONTINUALLY SEEK TO STRENGTHEN THE BASIC INFRASTRUCTURE THAT IS NEEDED TO SUPPORT A MANUFACTURING AND SERVICES-BASED ECONOMY THAT IS ALWAYS DEVELOPING AND CHANGING.

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WEDNESDAY, FEBRUARY 24, 1982

- 24 -

SIR MURRAY'S MONUMENT: A DECADE OF PROGRESS

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE TODAY PAID TRIBUTE TO SIR MURRAY MACLEHOSE IN HIS BUDGET SPEECH, WHICH IS THE 11TH SIR MURRAY HAS LISTENED TO IN HONG KONG.

MR BREMRIDGE SAID IN THESE YEARS OF SIR MURRAY'S GOVERNORSHIP HONG KONG HAS EXPERIENCED REMARKABLE GROWTH OFTEN IN THE FACE OF GENERAL ADVERSITY AND THE OUTSTANDING ACHIEVEMENTS OVER THE PAST DECADE WAS A MONUMENT TO HIM.

IN REAL TERMS, HE NOTED, HONG KONG'S TOTAL EXPORTS HAVE INCREASED BY 182 PER CENT, GDP BY 162 PER CENT, AND PER CAPITA GDP BY 106 PER CENT DESPITE A POPULATION INCREASE OF 1.1 MILLION AND WE STILL HAVE NO SERIOUS UNEMPLOYMENT PROBLEM.

+THESE FIGURES ARE SIGNIFICANT, BUT THEY ONLY HERALD THE GENERAL IMPROVEMENTS IN HONG KONG THAT YOUR GOVERNMENT HAS BEEN ABLE TO INTRODUCE AS A RESULT OF GROWING PROSPERITY.

+THERE HAVE BEEN TWO OVER-RIDING FACTORS - YOUR OWN DETERMINATION TO IMPROVE THE LOT OF THE AVERAGE MAN AND WOMAN, AND YOUR ADOPTION OF POLICIES LEADING TO THE CREATION OF THE WEALTH ON WHICH SOCIAL PROGRESS DEPENDS.

+IN HOUSING, HEALTH, EDUCATION, SOCIAL WELFARE, RECREATION, LAW AND ORDER, TRANSPORT AND MANY OTHER FIELDS THESE PAST 10 YEARS HAVE SEEN OUTSTANDING IMPROVEMENT IN THE LIVING STANDARDS OF OUR PEOPLE.

+WHAT HAS BEEN DONE - WHICH ALL CAN SEE - STANDS AS YOUR MONUMENT,+ THE FINANCIAL SECRETARY SAID.

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HONG KONG IS DOING WELL, SAYS FS

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HONG KONG'S ECONOMY DID AS WELL IN 1981 AS COULD REASONABLY BE EXPECTED, AND THERE WAS ALSO A MARKED TREND TOWARDS ECONOMIC STABILITY THROUGHOUT THE YEAR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID.

HOWEVER, HE FULLY REALISED THAT 1981 MEANT FOR SOME INDUSTRIALISTS AND MERCHANTS RISING PRICES, FLUCTUATING EXCHANGE RATES, CONTINUING INFLATION, DIFFICULT MARKETS, GROWING PROTECTIONISM, THIN PROFIT MARGINS, AND ALL THE PROBLEMS OF ADJUSTMENT THAT NEW TECHNOLOGIES BRING.

+THEY TRULY HAVE MY SYMPHATHY. I ACCEPT THAT SOME HAVE HAD AND WILL CONTINUE TO HAVE PROBLEMS; THIS SITUATION IS NOT UNIQUE TO HONG KONG. BUT I AM SURE THAT THE FITTEST WILL SURVIVE,+ HE SAID.

/MR BREMRIDGE .....

MR BREMRIDGE ALSO SAID THAT IT IS ONLY ONE OF THE MANY DAMNATIONS OF INFLATION THAT IT BRINGS WITH IT UNDERSTANDABLE PUBLIC SCRATCHINESS AT CONSTANTLY RISING PRICES.

NEVERTHELESS IN A SITUATION IN WHICH OVERSEAS PRICES ARE RISING, THE HONG KONG DOLLAR HAS DEPRECIATED AND CREDIT EXPANSION HAS BEEN RAPID, SOME INCREASES IN DOMESTIC PRICES ARE INEVITABLE, HE ADDED.

+THERE IS HOWEVER ALWAYS SCOPE FOR THE INTERVENTION OF OTHER FACTORS THAT TEND TO KEEP PRICES DOWN, FOR INSTANCE ECONOMIES OF SCALE, USE OF COAL INSTEAD OF OIL, MANAGEMENT EFFICIENCY, CHEAPER OR ALTERNATIVE RAW MATERIALS, GREATER PRODUCTIVITY, AND SO ON.

+WE ARE FORTUNATE IN HONG KONG THAT BECAUSE PRODUCTIVITY IS RISING REAL WAGE LEVELS ARE NOW AGAIN INCREASING EVEN FOR UNSKILLED LABOUR, THOUGH IT IS A CLOSE RUN THING.

THE FINANCIAL SECRETARY SAID ALTHOUGH THE FIGHT AGAINST INFLATION IS A PRIORITY FOR THE HONG KONG GOVERNMENT AS FOR EVERY OTHER GOVERNMENT IN THE WORLD, WE HAVE NO PANACEA.

+THE GENERAL COURSE WE MUST CONTINUE TO TAKE IS OBVIOUS, BUT PARTICULAR CORRECTIONS MUST REFLECT HONG KONG CIRCUMSTANCES AND HONG KONG STYLE. ALL OF US HAVE OUR OWN PREDILECTIONS. GIVEN THE CHOICE, MINE INCLUDE A CONSCIOUS BIAS TOWARDS REASONABLY FULL EMPLOYMENT,+ MR BREMRIDGE SAID.

REVIEWING OF OUR ECONOMIC PERFORMANCE LAST YEAR, MR BREMRIDGE SAID AMONG THE MORE OBVIOUS FEATURES WAS THE GOOD PERFORMANCE OF OUR DOMESTIC EXPORTS.

ALTHOUGH THE GROWTH RATE IN REAL TERMS OF 7.6 PER CENT IN 1981 REPRESENTED A CONSIDERABLE SLOWING DOWN COMPARED WITH 11 PER CENT IN 1980, IT WAS NEVERTHELESS ACHIEVED AGAINST A BACKGROUND OF UNFAVOURABLE ECONOMIC CONDITIONS IN ALL OUR MAJOR MARKETS.

+MOREOVER THE GROWTH RATE OF OUR DOMESTIC EXPORTS WAS CLEARLY ACCELERATING THROUGHOUT THE YEAR, REVERSING THE DECELERATING TREND DURING 1980 WHICH HAD CAUSED CONCERN,+ HE SAID.

HOWEVER, MR BREMRIDGE SAID IT WAS CLEAR THAT IN 1981 THE IMPETUS TO ECONOMIC GROWTH CAME MORE FROM DOMESTIC DEMAND THAN FROM EXPORTS.

PRIVATE CONSUMPTION EXPENDITURE GREW BY 10 PER CENT IN REAL TERMS- GOVERNMENT CONSUMPTION EXPENDITURE (INCREASED BY THE FRONT END LOADING OF OUR CONTRIBUTION UNDER THE REVISED DEFENCE COSTS AGREEMENT) GREW BY 25 PER CENT- AND OVERALL INVESTMENT GREW BY 13 PER CENT.

BUT AT 11 PER CENT THE GROWTH RATE OF DOMESTIC DEMAND WAS NOT SO RAPID AS TO HAVE CREATED ANY IMBALANCE BETWEEN DEMAND FOR OUR DOMESTIC RESOURCES AND THE SUPPLY OF THEM, HE SAID.

+THE GROWTH RATE OF TOTAL FINAL DEMAND (EXCLUDING RE-EXPORTS) AT NINE PER CENT WAS ACTUALLY LESS THAN THE GROWTH RATE OF THE GROSS DOMESTIC PRODUCT AT 10 PER CENT AND SO IMPORTS WERE NOT BEING SUCKED IN AT A DISPROPORTIONATELY RAPID RATE.

+THE GROWTH RATE OF RETAINED IMPORTS IN 1981 WAS ONLY ABOUT SEVEN PER CENT. AFTER ALLOWING FOR RE-EXPORTS THE GROWTH RATE OF TOTAL EXPORTS AT 13 PER CENT WAS HIGHER THAN THE GROWTH RATE OF IMPORTS AT 12 PER CENT AND THE VISIBLE TRADE GAP IN 1981 OF 11.7 PER CENT WAS SLIGHTLY LOWER THAN THAT IN 1980 AT 12 PER CENT.+

THIS OVERALL SITUATION THUS COMPARED REASONABLY WELL WITH THAT IN 1980, MR BREMRIDGE POINTED OUT.

HE ALSO SAID THAT DURING THE COURSE OF THE YEAR THERE WAS ALSO A CLEAR TENDENCY FOR THE IMPETUS TO ECONOMIC GROWTH TO SHIFT BACK TO DOMESTIC EXPORTS.

THE YEAR-ON-YEAR GROWTH RATE OF DOMESTIC EXPORTS ACCELERATED FROM RATHER LESS THAN SIX PER CENT IN REAL TERMS IN THE FIRST HALF OF THE YEAR TO ABOUT 10 PER CENT IN THE SECOND HALF, WHILE THE GROWTH RATE OF CONSUMER DEMAND SLOWED DOWN SHARPLY AS INDICATED BY THE MARKED FALL IN THE GROWTH RATE OF RETAINED IMPORTS OF CONSUMER GOODS.

REFLECTING THIS DEVELOPMENT, UP UNTIL ABOUT AUGUST THE VISIBLE TRADE GAP WAS ON A WIDENING TREND AND CONCERN WAS GROWING ABOUT THE OVERALL DOMESTIC ECONOMIC SITUATION IN THE FACE OF RECESSION IN OUR MAJOR MARKETS AND THE PERSISTENTLY HIGH INFLATION RATE, WHICH AFFECTED ATTITUDES ADVERSELY AND NOT LEAST IN THE FOREIGN EXCHANGE MARKET.

IN CONSEQUENCE THE HONG KONG DOLLAR DEPRECIATED SHARPLY DURING THE THIRD QUARTER: THE TRADE WEIGHTED EXCHANGE RATE INDEX DROPPED FROM 90.7 ON JUNE 5, THE HIGHEST POINT FOR THE YEAR, TO 81.1 BY SEPTEMBER 23, THE LOWEST POINT FOR THE YEAR. AGAINST THE U.S. DOLLAR THE HONG KONG DOLLAR DEPRECIATED BY 20 PER CENT OVER THE FIRST NINE MONTHS OF THE YEAR.

+BUT AS THE INTEREST RATE DIFFERENTIAL MOVED IN FAVOUR OF THE HONG KONG DOLLAR IN EARLY OCTOBER AND AS THE VISIBLE TRADE GAP NARROWED IN RESPONSE TO A SLOWING DOWN IN THE GROWTH RATE OF IMPORTS, THE EXCHANGE RATE RECOVERED,+ HE SAID.

THE NET DEPRECIATION IN THE YEAR AGAINST THE US DOLLAR WAS 10.7 PER CENT. IN TERMS OF THE TRADE-WEIGHTED EXCHANGE RATE INDEX THE DEPRECIATION WAS ONLY 2.6 PER CENT.

MR BREMRIDGE SAID THESE WIDE FLUCTUATIONS IN THE EXCHANGE RATE INTER ALIA INEVITABLY AFFECTED DOMESTIC PRICES.

HE SAID ALTHOUGH THE PROPERTY AND LAND MARKETS, WHICH WERE CHARACTERISED GENERALLY BY FALLING PRICES, WERE NO LONGER STIMULATING PRICES GENERALLY, THE RATE OF INFLATION AS MEASURED BY THE CONSUMER PRICE INDICES REMAINED HIGH AT 15 PER CENT.

+BUT REFLECTING AN ECONOMY ADJUSTING AUTOMATICALLY THROUGH THE MARKET MECHANISM IN FAVOUR OF EXPORT COMPETITIVENESS, THE RATE OF INCREASE IN THE GDP DEFLATOR WAS LESS AT 10 PER CENT, A CONSIDERABLY SLOWING DOWN ON THE INCREASE IN 1980 OF 13 PER CENT.+

ANOTHER FACTOR WHICH CONTRIBUTED TO DOMESTIC INFLATIONARY PRESSURES WAS THE CONTINUED GROWTH OF LOANS AND ADVANCES FOR USE IN HONG KONG, DESPITE MAINTENANCE OF THE BEST LENDING RATE AT HISTORICALLY HIGH LEVELS, MR BREMRIDGE SAID.

FOR THE YEAR AS A WHOLE, HE SAID, LOANS AND ADVANCES FOR USE IN HONG KONG GREW BY 45 PER CENT AND THE MONEY SUPPLY M3 GREW BY 27 PER CENT.

+PART OF THE RAPID EXPANSION IN DOMESTIC CREDIT WAS ATTRIBUTED TO THE LEVEL OF MONEY MARKET RATES, WHICH WERE AT TIMES LOW IN RELATION TO THE BEST LENDING RATE, AND AT TIMES BOTH RATES WERE LOW IN RELATION TO THE RATE OF INFLATION.

+THUS BORROWERS WERE ABLE TO RESORT TO LENDING FACILITIES ARRANGED ON A LESS EXPENSIVE COST-OF-FUNDS (HIBOR) BASIS, WHICH FRUSTRATED IN PART THE RESTRAINT ON BORROWING WHICH WOULD OTHERWISE HAVE BEEN EXERTED BY THE RELATIVELY HIGH BEST LENDING RATE.+

CONSEQUENTLY, MR BREMRIDGE SAID, AN EXPERIMENTAL SCHEME WAS IMPLEMENTED IN NOVEMBER TO ENABLE THE GOVERNMENT TO INTERVENE IN THE MONEY MARKET THROUGH THE EXCHANGE FUND IN AN ATTEMPT TO INFLUENCE THE LEVEL OF MONEY MARKET RATES.

+IT IS TOO EARLY TO ASSESS THE EXTENT TO WHICH THE SCHEME HAS YET PLAYED A PART IN CURBING THE UNTOWARD EXPANSION OF DOMESTIC CREDIT. CERTAINLY IT IS NOT A CURE-ALL, AND I DO NOT RULE OUT THE INTRODUCTION OF ADDITIONAL ARRANGEMENTS IF OTHER EFFICIENT AND EQUITABLE MEASURES CAN BE DEvised.+

HOWEVER, MR BREMRIDGE SAID THE GROWTH RATE OF THE MONETARY AGGREGATES DID SLOW DOWN DURING THE YEAR. LOANS AND ADVANCES FOR USE IN HONG KONG ROSE BY 26 PER CENT IN THE FIRST HALF OF THE YEAR AND BY 15 PER CENT IN THE SECOND HALF. SIMILARLY M3 ROSE BY 20 PER CENT IN THE FIRST HALF AND BY ONLY SIX PER CENT IN THE SECOND HALF.

ON THE LABOUR MARKET, EMPLOYMENT GREW SUBSTANTIALLY AND THE UNEMPLOYMENT RATE, WHICH HAD BEEN INCREASING CONTINUOUSLY SINCE MARCH 1979 UNDER THE INFLUENCE OF IMMIGRATION, ALSO STABILISED.

+IN FACT BETWEEN MARCH AND SEPTEMBER THERE WAS A FALL IN THE UNEMPLOYMENT RATE FROM 4.1 PER CENT TO 3.6 PER CENT WHILE EMPLOYMENT IN THE MANUFACTURING SECTOR HIT AN ALL TIME HIGH. IN SOME SECTORS THERE DEVELOPED LABOUR SHORTAGES, AND REAL WAGES BEGAN TO MOVE UP AGAIN,+ MR BREMRIDGE SAID.

WEDNESDAY, FEBRUARY 24, 1982

- 28 -

TELEVISION TALK ON BUDGET

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SPOKE ON THE 1982/83 BUDGET IN A TELEVISION BROADCAST THIS (WEDNESDAY) EVENING.

THE FOLLOWING IS THE FULL TEXT OF HIS TALK:

GOOD EVENING,

+I WANT TO TELL YOU BRIEFLY ABOUT THE BUDGET FOR 1982/83 WHICH I INTRODUCED INTO THE LEGISLATIVE COUNCIL THIS AFTERNOON.

+1981 WAS MARKED BY THE STILL CONTINUING RECESSION IN OUR MAIN OVERSEAS MARKETS. IT IS GOOD, THEREFORE, THAT IN REAL TERMS OUR DOMESTIC EXPORTS INCREASED BY 7.6 PER CENT, RE-EXPORTS BY 24 PER CENT, AND THUS TOTAL EXPORTS BY 12 PER CENT. OUR ECONOMY GREW AGAIN IN REAL TERMS BY 10 PER CENT. UNEMPLOYMENT WAS FALLING, AND REAL WAGES WERE BEGINNING TO MOVE UP. NEVERTHELESS, I AM CONCERNED AT THE CURRENT LEVEL OF INFLATION WHICH BASED ON CONSUMER PRICE INDICES IS 15 PER CENT.

+I BELIEVE THAT THIS BACKGROUND REFLECTS TWO MAIN THEMES. FIRST IS THE IMPORTANCE OF THE HEALTHY AND GROWING RELATIONSHIP BETWEEN HONG KONG AND CHINA. OUR GENERAL POLICIES MUST REFLECT THE OPPORTUNITY FOR MUTUAL BENEFIT, AND NOT LEAST TOWARDS THE SPECIAL ECONOMIC ZONE JUST NORTH OF OUR BORDER. SECOND, OUR ENTREPRENEURS, INDUSTRIALISTS AND THE LABOUR FORCE NEED TO CONTINUE TO BE WELL MOTIVATED AND UNFETTERED BY HEAVY TAXATION. IN OUR COMMUNITY THE SUCCESSFUL PROSPER. THE UNSUCCESSFUL ARE NOT CARRIED BY GOVERNMENT SUBSIDY. WE CANNOT LET OUR HEARTS RULE OUR HEADS.

+IN SHARP CONTRAST HOWEVER WE SET A NET OF SOCIAL SERVICES TO CATCH THOSE INDIVIDUAL CITIZENS WHO CANNOT MAKE THEIR FAIR WAY IN SOCIETY. THE WHOLE LONG-TERM PURPOSE OF OUR POLICY IS NOT TO ENABLE THE RICH TO GET RICHER BUT TO ACHIEVE AN IMPROVING STANDARD OF LIFE IN ALL ITS ASPECTS FOR THE WHOLE COMMUNITY. BUT WE MUST FIRST HAVE MONEY BEFORE WE CAN ARGUE HOW BEST TO SPEND IT.

+I AM CONCERNED ABOUT THE SIZE OF THE PUBLIC SECTOR, AND I AM DETERMINED TO CUT BACK ITS GROWTH APPROXIMATELY TO THE LEVEL OF THE GROWTH OF THE ECONOMY. PUT SIMPLY GOVERNMENT EXPENDITURE REQUIRES USE OF RESOURCES WHICH MIGHT OTHERWISE BE BETTER USED BY THE PRIVATE SECTOR INCLUDING IN PARTICULAR THE PRODUCTION OF THOSE EXPORTS ON WHICH HONG KONG DEPENDS. A GOOD GOVERNMENT MUST THEREFORE EXERCISE THRIFT AT ALL TIMES, AND ON THE WHOLE LESS GOVERNMENT TENDS TO BE MORE EFFICIENT GOVERNMENT.

+THE BUDGETARY SURPLUS FOR 1981/82 WAS ESTIMATED TO BE \$7.9 BILLION AND WILL IN FACT BE \$7.7 BILLION.

/+AGAINST THIS .....

+AGAINST THIS BACKGROUND I BELIEVE THAT IT REMAINS PRUDENT AGAIN TO REDUCE TAXATION. THIS IS POSSIBLE DESPITE ENORMOUS SPENDING ON HOUSING AND PUBLIC WORKS PROJECTS GENERALLY. IN FACT ON APRIL 1, 1982 OUTSTANDING COMMITMENTS FOR THE PUBLIC WORKS PROGRAMME WILL AMOUNT TO AT LEAST \$23 BILLION. SO FAR AS THE VITALLY IMPORTANT PUBLIC HOUSING RENTAL PROGRAMMES ARE CONCERNED THE FORECAST OF PRODUCTION IN THE NEXT FOUR YEARS IS 148 900 FLATS, WHICH IS A CONSIDERABLE INCREASE ON THE LAST FOUR YEARS. THIS FIGURE DOES NOT INCLUDE HOUSING SOCIETY, HOME OWNERSHIP SCHEME, AND PRIVATE SECTOR PARTICIPATION FLATS. THUS TOTAL PUBLIC SECTOR PRODUCTION SHOULD AVERAGE 42 700 PER YEAR.

+BUT TO RETURN TO THE TAX POSITION. I DO NOT THINK THAT IT IS GENERALLY APPROPRIATE FOR THE GOVERNMENT TO RAISE TAXES WHEN IT DOES NOT NEED THE MONEY EITHER FOR ITS IMMEDIATE EXPENDITURE REQUIREMENTS OR IN ORDER FURTHER TO STRENGTHEN PRUDENT RESERVES.

+I HAVE THUS MADE PROPOSALS FOR TAX CONCESSIONS IN FOUR MAJOR AREAS. THE FIRST IS DESIGNED TO HELP INDUSTRIALISTS. IT IS CLEARLY IMPORTANT TO ENCOURAGE THE EXPANSION OF INVESTMENT IN NEW EQUIPMENT. I THEREFORE PROPOSE TO INCREASE CONSIDERABLY THE INITIAL DEPRECIATION ALLOWANCE FROM 35 PER CENT TO 55 PER CENT. I PROPOSE ALSO TO AMEND CURRENT LEGISLATION ON THE INDUSTRIAL BUILDINGS ALLOWANCE TO INCLUDE THE DEVELOPER'S PROFIT ELEMENT. THIS WILL PROMOTE INVESTMENT IN ACCOMMODATION FOR PLANT, EQUIPMENT AND NOT LEAST THE WORKERS WHO OPERATE THE MACHINES, IN MODERN AND EFFICIENT FACTORY PREMISES.

+THE SECOND AREA INVOLVES THE CONTROVERSIAL ISSUE OF INTEREST TAX. I PROPOSE TO EXEMPT FOREIGN CURRENCY DEPOSITS PLACED WITH LICENSED BANKS AND REGISTERED AND LICENSED DEPOSIT-TAKING COMPANIES FROM INTEREST TAX. I PROPOSE ALSO TO REDUCE THE RATE OF INTEREST TAX ON HONG KONG DOLLAR TIME DEPOSITS WITH BANKS AND DEPOSIT-TAKING COMPANIES FROM THE PRESENT 15 PER CENT TO 10 PER CENT. THE OUTCOME WILL NEED TO BE STUDIED CAREFULLY, AND WE MAY HAVE TO VARY OUR APPROACH LATER. I BELIEVE THAT THESE MOVES WILL PROMOTE THE GROWTH OF HONG KONG AS A FINANCIAL CENTRE.

+MY THIRD AREA INVOLVES PERSONAL TAXATION. I PROPOSE FIRSTLY AN INCREASE IN THE LEVEL OF PERSONAL ALLOWANCES FROM \$15 000 TO \$20 500 FOR SINGLE PERSONS, AND FROM \$30 000 TO \$41 000 FOR MARRIED PERSONS. THE EXISTING SUPPLEMENTARY PERSONAL ALLOWANCES WILL REMAIN UNCHANGED. CONSEQUENTLY THERE WILL BE NO LIABILITY TO TAX FOR A SINGLE PERSON ON A SALARY BELOW \$28 000 A YEAR, AND FOR A MARRIED COUPLE WITHOUT CHILDREN BELOW \$56 000. SECONDLY I PROPOSE AN INCREASE IN THE CHILD ALLOWANCE FROM \$7 000 TO \$8 000 FOR THE FIRST CHILD AND FROM \$5 000 TO \$5 500 FOR THE SECOND CHILD. THIRDLY I PROPOSE AN INCREASE IN THE DEPENDENT PARENT ALLOWANCE FROM \$7 000 TO \$8 000. I BELIEVE THAT THERE ARE FEW OTHER PLACES IN THE WORLD IN WHICH TAX THRESHOLDS ARE SO HIGH THAT THE MAJORITY OF THE ECONOMICALLY ACTIVE ARE EXCLUDED FROM DIRECT TAX.

+MY FOURTH AREA RELATES TO ESTATE DUTY. FIRSTLY I PROPOSE TO RAISE THE EXEMPTION LIMIT FROM \$1 MILLION TO \$2 MILLION. SECONDLY I PROPOSE TO INTRODUCE A NEW SCHEDULE RANGING FROM 10 PER CENT ON ESTATES BETWEEN \$2 MILLION AND \$2.5 MILLION TO 18 PER CENT ABOVE \$4 MILLION. THIRDLY I PROPOSE TO EXEMPT FROM DUTY ALTOGETHER THE PRINCIPAL MATRIMONIAL HOME WHEN THE DECEASED LEAVES A SURVIVING SPOUSE.

+THE COST TO THE REVENUE OF MY TAX CONCESSIONS WILL BE NEARLY \$1.4 BILLION. AS A RESULT OF THIS AND OF THE ESTABLISHMENT OF THE CAPITAL WORKS RESERVE FUND I ESTIMATE THAT THE SURPLUS FOR NEXT YEAR WILL BE ABOUT \$2.3 BILLION. THIS IS SUBJECT TO SOME MARGIN OF ERROR IN THE LIGHT OF FUTURE ESTIMATED LAND SALES PRICES, NOT LEAST BECAUSE SOME OF THE SITES ARE VERY LARGE.

+LET ME TURN NOW BRIEFLY TO WHERE I THINK OUR ECONOMY WILL GO IN 1982. I MUST REMIND YOU THAT THE WORLD IS IN AN UNSETTLED STATE, AND THAT OUR VARIOUS OVERSEAS MARKETS ARE UNPREDICTABLE. I BELIEVE, HOWEVER, THAT OUR DOMESTIC EXPORTS WILL CONTINUE TO GROW AT SEVEN PER CENT IN REAL TERMS AND THE GDP AT EIGHT PER CENT, THAT THE RATE OF INCREASE IN THE GDP DEFLATOR WILL DROP TO NINE PER CENT, THAT THE RATE OF INFLATION AS PORTRAYED BY THE CONSUMER PRICE INDICES WILL FALL TO 12 PER CENT, THAT GDP PER HEAD WILL EXCEED \$30 000 - A CONSIDERABLE FIGURE BY WORLD STANDARDS - AND THAT OUR EMPLOYMENT SITUATION WILL CONTINUE TO IMPROVE.

+LET ME ADD FINALLY THAT I AM VERY AWARE OF THE DANGERS OF ATTEMPTING TO FORECAST THE FUTURE. TO SOME EXTENT WHAT I HAVE INDICATED REPRESENTS ONLY GUESS WORK, BUT LEAST BECAUSE IT IS SO DEPENDENT ON FACTORS WHICH ARE TOTALLY OUTSIDE OUR CONTROL. BUT IT IS AN INTELLIGENT FORECAST BASED ON ALL INFORMATION AVAILABLE, AND I HOPE THAT IT MAY BE ACCOMPLISHED.+

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WEDNESDAY, FEBRUARY 24, 1982

- 31 -

SIR SHIU-KIN PLEDGES \$5 MILLION TOWARDS  
GOVERNMENT MEDICAL PROJECT  
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LOCAL PHILANTHROPIST SIR SHIU-KIN TANG HAS PLEDGED TO DONATE \$5 MILLION TOWARDS A GOVERNMENT MEDICAL PROJECT TO MARK HIS 81ST BIRTHDAY TOMORROW.

THE MONEY WILL BE USED AS PART OF THE CONSTRUCTION COST FOR EXPANDING THE TANG SHIU KIN HOSPITAL AT MORRISON HILL.

SIR SHIU-KIN HAS, OVER THE YEARS, DONATED MORE THAN \$8 MILLION TOWARDS THE CONSTRUCTION OF MANY MEDICAL INSTITUTIONS SUCH AS THE TANG CHI NGONG SPECIALIST CLINIC AND THE MACLEHOSE DENTAL CENTRE.

TANG SHIU KIN HOSPITAL WAS BUILT IN 1969 WITH A \$2 MILLION DONATION FROM SIR SHIU-KIN, WHICH WAS EQUIVALENT TO 50 PER CENT OF THE BUILDING COST. SINCE THEN THE HOSPITAL HAS BEEN PROVIDING A COMPREHENSIVE CASUALTY SERVICE TO RESIDENTS IN THE EASTERN PART OF HONG KONG ISLAND.

THE CASUALTY DEPARTMENT HAS A COMPLEMENT OF 80 BEDS, AN OPERATING THEATRE, X-RAY AND OTHER FACILITIES.

THE WORKLOAD OF THE HOSPITAL HAS INCREASED CONSIDERABLY OVER THE YEARS AS REFLECTED BY THE INCREASING NUMBER OF CASUALTY CASES HANDLED. IN 1981 THE HOSPITAL DEALT WITH NEARLY 120 000 CASES, ALMOST THREE TIMES MORE THAN IN THE FIRST YEAR OF OPERATION.

TO MEET THE INCREASING DEMAND FOR CASUALTY AND OTHER SERVICES ON THE EASTERN PART OF HONG KONG, THE MEDICAL AND HEALTH DEPARTMENT HAS INCLUDED IN ITS DEVELOPMENT PROGRAMME AN EXTENSION OF THE HOSPITAL.

THE PLAN ENVISAGES THE CONSTRUCTION OF A NEW WING TO PROVIDE AN ADDITIONAL 3 000 SQUARE METRES OF FLOOR SPACE TO ACCOMMODATE MORE BEDS, OPERATING THEATRE FACILITIES, NEW X-RAY FACILITIES, PHYSIOTHERAPY AND OCCUPATIONAL THERAPY DEPARTMENTS AND A PATHOLOGICAL LABORATORY.

THE NEW WING WILL ALSO PROVIDE ADDITIONAL ACCOMMODATION FOR DOCTORS AND NURSES AND MINOR STAFF.

THE TOTAL BUILDING COST OF THE PROJECT IS ESTIMATED, AT CURRENT DAY PRICES, TO BE IN THE REGION OF \$25 MILLION AND IS SCHEDULED FOR COMPLETION BY 1984/85.

IN ADDITION, SIR SHIU-KIN HAS ALSO DONATED \$1 MILLION TO BAPTIST COLLEGE AND 50 000 HONG KONG AND SHANGHAI BANK SHARES AND 50 000 HONG KONG LAND SHARES TO PO LEUNG KUK SO THAT THE ACCRUING INTERESTS EVERY YEAR FROM THESE SHARES COULD BE USED FOR THE WELFARE OF THE ORGANISATION.

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WEDNESDAY, FEBRUARY 24, 1982

- 32 -

GREAT CHANGES IN NEW TERRITORIES, SAYS MACPHERSON  
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GREAT CHANGES HAVE BEEN, AND ARE, TAKING PLACE IN THE NEW TERRITORIES, THE REGIONAL SECRETARY FOR THE NEW TERRITORIES, MR IAN MACPHERSON, SAID TODAY (WEDNESDAY).

MR MACPHERSON, WHO WAS SPEAKING AT A NEW TERRITORIES BRANCH OF THE HONG KONG LIFE GUARD CLUB (HKLGC) PRESENTATION CEREMONY, SAID DEVELOPMENT OF THE NEW TOWNS HAD LED TO DRAMATIC INCREASES IN POPULATION.

+MOREOVER THE POPULATION OF HONG KONG AS A WHOLE HAS INCREASED AND HAS BECOME MUCH MORE MOBILE, AND MUCH MORE ADVENTUROUS IN TERMS OF RECREATIONAL NEEDS,+ HE SAID.

+THIS COMBINATION OF CIRCUMSTANCES HAD RESULTED IN CONSIDERABLE DEMANDS BEING PLACED ON THE RESOURCES OF THE GOVERNMENT AND BODIES SUCH AS THIS CLUB, AND HAD MEANT THAT WE HAD ALL HAD TO BE ON OUR TOES IN CONSTANTLY ADAPTING TO A RAPIDLY CHANGING AND EVOLVING SCENE.

+AT THE SAME TIME WE HAVE ALL BEEN CONSCIOUS OF THE NEED TO PROVIDE ADEQUATE RECREATIONAL PURSUITS AND OUTLETS FOR THE EXPANDING POPULATION OF THE NEW TERRITORIES,+ MR MACPHERSON SAID.

+IN THIS PROCESS A VERY CONSIDERABLE EMPHASIS HAD BEEN PLACED ON THE USE OF OUR WATERS FOR RECREATION.

+I AM, THEREFORE, AS REGIONAL SECRETARY FOR THE NEW TERRITORIES AND HONORARY PRESIDENT OF YOUR NEW TERRITORIES BRANCH, PLEASED TO NOTE THAT THE ACTIVITIES OF THE CLUB HAVE EXPANDED QUICKLY IN THE LAST FEW YEARS TO MEET THE CHALLENGE WHICH FACES US.

+THE CREATION OF LIFE SAVING ORGANISATIONS, UNDER YOUR AEGIS, HAS BEEN AN ESSENTIAL INGREDIENT IN OUR ABILITY TO MEET THE CHALLENGE.

+I AM ALSO PARTICULARLY GLAD TO NOTE THAT THE INCREASING NUMBER OF NEW TERRITORIES BASED LIFE SAVING TEAMS, AND THE CONSEQUENT MOVE AWAY FROM GUARDS BEING SENT OUT FROM THE URBAN AREAS,+ HE SAID.

MR MACPHERSON PAID TRIBUTE TO THE HKLGC, AND TO THE NEW TERRITORIES BRANCH IN PARTICULAR, FOR ITS STRENUOUS EFFORTS, AND ALSO TO THE INDIVIDUALS INVOLVED FOR THEIR SENSE OF CIVIC DUTY IN VOLUNTEERING TO MEET THIS NEED.

HE SAID MEMBERS OF THE BRANCH, BY THEIR VERY PRESENCE, REASSURED SWIMMERS AT BEACHES, AND IN SOME INSTANCES HAD MORE SPLENDID INDIVIDUAL CONTRIBUTIONS TO WATER SAFETY.

MR MACPHERSON PRESENTED INSIGNIA TO EIGHT OFFICE BEARERS, INCLUDING THE PRESIDENT, MR CHAN KANG-FOUT.

/HE ALSO .....

HE ALSO PRESENTED RESCUE STARS TO 10 NEW TERRITORIES SERVICES DEPARTMENT LIFE GUARDS, THREE MEMBERS OF THE PUBLIC AND SIX HKLGC HONORARY LIFE GUARDS.

OCEAN RESCUE AWARDS WERE PRESENTED BY MR MACPHERSON TO A MEMBER OF THE PUBLIC, MR PETER MALLAN, AND TO MR MA CHI-KEUNG, A MARINE DEPARTMENT SAILOR.

MEMBERSHIP OF THE NEW TERRITORIES BRANCH OF THE HKLGC IS OVER 1 000.

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#### BUILDING IN DANGEROUS CONDITION

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THE BUILDING AUTHORITY TODAY (WEDNESDAY) DECLARED NO. 574 CANTON ROAD, KOWLOON TO BE IN A DANGEROUS CONDITION.

IN A STATEMENT ISSUED THIS MORNING, THE PRINCIPAL GOVERNMENT BUILDING SURVEYOR SAID THAT THIS 4 STOREY PRE-WAR BUILDING, CONSTRUCTED OF LOAD-BEARING BRICKWALLS AND TIMBER FLOORS AND ROOF, HAD BEEN UNDER SURVEILLANCE SINCE 1973.

RECENT INSPECTION HAS REVEALED THAT THERE IS RAPID DETERIORATION IN THE TIMBER ROOF, FLOORS AND STAIRCASES AND THE LOAD-BEARING WALLS ARE FRACTURED. THERE IS A RISK OF ROOF-COLLAPSE AND IT IS THEREFORE NECESSARY TO CLOSE AND DEMOLISH THIS BUILDING.

NOTICE OF INTENTION TO APPLY FOR A CLOSURE ORDER IN KOWLOON DISTRICT COURT AT 9.30 AM ON MARCH 24, 1982 WAS POSTED TODAY.

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