



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

Wednesday, March 1, 1995

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Hong Kong success story continues beyond 1997

The recipe for success of Hong Kong's economy, which is enshrined in the Sino-British arrangements for the future, will continue beyond 1997, the Secretary for Financial Services, Mr Michael Cartland, said in London yesterday (Wednesday).

Speaking to about 90 representatives from financial and investment communities all over the world during a presentation at the Asian Companies Expo 95 in Earls Court, Mr Cartland said there were many reasons for confidence about the territory's future.

"For example, Hong Kong is very well placed economically and the market is booming. There is no exchange controls nor barriers to inward foreign investment. We have a stable and fully convertible currency.

"The market players themselves are already looking beyond 1997, taking longer term view and China also participate fully in Hong Kong's economy, indicating their recognition of our importance," he said.

Mr Cartland also believed that a commitment to the rule of law with a Common Law background, an independent judiciary and a determination to fight corruption were some of the important factors that contributed to the strengths of Hong Kong's economy.

Also taking part with the Hong Kong Government Office at the Expo's Hong Kong stand are the Hong Kong Stock Exchange and Hong Kong Futures Exchange.

More than 1,600 fund managers, representatives from investment companies and financial institutions all over the world are expected to attend the three-day Expo which provides opportunities for business leaders to have face-to-face contact with the senior management of Asian companies.

About 110 organisations from Australia, India, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore and Thailand are featured.

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HMDAC welcomes the setting up of Health Care and Promotion Fund

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The Health and Medical Development Advisory Committee (HMDAC) is pleased to learn that the Government has decided to establish an \$80 million Health Care and Promotion Fund, the Chairman of HMDAC, Dr David Fang, said today (Wednesday).

The Chairman noted that the fund would be used to finance health promotion, prevention of disease and research. It would also be used to help patients with rare diseases.

Dr Fang said: "Prevention is always better than cure.

"I am pleased that Government recognises the importance of giving more attention to the avoidance of injury, disease and disability through adequate public education and publicity. The establishment of the Fund is a positive step in this direction," he added.

Dr Fang said the HMDAC was looking forward to being briefed in detail about the workings of the Fund at its next meeting and hoped that the Fund would be able to begin operating soon.

Dr Fang also commented on the Government's proposals to increase the number of first-degree nursing places, to improve the quality of teaching and to employ more health care assistants to take over nurses' non-professional duties.

He said: "Government's nursing initiatives are a welcome measure. They will benefit the profession by improving the training of nurses and their career development, and benefit patients by raising their quality of care."

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Quality Week to promote awareness of quality

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The Industry Department is organising a Quality Week in March to promote the awareness of quality and the application of quality management systems in Hong Kong.

"This is the second time that Quality Week is held following the success of the first Quality Week programme in 1994. We intend to make this an annual event," the Assistant Director-General of Industry, Mr Brian Tyler, said today (Wednesday).

"The theme for this year's Quality Week programme is 'Global Demand for Quality and How Hong Kong is Responding'," he added.

The event will be kicked off with an opening ceremony to be held tomorrow (Thursday) which will include a Q-mark Licence Presentation Ceremony, to be followed by a seminar organised by the Industry Department.

The Secretary for Trade and Industry, Mr T H Chau, will officiate at the opening ceremony and the Q-mark Licence Presentation Ceremony.

The Director-General of Industry, Miss Denise Yue, will also be attending the ceremony.

The Quality Week 1995 programme will feature a series of seminars and training courses on quality and quality management, an exhibition on quality management and the launching of a new series of quality posters and quality management Total Quality Management (TQM) booklets.

The Quality Week programme activities are organised by the Industry Department in conjunction with 11 participating organisations.

They are City University of Hong Kong, Hong Kong Productivity Council, Hong Kong Quality Assurance Agency, Hong Kong Quality Management Association, Hong Kong Society for Quality Control, Hong Kong branch of the UK-based Institute of Quality Assurance, Paper Communication Exhibition Services, Hong Kong Q-Mark Council of Federation of Hong Kong Industries, Quality and Reliability Centre of Hong Kong Polytechnic University, Hong Kong Trade Development Council and University of Hong Kong.

Attention News Editors:

You are invited to cover the opening ceremony of the Quality Week which will begin at 9.15 am tomorrow (Thursday) at Theatre Two, first floor, Hong Kong Convention and Exhibition Centre, Wan Chai.

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Tsuen Wan wooden shack demolished

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The wooden shack erected for the second time on the pavement of Market Street, Tsuen Wan, by former residents of the illegal structures on the roofs of Cheuk Ming Building and Tak Yan House was demolished by government staff this (Wednesday) afternoon.

A Government spokesman said: "Unauthorised occupation of Government land by any person is in breach of the Crown Land Ordinance and will not be tolerated. Those responsible are liable to prosecution."

Of the 24 families affected by the clearance exercise which was carried out on December 19 last year, 16 have requested for Government housing assistance.

So far three families have been rehoused in public rental flats and seven in temporary housing units while two families will shortly be offered rehousing in public rental flats.

Meanwhile, one application is being processed and two others have been rejected as the applicants do not fulfil the established criteria for public housing.

The remaining singleton's application for compassionate rehousing is being considered by the Social Welfare Department.

The spokesman stressed that the rehousing offers had been and would be made strictly on the basis of residents' eligibility under the established policy.

"Rehousing arrangements are not results of radical protest actions by some of these residents," he added.

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What the Budget means for you

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Members of the public will have the opportunity to speak to the Financial Secretary, Sir Hamish Macleod, about the Budget for the new financial year tomorrow (Thursday), the day immediately after the publication of this important document.

The Financial Secretary will take questions from callers phoning in RTHK Radio 1 and 5's "Talkabout" and Radio 3's "Hongkong Today" programmes from 7.45 to 8.45 am.

The live broadcast, "Financial Secretary's Hotline", with simultaneous translation, will take place in Broadcasting House, 30 Broadcast Drive, Kowloon.

The phone-in numbers are 187 2311 for the Chinese language and 2338 8266 for the English.

Later in the morning, the Financial Secretary will meet Chairmen of the 18 District Boards and Chairmen of the two Municipal Councils at 10 am in the Home Affairs Department Headquarters to brief them about the implications of the Budget proposals for the community, and the districts in particular.

In the afternoon, Sir Hamish will be hosting a post-budget press conference at 3 pm in the Information Services Department.

Attention News Editors:

Phone-in Programme

Press members who are interested to cover the programme are requested to arrive at RTHK's Broadcasting House at 7.30 am for a photo-call. Audio and closed circuit facilities will be set up for press members to monitor activities inside the live studio.

DB Chairmen Meeting

A photographic facility has been arranged for the media to take pictures prior to the start of the meeting. Press members are requested to assemble at 9.45 am at the News and Publicity Division of Home Affairs Department, Southorn Centre, 30th Floor, 130 Hennessy Road, Wan Chai.

Press Conference

The press conference will be held at 3 pm at the GIS Press Conference Room, fifth floor, Beaconsfield House.

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Closure of Mong Kok illegal structures sought

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The Building Authority is seeking to close five unauthorised rooftop structures in Mong Kok so that they can be demolished without endangering occupants and the public.

The unauthorised rooftop structures which are used for dwelling are found at buildings at 21, 25 and 27 Mong Kok Road and at the junction of 27A Mong Kok Road and 475-477 Reclamation Street.

Notices applying for Closure Orders from the District Court under the Buildings Ordinance on June 28 this year have been posted on the premises.

Demolition works are expected to start as soon as the Closure Orders are issued.

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Sai Kung lot to let

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The Lands Department is inviting tenders for short-term tenancy of a piece of Government land in Tseung Kwan O, Sai Kung.

Located in Tseung Kwan O, the lot has an area of 17,900 square metres for use as a fee-paying public car park.

The tenancy is for six months, renewable quarterly.

Closing date for submission of tender is at noon on March 17.

Tender form, tender notice and conditions may be obtained from the District Lands Office, Sai Kung, third floor, Sai Kung Government Offices, 34 Chan Man Street, Sai Kung and the District Lands Offices Kowloon, 10th floor, Yau Ma Tei Car Park Building, 250 Shanghai Street, Kowloon, and the Lands Department, 14th floor, Murray Building, Garden Road.

Tender plan can also be inspected at these offices.

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Flushing water cut in Sha Tin

Flushing water supply to some premises in Sha Tin will be temporarily suspended from 8 am to 11 pm on Friday (March 3) to facilitate checking of the supply system.

The affected areas will include Lek Yuen Estate, Lek Yuen Clinic, Wo Che Estate, the section of Yuen Wo Road to the east of Sha Tin Rural Committee Road, Sha Tin Technical Institute, Ti-I College, Jubilee Garden and Hong Kong Sports Institute.

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Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,917	0930	-46
Closing balance in the account	1,820	1000	-196
Change attributable to :		1100	-194
Money market activity	-197	1200	-193
LAF today	-900	1500	-193
		1600	-197

LAF rate 4.25% bid/6.25% offer TWI 120.2 *-0.1* 1.3.95

Hong Kong Monetary Authority

EF bills		EF notes/Hong Kong Government bonds				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.01	15 months	2605	6.35	99.63	6.77
1 month	5.25	24 months	2702	7.50	100.75	7.21
3 months	5.97	29 months	3707	6.95	99.42	7.34
6 months	6.30	35 months	3801	8.00	101.58	7.52
12 months	6.70	58 months	5912	8.15	100.96	8.06

Total turnover of bills and bonds - \$28,949 MN

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1994 economic success benefits whole community

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Economic success last year has benefited the whole community, but rising prices remained a cause for concern, the Financial Secretary, the Hon Sir Hamish Macleod, said.

Reviewing the economic performance last year in his 1995/96 Budget Speech, he said the workforce continued to enjoy virtually full employment, higher real incomes and a rising standard of living.

GDP grew by 5.5 per cent, marginally lower than the most recent forecast of 5.7 per cent but still a considerable achievement.

Investment spending grew by 13 per cent, almost double the average annual rate over the past decade.

Total exports grew by 10 per cent and re-exports by 14 per cent. Hong Kong is the world's eighth largest trading community, and likely soon to move even further up that particular league table.

Exports of services grew by 7.5 per cent. Hong Kong is probably the world's 11th largest exporter of services.

Reflecting the expansion of the financial services, the value of Hong Kong dollar private sector debt issues more than tripled, to \$60 billion.

In last year's Budget, inflation was forecast to be 8.5 per cent for the year.

"We did rather better than expected, with an inflation rate of 8.1 per cent. But the pressure on prices remains too high for us to be complacent," Sir Hamish said.

Explaining the foundations on which all four of his budgets have been built, he said they were entirely consistent with the principles that had guided Hong Kong's economic success for almost half a century.

They are entirely consistent with the principles set out in the Basic Law, he added.

This means that not only are they the economic compass which has steered Hong Kong safely through times of turbulence as well as its boom years, but there is also every reason to be confident that they will continue to do so, he said.

Sir Hamish said consensus capitalism, the search for a balance between the market economy and an adequate welfare safety net, had been at the heart of his approach to the preparation of the four budgets.

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Economy will continue to do well in 1995

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The Financial Secretary, the Hon Sir Hamish Macleod, believed that overall, the economy would continue to perform well this year.

Presenting his fourth and last Budget to the Legislative Council today (Wednesday), Sir Hamish said Hong Kong appeared to have established a pattern for the 1990s of steady, sustainable growth, one which is high by the standards of other advanced economies.

"Although overall growth in 1995 looks like being similar to that in 1994, it is of course true that, as always, we must be prepared to respond at short notice to sudden shocks and reverses in world trading conditions," he said.

Sir Hamish forecast the following real increases for 1995:

- * GDP will rise by 5.5 per cent.
- * GDP per head will rise to over US\$24,000.
- * Total exports will rise by 13 per cent. Domestic exports will increase by 2 per cent and re-exports by 16 per cent.
- * Exports of services will grow by 9 per cent.
- * In addition, Hong Kong's trade in goods and services will continue to show a positive balance.

Though this year began on a more pessimistic note, Sir Hamish said: "Our policies must be based on the underlying, long term realities, not the short term vagaries of the market.

"Thus, we must keep firmly in mind the fact that our economic fundamentals are sound, and that we have good reason to expect that we will be able to overcome any difficulties which 1995 and beyond may bring," he added.

Sir Hamish said taken overall, business opportunities for this year appeared to be promising.

Most of Hong Kong's major trading partners are expecting faster rates of growth than for some time. And all this is against a background of increasing support for the removal of barriers to world trade.

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China links key to HK's economic prospects

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Economic links with China remain the single most important factor in Hong Kong's economic prospects, the Financial Secretary, the Hon Sir Hamish Macleod, said today (Wednesday) in his Budget Speech.

These links are still expanding into new areas of China, and into different sectors of China's economy, he said.

Last year, Hong Kong's trade with China grew by 15 per cent to \$885 billion.

Hong Kong remains the largest external investor in China, with a cumulative realised investment of around US\$60 billion.

China is probably the largest external investor in Hong Kong. The positive impact of China's economic growth on Hong Kong has been particularly important for its service sector.

Sir Hamish said the Chinese economy had been set the goal for 1995 of high but sustainable growth, with moderating inflation.

It is very much in Hong Kong's interests that these objectives be achieved, because China's booming markets remain the main engine of Hong Kong's economic success, he said.

Referring to negotiations for China to become a founding member of the World Trade Organisation, the Financial Secretary said: "We must hope that the remaining difficulties can be overcome quickly, and the necessary reforms which must accompany accession be agreed."

In that case, China can take its full and rightful place in the international trading community, and its trading partners can in turn benefit from improved market access and greater transparency and certainty in trading rules and procedures.

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Support to free trade pledged

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Hong Kong will offer vigorous and enthusiastic support to developing a blueprint to implement the vision set out in the Bogor Declaration, working towards free trade in the Asia-Pacific region by 2020.

The commitment was reiterated by the Financial Secretary, the Hon Sir Hamish Macleod, as he delivered the 1995/96 Budget Speech today (Wednesday).

"We have to do all we can to make this particular vision become reality.

"This will not be an easy task, and the commitment is all the more remarkable when viewed against the historical attachment of many members to protectionist policies.

"But in the case of Asia-Pacific Economic Co-operation (APEC), I am an optimist. I believe APEC members have the capacity to set a good example to other trade groupings around the world.

Trade with APEC members accounts for almost 80 per cent of Hong Kong's total trade and has been growing at an average annual rate of 19 per cent over the last decade.

Looking at world trade in the coming year, Sir Hamish said: "We can look forward to significant reductions in both tariff and non-tariff barriers to trade.

"As a major international business centre, we will also gain because key areas, such as services and trade-related intellectual property rights and investment measures, will become subject to a multilateral framework of rules and discipline.

"Improvements to dispute settlement procedures are particularly important to Hong Kong and other small economies which often lack the muscle to resolve differences with larger trading partners on a bilateral basis," he said.

The Financial Secretary said although the year did not start on a very optimistic note, the prospects for the world economy were better than they had been for many years.

Sir Hamish made it clear that the linked exchange rate was here to stay. He again stressed the importance to Hong Kong's stability and prosperity of the linked exchange rate, firmly supported by substantial reserves.

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Three factors to fight inflation

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The Financial Secretary, the Hon Sir Hamish Macleod, identified three factors to fight inflation which he forecast to be 8.5 per cent for 1995.

The factors are: fall in property prices, expansion of the workforce and rise in interest rates.

In his Budget Speech, Sir Hamish said: "Despite the welcome contributions from easier conditions in the property market and from higher interest rates, these will take time to have effect, and relatively high inflation will persist through 1995."

He assured the Legislative Council that the Government would continue to counter inflation as vigorously as possible and sensible in an open economy.

But further expansion of the economy does inevitably mean that the demand for land and labour will remain high in 1995.

"We cannot escape the unfortunate fact that, under Hong Kong's circumstances, pressure on prices is one of the less acceptable but continuing costs of our commitment to sustained growth," he pointed out.

On the property market, he said by the middle of January this year, the prices of existing residential properties had fallen by an average of 14 per cent from their peak in April 1994.

Whilst prices have moderated, they remain at levels which are historically high.

He said the package of measures introduced by the Government in June last year helped to make the market work more fairly and efficiently.

In the short term, the intention was to squeeze out the speculator, and it had largely succeeded.

In the long term, the Government will tackle the problem at its root by increasing the supply of flats, he said.

"Beyond this, however, we must leave the housing market to find its own equilibrium."

In terms of office accommodation, the prospects for the medium term are that a new equilibrium will emerge as additional supply becomes available from the redevelopment of existing sites in Central, from developments on the Central and Wanchai Reclamation and from sites along the Airport Railway.

Referring to criticisms about massive reclamation around the harbour, he said: "We have no intention whatsoever of reducing our magnificent harbour to a mere trickle.

"Nor do we have any intention of flooding the market with huge amounts of new land.

"As always, the timing of actual land sales will depend on market conditions. But we must put ourselves in a position where we can meet future demand," he said.

Sir Hamish added that the additional land would enable people living in congested areas to enjoy a better quality of life without having to uproot themselves from the urban area.

Turning to the second factor of a modest expansion of the workforce, he said without these increases over the last two years, inflationary pressures would have been even more intense as the economy continued to expand.

"The larger workforce should stand us in good stead in our efforts to contain inflation as the economy looks forward to another year of significant growth in 1995."

The workforce increased by 2.9 per cent in 1993 and by 3.5 per cent in 1994.

This is a helpful change compared with the marginal decline in 1992, he said.

Last year's increase of about 100,000 included a number of returning immigrants.

As to the rise on interest rates, the cost of borrowing has gone up, whilst savings have become more attractive.

He said both trends should help to contain inflation by reducing demand.

Inflation for 1995 is forecast to be 8.5 per cent, which Sir Hamish described as an uncomfortably high rate.

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Keep Hong Kong competitive

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Hong Kong has to be kept competitive in order to ensure that its economic fundamentals continue to be good, the Financial Secretary, the Hon Sir Hamish Macleod, said in his Budget Speech today (Wednesday) in the Legislative Council.

Additionally, this can be achieved by relying on Hong Kong's traditional strengths and intervening only when necessary.

The Government put its faith in markets. "We believe in small government, and that it is the private sector which generates our wealth," Sir Hamish said.

"Nevertheless, small government does not mean no government.

"A free market economy does not mean an economy completely free from regulation. It means an economy in which the Government knows its place.

"Small government should not be made an excuse for passive government," Sir Hamish added.

There are tasks and responsibilities which only a government can perform, he said.

"It is the Government which must provide the bulk of our social and economic infrastructure, the essential framework within which the private sector can work its wealth-creating magic.

"The Government must provide the leadership necessary to create this framework, and we have an obligation to do so as efficiently as possible, but in partnership with the private sector where that makes sense."

Sir Hamish said people were Hong Kong's greatest resource.

Education remains the largest single component of the Government's recurrent budget, he added.

"We are reducing class sizes, improving student/teacher ratios and upgrading the training and qualifications of teachers.

"Institutions funded by the University Grants Committee now offer 57,000 degree places and over 16,000 sub-degree places," he said.

Next year, the Vocational Training Council will spend \$1.4 billion on training over 43,000 full-time and over 66,000 part-time students.

The Employee Retraining Board will have provided retraining for over 50,000 by the end of 1995-96.

Noting that wealth was created best in a safe city with social stability, Sir Hamish said that the Government was investing heavily in improving access to the courts and speeding up legal proceedings.

Investment in the physical infrastructure is also vital, he added.

Sir Hamish gave a few examples of how the Government was discharging its responsibility to create the modern facilities which Hong Kong needed, "wherever possible in close collaboration with the private sector".

These are the new airport at Chek Lap Kok; a new transport network including the Western Harbour Crossing, West Kowloon Expressway, Route Three, Lantau Fixed Crossing and North Lantau Expressway; the container terminals and railway development.

The Financial Secretary said the Government also had a role to play in supporting technological development.

These are being done in the following areas:

- * A new Hong Kong Industrial Technology Centre where 70 per cent of its space has been let.
- * Increase in funds for technology development to \$210 million.

The Government had a special obligation to provide a modern infrastructure to support its "burgeoning financial services sector", Sir Hamish said.

"Hong Kong is probably unique in having its role as an international financial centre enshrined in its constitutional document.

"Article 109 of the Basic Law requires the future Special Administrative Region (SAR) Government to maintain Hong Kong's status as an international financial centre by providing an appropriate economic and legal environment."

The Government is already at work to maintain and improve that environment, he said.

"We are co-operating closely with the banking community to develop by 1996 one of the most modern real-time gross settlement systems in the world.

"We hope to have this linked up with similar systems in other major financial centres, as well as to the Chinese National Automated Payment System to allow payments arising from cross-border activities to be effected safely."

The debt market clearing and settlement systems are being upgraded, he added.

"The Central Moneymarkets Unit of the Hong Kong Monetary Authority now handles over 150 issues with an outstanding value of \$90 billion.

"The Unit has established links with major international clearing systems to provide overseas investors with easy access to the Hong Kong debt market."

Bank supervision has been strengthened by introducing a new loan classification system and a more comprehensive regime for regulating liquidity, Sir Hamish said.

"A major priority for the year ahead will be to draw up further guidelines for financial derivatives to ensure better management of the risks associated with these products.

"We will also amend the Banking Ordinance to improve further the legal framework for banking supervision."

The banking sector has been brought into closer line with international practice by requiring the disclosure of more information, Sir Hamish said.

The Government will soon be consulting relevant bodies on detailed legislative proposals to streamline and rationalise the "fragmented legal framework" for the securities and futures markets, he said.

Other areas where work is also being done include improvement to the protection of insurance policy holders, undertaking of a comprehensive review of the insolvency legislation and reforms of the legal and administrative systems to protect intellectual property.

Sir Hamish said these examples illustrated "a very important point about the role of the Government".

"It does not generate the community's wealth, but it does a great deal to ensure that we maintain an environment in which prosperity can be created and competition can flourish.

"Having provided the framework, it is then the Government's duty to leave entrepreneurs and investors free to get on with the business of generating wealth.

"That this approach works is evident from our record of economic growth and from the praise which we have received from foreign observers."

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Encouraging development of service sector

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The Government is considering a number of measures to ensure that Hong Kong will have enough hotel rooms to accommodate the rising number of tourists and business travellers.

Disclosing this today (Wednesday) in his Budget Speech, the Financial Secretary, the Hon Sir Hamish Macleod, said measures recommended by consultants included the relaxation of plot ratios and the release of new sites.

He said: "We shall be consulting closely with all those concerned before deciding on the way forward, but our aim will be the positive one of ensuring that this industry can go on growing without any unnecessary constraints or handicaps.

The Government has long been involved in the promotion of tourism - one of Hong Kong's most important service industries - through its financial support for the Hong Kong Tourist Association, the Financial Secretary said.

The Government had also provided a framework to encourage the development of the service sector, while its role in promoting trade in services has been relatively modest.

Sir Hamish added: "This is hardly surprising.

"When the Trade Development Council was established, our exports were dominated by trade in goods.

"However, given the growing potential for trade in services, I believe that there is now a case for a more balanced approach to overseas promotion."

Sir Hamish said the preliminary results of a consultancy study suggested there were several areas where carefully targeted promotion could help to reinforce Hong Kong's position as a world-class service centre for the Asia-Pacific region.

Over the next few months, the Government will be working with bodies such as the Coalition of Service Industries and the Trade Development Council to determine how best this should be done.

"I believe a new initiative in this area would be very worthwhile. We have very considerable expertise to sell," Sir Hamish said.

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Budget strategy "clear and consistent"

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The Financial Secretary, the Hon Sir Hamish Macleod, said the strategy for this year's Budget was "clear and consistent".

Delivering this year's Budget to the Legislative Council today (Wednesday), he said four principal components to this strategy had been adopted.

Sir Hamish said: "First, inevitably, is the need to control government expenditure so that, over time, it grows no faster than the economy as a whole.

"This means in practice that we cannot do everything we would like to do immediately. We have to set priorities annually, in an orderly and well thought through process.

"Secondly, to provide the funds for the programmes announced in the Governor's annual Policy Address and in the Policy Commitments.

"This means living up to past promises and refusing to undertake new commitments where these would be beyond our means.

"Thirdly, to maintain reserves adequate to provide a cushion against future contingencies.

"Especially during this transitional period, this means taking a highly prudent view of the volatility to which an economy as open as ours may be subject.

"Fourthly, to decide whether it is possible to reduce the burden on the taxpayer in the light of our overall economic and financial position."

Sir Hamish said a philosophy based on such an approach to the management of the public finances commanded wide support in the community.

He added that, however, striking the right balance between the individual elements of this strategy was not easy. "This is not a mechanical process," Sir Hamish said.

"Inevitably, then, there may be differences of opinion over how cautious a view we should take of our growth prospects and of future contingencies.

"There are equally likely to be differences over how far and how fast we can afford to respond to the community's demands for improved services and for improvement in infrastructure.

"Although the Government's overall budget strategy has been remarkably consistent over the years, the balance to be struck between its various elements inevitably alters from one year to the next, as our circumstances change," he said.

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Comprehensive social security assistance being examined

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The Financial Secretary, the Hon Sir Hamish Macleod, explained his decision in not dealing with the issue of the Comprehensive Social Security Assistance (CSSA) scheme in the Budget.

He said: "I am well aware of the view that we should, as soon as possible, make very significant increases in CSSA payments for the elderly."

Delivering the 1995/96 Budget in the Legislative Council today (Wednesday), he said a detailed examination of the CSSA scheme was being undertaken in a separate exercise.

"Figures like \$2,300 or \$2,500 have been mentioned.

"I would urge that we do not rush headlong into such a major decision. It is not just that it would involve a large and continuing recurrent expenditure commitment, though clearly that weighs on my mind too.

"The fact is that this Budget is not the place to deal with what is a large and complex issue."

Explaining further, Sir Hamish said the Government needed to know where the question of retirement schemes was headed.

He said: "Clearly, the implications of introducing a scheme providing pensions for all, as in our Old Age Pension Scheme proposal, are quite different from a more limited scheme providing protection only for the employed, as in the Mandatory Provident Fund proposal, which now seems to be emerging as the preferred choice.

"Secondly, and more importantly perhaps, it is surely an unhelpful oversimplification to talk as if the only question to be resolved is the level of CSSA payments to the elderly.

"It is surely unhelpful, and indeed misleading, to assume that we only need to consider payments for the elderly, and that \$2,300 or whatever, is the right level.

"We must recognise that it is the needs of all recipients, not just the elderly, that should be considered.

"After all, at other times, we have been told that we must give priority to the needs of the single parent, or of children.

"Surely other groups, not only the elderly, have a right to be considered too?

"Hence there is a genuine need to see the results of the household expenditure survey towards the end of the year, and in the light of those results to assess calmly and rationally the appropriate level of payments for all recipients, including the elderly.

"Thirdly, the timing is also impossible for this year's Budget.

"Members are well aware that expenditure decisions are taken well in advance of the Budget Speech, and that we cannot at the last minute find large recurrent sums."

Sir Hamish said the Government shared the underlying wish of the community and of many LegCo members to provide greater protection and support for the elderly.

"We wish to relieve the financial anxieties of old age. But we must do so in a manner which ensures that we consider other valid claims on our sympathy and on our inevitably limited resources," he said.

Sir Hamish said the Government must maintain the discipline of not letting expenditure grow faster than the economy.

"We therefore have to set priorities," he added, "and setting priorities means that if you give a high priority to one area you must give a lower priority to another area."

Sir Hamish added that since 1971, the standard rate for a single elderly person had increased by 23 times whereas inflation had increased by a mere six times over the same period.

End/Wednesday, March 1, 1995

The 1994-95 outturn

Expenditure this year will be \$165.8 billion, some \$3.1 billion less than the original forecast - a difference of less than two per cent, the Financial Secretary, the Hon Sir Hamish Macleod, said today (Wednesday) in the Legislative Council.

Sir Hamish noted in his Budget Speech that underestimating surpluses had a long history in Hong Kong but this year's was on target as the surplus for 1994-95 was in line with the original estimate of \$7.7 billion.

"In overall terms, this outcome has arisen because modest underspending has been offset by equally modestly reduced revenue," he said.

Sir Hamish pointed out that some \$2.0 billion of the underspending was due to reduced equity injections into the Provisional Airport Authority and MTRC as a result of the protracted negotiations on the airport financing package.

There had also been underspending of \$3.5 billion from the Capital Works Reserve Fund because of delays in land resumption and slippage in capital works.

However, this was partly offset by the fact that expenditure from the Loan Fund would be \$3.1 billion more than forecast, mainly because of loans granted to the Housing Society to meet the land premia due for sites under the Sandwich Class Housing Scheme (for which no provision was made in the original estimate).

The underspending of \$3.5 billion from the Capital Works Reserve Fund was less than 11 per cent of the original estimate (excluding debt interest and repayment of \$2.4 billion). In percentage terms, this level of underspending was a further continuation of the much improved performance achieved in 1993-94.

He said: "Members will recall the severe underspending which we experienced in 1991-92 and 1992-93 and the steps which we have taken to overcome this problem.

"Given the lead time required for major capital projects, it will be some time before we see the full impact of our remedial measures reflected in actual spending performance.

"Nevertheless, considerable progress has already been achieved."

Sir Hamish said expenditure in 1994-95 represented a growth of around 40 per cent in real terms over the level in 1991-92.

"Our forecasts assume that this progressive improvement will continue," he added.

Sir Hamish pointed out that revenue for this financial year was expected to be some \$3.1 billion less than the original forecast, owing to main reasons set out as follows:

- * First, it was estimated that the share of revenue from land premia would be \$3.4 billion less than originally forecast. While land prices generally had been in line with expectations, the disposal of a number of sites was deferred until the final quarter of the financial year. Because of the sharing arrangements with the future Special Administrative Region Government, the proceeds from land sold in the final quarter of 1994-95 would not be received until 1995-96.
- * Secondly, in the original estimate, the Government had anticipated recovering \$2.7 billion from the Mass Transit Railway Corporation for works undertaken by the Government in connection with the airport railway. However, this had now been deferred to 1995-96 as a result of the delay in reaching agreement with China on the financing details.
- * Thirdly, these shortfalls in revenue had been partially offset by higher than expected interest earnings of \$1.6 billion on the fiscal reserves as a result of the rise in interest rates.

End/Wednesday, March 1, 1995

Draft expenditure estimates 1995-96

Total government expenditure (excluding payments from the Capital Investment Fund) in 1995-96 will amount to \$169.7 billion, an increase of \$23.7 billion over the original estimate for 1994-95.

This was announced by the Financial Secretary, the Hon Sir Hamish Macleod, in his Budget Speech delivered today (Wednesday) to the Legislative Council.

"In drawing up the estimates of expenditure, as I explained earlier when outlining my budget strategy, our first expenditure priority has been to provide funds to meet the targets announced by the Governor in his Policy Addresses to this Council and to implement the initiatives published by Branch Secretaries in their Policy Commitments in October 1994," he said.

Sir Hamish then outlined some of the highlights of these extensive improvements.

- * For the elderly, the Government would implement the recommendations of the Working Group on Care for the Elderly, involving both welfare and medical services. It would provide an extra 1,489 places in care and attention homes, an additional 23 social centres, four day care centres, three multi-service centres and two elderly health centres.
- * For children, the Government would provide an extra 1,400 day nursery places and 250 day creche places.
- * For people with a disability, the Government would provide an extra 1,287 residential places, 1,008 day places and 471 pre-school places.
- * For children and single parents, the standard Comprehensive Social Security Assistance payments would be increased from April 1 by \$205 a month for children and by \$200 a month for single parents. In addition, full-time students aged 19-21 would receive the standard rate for children instead of the standard rate for adults, giving them between \$420 and \$555 more a month. On top of these improvements, there would be the normal increases to compensate for inflation.
- * For the sick, the Government would provide an extra 807 hospital beds, hospice care for an extra 400 patients a year, expanded dialysis facilities and improved care for sufferers from diabetes and heart disease.

End/Wednesday, March 1, 1995

Budget process explained

It is an essential feature of any administration which is both accountable and cost-conscious that its policies are carefully considered and that its programmes are meticulously planned, the Financial Secretary, the Hon Sir Hamish Macleod, said today (Wednesday).

Delivering his Budget Speech in the Legislative Council, he pointed out that the 1994 Policy Commitments set out 337 new, fully-costed initiatives and these were in addition to the 221 specific undertakings announced in the 1992 and 1993 Policy Addresses.

"It would be surprising if the Government could come forward today, only six months after the last Policy Address, with a further list of major policy proposals.

"This means that most of the new proposals which the Government wants to bring forward will be announced in the annual Policy Address," Sir Hamish said.

End/Wednesday, March 1, 1995

New initiatives for 1995 spelt out

The Financial Secretary, the Hon Sir Hamish Macleod, today (Wednesday) outlined some of the new spending initiatives in his Budget Speech.

He said in the Legislative Council that it might be possible to make resources available in the Budget for new spending initiatives as explained in the budget strategy to tackle pressing problems.

One of the new spending initiatives is for improvements in kindergarten education.

Sir Hamish said the Governor announced in his last year's Policy Address that the Government would raise the quality of kindergarten education by upgrading the training and qualifications of teachers and by requiring kindergartens to employ a minimum percentage of trained teachers.

"These initiatives have been well-received. However, Members of this Council have been unanimous in arguing that teachers must be adequately paid if they are to have sufficient incentive to improve their qualifications.

"Members have therefore proposed more direct help to enable kindergartens to employ trained teachers.

"We are sympathetic to this proposal, and accept that improvements are clearly needed. We are looking urgently at how best to achieve this, and resources have been earmarked for this purpose," he said.

Apart from kindergarten education, Sir Hamish said the Government also recognised the need to look at the child care centre sector.

"My colleagues, the Secretary for Education and Manpower and the Secretary for Health and Welfare, are working together enthusiastically to produce early proposals on the best way forward in these two vital areas for our young children," he said.

On support for nurses, Sir Hamish said the Government would be able to implement further improvements in the training and role of nurses in addition to the measures announced in last year's Policy Address.

"We will increase the number of first-year first-degree places in nursing from 40 to 180 over three years; upgrade the qualifications of nursing tutors; and employ more health care assistants to relieve nurses of their non-professional duties.

"These measures will help us to raise still further the quality of care in our hospitals and clinics," he said.

On health promotion, Sir Hamish noted that tobacco was the single most preventable cause of death and the Government would introduce further anti-smoking legislation.

In parallel with this, the Government will intensify health education and publicity by setting up a Health Care and Promotion Fund with an injection of \$80 million.

This fund will be used for two purposes, to increase educational research and other activities to promote awareness of health issues.

Sir Hamish also suggested to provide financial assistance to the small number of patients every year who suffered from rare diseases which required medical treatment which was so specialised that it was not available in Hong Kong.

As for the purchase of welfare premises, Sir Hamish acknowledged that the Government was falling behind in its efforts to meet some key targets for social welfare and rehabilitation, mainly because of difficulties in finding sufficient premises.

"We have taken a fresh look at this problem and concluded that a workable solution is to buy premises in private developments. We will be seeking the approval of Finance Committee to spend about \$2.5 billion on the purchase of premises over the next two years," he said.

These premises will be used to accommodate, amongst other things, 20 day nurseries, 10 day creches, six multi-service centres for the elderly, 28 social centres for the elderly and 13 home help centres.

"As a result, and subject, of course, to Members' approval, we can now be more confident that we will be able to meet the key targets in these areas by 1997," he said.

For improving safety, Sir Hamish pointed out that the Secretary for Works had initiated a comprehensive review of the programme for improving the safety of slopes and retaining walls after the Kwun Lung Lau tragedy last July.

To speed up this programme, which involves over 10,000 sites, the Government will provide 130 additional staff for the Geotechnical Engineering Office and 30 additional staff for the Buildings Department.

Sir Hamish said: "This should allow us to complete the programme over the next five years, a full 10 years earlier than originally planned.

"We will also be appointing 34 extra staff in the Buildings Department to set up a permanent team dedicated to monitoring safety on construction and demolition sites.

"This will help us to minimise the risk of a repetition of the appalling accident that occurred last September at a Nathan Road construction site."

Turning to the duplicate Tsing Yi South Bridge to cope with the growth in container traffic, Sir Hamish said the Government had decided to make preparations for the bridge to be built separately rather than waiting for the development of Container Terminal 9.

The Government will soon ask the Finance Committee for the approval of funding estimated at just over \$1 billion, he said.

End/Wednesday, March 1, 1995

HK makes substantial improvement in social services

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Sustained economic growth and prudent management of public finances enable Hong Kong to make substantial real improvements in the social services, the Financial Secretary, the Hon Sir Hamish Macleod, said today (Wednesday) in the Legislative Council.

Sir Hamish said in his Budget Speech that these improved services would bring real benefits to a high proportion of the community.

He noted that total public spending, including some of the new initiatives, would grow in real terms: on education by 5.5 per cent; on health by 7.7 per cent and on social welfare by 24.1 per cent.

"I am happy to be able to reassure Members that despite these improvements, and despite our peak spending on the Airport Core Programme, we remain within our spending guidelines.

"We have continued to contain the growth in government expenditure over time in line with the growth in the economy, the first priority in my budget strategy," he said.

End/Wednesday, March 1, 1995

Revenue proposals to reward enterprise and promote equity

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In framing the revenue proposals this year, the Financial Secretary, the Hon Sir Hamish Macleod, said he had had very much in mind the principles of rewarding enterprise and promoting equity as in his last three Budget Speeches.

Speaking in the Legislative Council today (Wednesday), he noted that the benefits to the taxpayers of the reductions and reforms of the past three years had been very considerable.

"Obviously, the scope for reform of our already very simple tax system is limited, as is the scope for further reductions if the revenue base is not to be unduly eroded.

"In addition, during the transition it is particularly desirable to keep our reserves at a healthy level.

"This has to be a key element in our budget strategy.

"My consultations with Members of this Council suggest that the community shares this judgment.

"I therefore believe that a cautious approach is justified in considering tax measures which would draw on the reserves.

"Nevertheless, I am still in a position to be able to recommend to this Council a number of useful tax concessions, whilst at the same time forecasting higher reserves.

"To put it the other way round, I am sure it is right that, having secured the funding of the Government's programmes, both capital and recurrent, and having added significantly to the already substantial reserves, we should take any remaining opportunity to reduce the tax burden, especially on those with special needs," Sir Hamish said.

End/Wednesday, March 1, 1995

Tax concessions for those with special needs

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The Financial Secretary, the Hon Sir Hamish Macleod, today (Wednesday) proposed in his Budget Speech to the Legislative Council salaries tax concessions for those with special needs and a 10 per cent tax cut for the majority of salaries taxpayers.

These improvements in tax concessions would reduce the tax burden of some 96 per cent of salaries taxpayers.

For those with special needs, Sir Hamish proposed:

- * to double the additional dependent parent and grandparent allowances, from \$3,000 to \$6,000, for those parents or grandparents living with the taxpayer.
- * to increase the child allowance for the third to ninth child to \$11,000. (The existing level of allowance ranges from \$1,000 to \$3,000.)
- * to increase the single-parent allowance by 25 per cent, from \$32,000 to \$40,000.
- * to introduce a new allowance of \$11,000 for a disabled dependant, defined as someone who is eligible to claim an allowance under the Government's Disability Allowance Scheme. An estimated 30,000 taxpayers would benefit from this new concession. This allowance would be in addition to any allowance already being claimed by the taxpayer for the disabled family member in question.

And for the majority of salaries taxpayers, he proposed:

- * to increase by 10 per cent the basic allowance, from \$72,000 to \$79,000.
- * to increase by 10 per cent the married person's allowance, from \$144,000 to \$158,000.
- * to increase the allowance for the first and second child by 10 per cent, from \$20,000 to \$22,000.
- * to increase the basic dependent parent and grandparent allowances by 10 per cent, from \$20,000 to \$22,000.

Sir Hamish gave the following examples to illustrate the benefits of the proposed tax concessions to taxpayers.

- * A single-parent family with two children will have to earn more than \$13,500 a month before paying any tax. At present, this family would be liable to pay tax when its earnings exceeded \$12,000 a month.
- * A single-income family of five, with two children and one disabled dependent parent or grandparent living with the family, will have to earn more than \$20,000 a month before paying any tax. At present, this family would be liable to pay tax when its earnings exceeded \$17,200 a month.
- * A single-income family of four with a monthly income of \$18,000 will have its tax bill cut by some 81 per cent. It will pay less than \$24 a month in tax.
- * The typical sandwich-class family with monthly earnings of \$22,000 will have its tax bill cut by 37 per cent. It will pay only \$428 a month in tax.

The proposed concessions will take effect from the year of assessment starting on April 1, 1995.

Sir Hamish estimated that they would cost \$1.2 billion in 1995-96 and \$7.7 billion up to 1998-99.

End/Wednesday, March 1, 1995

No changes in corporate tax

The Financial Secretary, the Hon Sir Hamish Macleod, proposed in his Budget Speech today (Wednesday) no changes in the level of corporate tax.

However, he informed the Legislative Council that he would ask the Board of Inland Revenue to review one important aspect of the capital allowances which could be claimed against profits tax.

Sir Hamish said: "In addition to the generous initial allowance of 60 per cent - which should itself probably be reviewed on some future occasion - qualifying expenditure attracts an annual allowance of 10 per cent, 20 per cent or 30 per cent, depending on the type of plant and machinery involved.

"The categorisation into one of these three levels has a significant effect on the tax bill in any particular year.

"I will be asking the Board of Inland Revenue to review the classification of the items which fall into the three categories of annual allowance, to ensure it is fair and objective," he said.

End/Wednesday, March 1, 1995

Estate duty exemption level rises to \$6 million

The Financial Secretary, the Hon Sir Hamish Macleod, proposed today (Wednesday) in his Budget Speech to raise the exemption level of estate duty from \$5.5 million to \$6 million to offset the effect of inflation.

Above that level, he proposed that estate duty be payable at 6 per cent on estates between \$6 million and \$7 million; 12 per cent for estates between \$7 million and \$8 million; and 18 per cent on estates over \$8 million.

The cost of this proposal will be \$20 million in 1995-96 and \$100 million up to 1998-99.

End/Wednesday, March 1, 1995

Tobacco and fuel duties up eight per cent

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The Financial Secretary, the Hon Sir Hamish Macleod, proposed today (Wednesday) in his Budget Speech in the Legislative Council to raise tobacco and fuel duties by eight per cent to keep pace with inflation.

Sir Hamish noted that revenue from tobacco duty decreased substantially in 1993-94 because of increased smuggling of cigarettes and decided last year to maintain duty rates at their existing levels so as not to aggravate the problem of smuggling.

"I also promised to step up our efforts to tackle the tobacco smugglers by setting up a 40-strong task force in the Customs and Excise Department," he said.

Since its establishment in April last year, the task force has proved extremely effective in tackling the problem.

Revenue from duty-paid cigarettes had increased by 28 per cent in the first nine months of this financial year.

Reports indicate that the black market price of cigarettes has also increased markedly.

"This is a very welcome improvement. We will continue to tackle the smugglers through targeted investigations and intelligence gathering.

"Nevertheless, given the substantially improved situation, I consider that an inflation-related adjustment in the duty rate is now needed to preserve the deterrent effect of this tax," he said.

On fuel tax, Sir Hamish proposed to increase the duty on petrol and hydrocarbon oils by 8 per cent to keep pace with inflation.

The proposed increases in fuel duty and tobacco duty come into effect under a Public Revenue Protection Order issued today.

End/Wednesday, March 1, 1995

No changes in alcohol duty

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The simple ad valorem duty system introduced last year to achieve greater equity between imported and locally manufactured alcohol products, and between high and low value products of the same category had been generally successful.

This was stated by the Financial Secretary, the Hon Sir Hamish Macleod, today (Wednesday) in the Legislative Council.

"The ordinary consumer has benefited considerably from the effects of greater competition at the lower end of the market, with greater choice and cheaper products now available.

"Such are the benefits of an ad valorem system. I do not propose therefore any change in the basic system," he said.

As for a proposal to apply a "cap" to the duty payable on the more expensive products, Sir Hamish said he was not entirely lacking in sympathy with this suggestion, given that at the higher end, the duty had undoubtedly increased.

"But whilst my heart, and my palate, urge sympathy, my intellect tells me to make no such change.

"These are early days to assess fully the impact of the system, but there is no evidence yet to suggest that the new system has resulted in reduced revenue yields at this upper end of the market, though there has been a drop in dutiable quantities.

"To apply a cap would also undermine the logic of the new system which is based on the simple principle of vertical equity.

"I have had to conclude that such a cap is not justified. But we will undertake to review the situation again in the light of revenue yields over a longer period," he said.

End/Wednesday, March 1, 1995

Stepping up tax enforcement

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An additional field audit team would be established to step up the campaign on tax evasion, the Financial Secretary, the Hon Sir Hamish Macleod, said today (Wednesday) in the Legislative Council.

This would bring the total to eight teams. In addition, new legislation would be introduced to fight tax avoidance and evasion.

In his Budget Speech, Sir Hamish noted that the Inland Revenue Department's investigation and field audit staff have tackled over 3,500 cases and obtained more than \$2.7 billion in back tax and penalties in the past three years.

Sir Hamish said he found the findings of a recent Inland Revenue Department Survey of the problem of substantial under-reporting of income by some professionals were alarming and the situation unacceptable.

Of the 4,500 businesses surveyed, it was found that 60 per cent did not issue receipts or only issued them on request; only 45 per cent kept a full set of books and accounts; and 40 per cent did not keep sufficient records to enable their taxable profits to be readily ascertained.

He said: "Clearly, we cannot rely on self-regulation alone.

"I propose, therefore, to bring forward legislation to specify clearly the minimum records which a business must keep, and to increase the maximum fine for non-compliance.

"In simple terms, a business will be required to keep the records necessary to enable all business transactions to be traced, explained and verified through the accounting system.

"I hope that these new measures will reduce the temptation by some to under-report their business income.

"For those still unable to resist temptation, these measures will help the tax inspector to detect evasion more effectively.

"And, if even this still does not produce the desired results, we will need to go one step further and legislate also to make the issue of receipts mandatory."

Turning to tax avoidance, Sir Hamish announced the Government's intention to remedy by legislation the increasingly widespread use of service companies to avoid or to significantly reduce tax liability.

There are two types of case that are of special concern. The first amounts to an attempt to disguise what is, in substance, an employer-employee relationship.

The second involves the payment of inflated management fees by a firm to a service company that is controlled by the firm's proprietor or its partners.

Following consultations with LegCo members and professionals, the Government had now modified its proposals in a way which would achieve the basic objectives while meeting the concerns raised about the equity and effectiveness of the original approach.

"In brief, I now propose to deal with the first type of case by legislation but to deal with the second type by a Practice Note which will be issued by the Commissioner of Inland Revenue.

"We aim to introduce the legislation into this Council and to issue the Practice Note by the end of this month.

"I hope that this pragmatic compromise will meet with Members' approval," Sir Hamish said.

End/Wednesday, March 1, 1995

Small deficit for 1995-96

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The Financial Secretary, the Hon Sir Hamish Macleod, envisaged in the Legislative Council today (Wednesday) a "very small deficit" of \$2.6 billion in 1995-96.

"This is equal to less than 2 per cent of government expenditure. Compared with a surplus of \$7.7 billion in 1994-95, it is mildly expansionary," Sir Hamish said.

He said an overall surplus would be returned from 1996-97 onwards, a year earlier than previously forecast.

"Only in the coming financial year, when our investment in the Airport Core Programme peaks, will it be necessary to draw on our reserves, and even then to a much smaller extent than previously expected," he said.

"We shall continue to see a healthy surplus on our operating account throughout the forecast period."

Sir Hamish said there were two main reasons for this improvement in the financial prospects compared with the earlier forecast.

"First, rising interest rates add to the earnings which our fiscal reserves generate.

"Secondly, on the expenditure side, the forecast reflects a more realistic assessment of our capacity to increase spending on public works.

"Thus, we are now assuming a level of spending below that predicted in the previous Medium Range Forecast," he said.

Sir Hamish also explained that the forecast was based on two assumptions: GDP growth would maintain at 5 per cent and a conservative approach to the forecasts of revenue from land premia.

End/Wednesday, March 1, 1995

Reserves in 1997

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The Government's fiscal reserves on March 31, 1997, shortly before the transfer of sovereignty, will stand at an impressive \$151 billion, the Financial Secretary, the Hon Sir Hamish Macleod, said in the Legislative Council today (Wednesday).

"This is a very reassuring cushion, and some \$31 billion more than I was forecasting a year ago."

Sir Hamish noted that the future Special Administrative Region (SAR) Government would receive the full proceeds from land sales, and would collect rents from the extension of New Territories leases from July 1, 1997.

The Medium Range Forecast shows a surplus of \$33 billion in both 1997-98 and 1998-99, the Financial Secretary said.

After taking full account of the SAR Government Land Fund, the Medium Range Forecast predicts total reserves at March 31, 1999 of \$361 billion.

This represents about 1.4 times total government expenditure forecast for 1998-99.

"I believe that this would be the highest ratio of reserves to spending achieved in the history of Hong Kong," Sir Hamish said.

End/Wednesday, March 1, 1995

Consultations with China on 1997-98 Budget

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To prepare for the 1997-98 Budget, the Government has proposed a four-stage programme of briefings for a designated team of experts on how Hong Kong manages its public finances, the Financial Secretary, the Hon Sir Hamish Macleod, said in the Legislative Council today (Wednesday).

The four-stage programme is:

- * First, a general background briefing on the Government's fiscal and budgetary systems has been offered.
- * Secondly, a series of seminars would explain in more detail the key elements of the Government's budgetary system and procedures, such as the Medium Range Forecast, the annual Resource Allocation Exercise, the draft Estimates and revenue policy.
- * Thirdly, this expert team will be invited to observe each stage of the planning and preparation process for the 1996-97 Budget. This will enable Finance Branch to explain every aspect of the budgetary process.
- * Fourthly, starting from April 1996, the Hong Kong Government would consult the Chinese Government over the contents of the 1997-98 Budget.

"We hope that our Chinese colleagues will find this a constructive approach and that our subsequent exchanges will be a major contribution to a smooth and stable transition in 1997," Sir Hamish said.

Sir Hamish added that in order to fulfil the Governor's pledge to co-operate fully with the Chinese Government over the transfer of assets to the Special Administrative Region Government and over the preparation of the 1997-98 Budget, the Government had handed over to the Chinese Government a list of property assets owned by the Hong Kong Government.

He said it was a formidable document, covering everything from schools to police stations.

The inventory will be updated regularly.

End/Wednesday, March 1, 1995

Prudent in public spending

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In concluding his Budget Speech, the Financial Secretary, the Hon Sir Hamish Macleod, summed up the Government's fiscal policy in a Chinese saying: "The way to make a country prosperous is to be prudent in public spending, to improve the well-being of the people and to maintain good reserves".

Sir Hamish said: "As long as we continue to abide by the principles encapsulated in this quotation, I am confident that Hong Kong will enjoy many more years of growth and prosperity."

Sir Hamish recalled that when he was first appointed Financial Secretary in 1991, many believed that the elections that year which gave Hong Kong, for the first time in its history, a LegCo with an elected majority, would force the traditional consensus on economic policy and priorities go.

"In fact, we have clearly not paid an economic penalty for constitutional reform.

"On the contrary, our economic success has continued, as has the broad political consensus on how to manage our public finances.

"We have good reason as a community to be proud of what we have achieved, and to be self-confident about our ability to deal with the challenges of the future."

Citing achievements in the area of public finance since 1991, the Financial Secretary noted that taxation had been reduced for almost every salaried employee; dramatic improvements had been made in public services, and yet public spending had been kept firmly under control, at less than 20 per cent of GDP; and \$46 billion had been added to the Government's reserves.

End/Wednesday, March 1, 1995

TV broadcast by the FS

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Following is the speech by the Financial Secretary, Sir Hamish Macleod, at tonight's (Wednesday) TV broadcast:

Good evening,

This afternoon I presented my fourth and last Budget to the Legislative Council. When I began working on this Budget, I asked myself the same question that I asked when I prepared my first Budget. What can I do to help keep Hong Kong successful, stable and prosperous?

The Government cannot create prosperity, but it can ensure that business has the freedom and the opportunity to generate the wealth that Hong Kong needs. Government also has an important role to play in providing the infrastructure that enables our economy to expand. The Airport Core Programme is the most spectacular example of the investment that we are making in Hong Kong's infrastructure. But it is only one of many projects designed to ensure that Hong Kong can continue to prosper in the years ahead.

We also have important social responsibilities to fulfil. For example, to provide education and training for our children. To maintain law and order. To provide subsidised housing for those who cannot afford private housing. And to look after the sick, the disadvantaged and the disabled.

In Hong Kong, I do not think there is any serious disagreement about these fundamental policies. That is why I have called my Budget "Prosperity through Consensus".

Some have expressed doubts about our future prosperity. They worry that the decline in retail spending and in stock and property prices is a signal that the economy is heading for trouble.

But I see no reason to be pessimistic. The economic prospects for our major trading partners are better than they have been for some years. The OECD has forecast that the economies of the United States and the European Union will grow by 3% this year. And then there is the continued growth of the Chinese economy. The growth rate in China this year may not be as dramatic as in previous years but it is still likely to be very high by international standards. All this will increase the demand for our goods and services, particularly our services which are now the backbone of our economy.

I have taken a realistic approach to our economic prospects. I have not ignored the uncertainties on the horizon or the problems that could affect us. But, at the same time, I have not exaggerated the difficulties. I expect our economy to grow by 5.5% in 1995. What that means in practice is that we can look forward to another year of low unemployment, rising real incomes and higher living standards.

We have seen some progress in the battle against inflation. The measures we introduced last year to deter property speculators helped to reduce residential prices. Higher interest rates have also helped to contain inflation. But, as I have said many times before, we must face the fact that, as long as our economy continues to grow, the pressure on prices will remain. This is why I expect to see little change in inflation in 1995.

Our continued economic growth means that we can afford to make further improvements in the quality of our public services. For example, in the coming financial year, we will increase total public spending on education by 5.5%, on health by 7.7% and on social welfare by 24.1%. These will be real increases, over and above inflation.

These additional funds will allow us to implement the 337 proposals announced in last year's Policy Address, including real increases in social security payments for single parents and children, over 800 new hospital beds and almost 1,500 new places for the elderly in care and attention homes. I have also been able to announce some new initiatives. We will start preparing for the construction of the Duplicate Tsing Yi South Bridge to relieve the traffic congestion on Tsing Yi. We will also be spending about \$2.5 billion to buy premises for welfare services which will help us to meet the key targets set by the Governor in his 1992 Policy Address.

One problem I have not been able to resolve in this Budget is retirement protection for the elderly. Our proposal for an old age pension did not receive sufficient support, and so we have to think again. But let me assure you that, one way or another, we will do all we can to solve this problem.

Over the last three years, the healthy state of our finances has allowed me to introduce tax concessions that have eased the burden on practically every tax payer. The proportion of the workforce paying no salaries tax has gone up from 49% to 62%. The proportion of the workforce paying salaries tax at the standard rate has gone down from 5% to 2%. These are very substantial improvements.

Obviously we cannot be so generous every year. As always, we have to think of the future, and be mindful of the risks facing an economy as open as ours. We need an adequate cushion to protect us against future uncertainties. Nonetheless, the underlying strength of our finances means that we can afford to make some further tax concessions.

This afternoon, I have proposed to increase most personal allowances by 10%, slightly more than the rate of inflation. I have also proposed a number of concessions for those who have special needs. I have proposed a 25% increase in the single parent allowance; a doubling of the allowance for a dependent parent or grandparent living with the taxpayer; and the introduction of a new allowance for disabled dependants.

My proposals will mean that 96% of taxpayers will pay less tax in future. To give you just one example. A typical sandwich class family with a monthly income of \$22,000 will have its tax bill cut by 37%.

For the coming financial year, I expect a small deficit of \$2.6 billion, largely because our expenditure on the Airport Core Programme will peak during this period. Despite this deficit I expect our reserves in future years to be even stronger than previously forecast. I now estimate that the reserves at 31 March 1997 will stand at \$151 billion. The new SAR government will have a very reassuring cushion with which to face the future.

I have not proposed any drastic or dramatic changes in this Budget. I make no apologies for that. The advice I received in my consultations with Members of LegCo suggested that what the community wanted at this time of transition was a steady and cautious Budget. And that is what I have delivered.

Hong Kong has succeeded precisely because its policies have been stable and consistent. These policies are summed up in the quotation that appears on the cover of my Budget Speech. It is a quotation taken from a work written by a Chinese scholar - Xunzi - over two thousand years ago. It reads -

"The way to make a country prosperous is to be prudent in public spending, to improve the well-being of the people and to maintain good reserves."

I am sure that my successor will maintain these policies, and that, like me, he will do his best for the people of Hong Kong.

Good night.

End/Wednesday, March 1, 1995

Putonghua as school subject

Following is a question by the Hon Eric Li Ka-cheung and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question :

With regard to the development of education to meet the needs of the territory during the transitional period, will the Government inform this Council :

- (a) of the respective numbers of primary and secondary schools with Putonghua designated as a compulsory or optional subject in the 1994-95 academic year, and their respective percentages out of the total numbers of primary and secondary schools in the territory;
- (b) whether it will consider including Putonghua as a compulsory subject in the curricula of the territory's primary and secondary schools; if not, what the reasons are;
- (c) of the total number of qualified Putonghua teachers in the 1994-95 academic year, and whether this number can meet the present demand of teachers for this subject; and

- (d) how many teachers the Hong Kong Institute of Education plans to train in the teaching of Putonghua in each of the next three academic years?

Reply :

Mr President,

- (a) The numbers of primary and secondary schools offering Putonghua as a subject in their curriculum in the academic year 1994-95, and their respective percentages out of the total number of primary and secondary schools in the territory are as follows :

<u>Level</u>	<u>Number offering Putonghua</u>	<u>As a percentage of the total</u>
Secondary schools	173	38.3%
Primary schools	446	46.7%

- (b) The Curriculum Development Council recommended that Putonghua should be offered as an optional subject in the school curriculum taking into consideration the time constraint in the existing curriculum and the availability of suitable Putonghua teachers. The Education Department considers such advice realistic as it allows schools greater flexibility to offer a curriculum more suited to their own circumstances.
- (c) There is no formal qualification prescribed for teachers of Putonghua. The Education Department offers special training programmes for Putonghua teachers. Up to December 1994, 3377 serving teachers have been trained under these programmes. It is difficult to assess whether this number is sufficient to meet the demand as it is expected that more schools will want to offer Putonghua as a subject. Nevertheless, the Education Department is prepared to expand its on-going training programmes if there is any unmet demand.
- (d) The Hong Kong Institute of Education plans to train the following number of pre-service and in-service teachers in 1995-98 :

	Teachers expected to be trained		
	<u>1995/96</u>	<u>1996/97</u>	<u>1997/98</u>
Putonghua as an elective subject in Pre-Service Certificate in Education Course	71	91	96
In-service Courses for Putonghua Teachers	790	790	790

End/Wednesday, March 1, 1995

Robberies in elevators

Following is a question by the Hon Zachary Wong Wai-yin and a written reply by the Secretary for Security, Mr Peter Lai, in the Legislative Council today (Wednesday):

Question :

Following several incidents in which robbers appeared from elevator shafts in Tuen Mun in 1993, there were indications that this type of robberies had become active in Sha Tin last year. Will the Government inform this Council :-

- (a) of the number of such cases which had occurred in the territory in the past two years;
- (b) what measures the authorities concerned have adopted to prevent such cases from occurring; whether the recurrence of similar cases indicates that the measures taken have been ineffective; and
- (c) how the recurrence of such cases can be prevented in the future, so as to safeguard the life and property of the public?

Reply :

Mr President,

- (a) We have not kept specific statistics on lift shaft robberies on a territory-wide basis. However, we believe that the number of such cases is very small in comparison with the number of robberies occurring in lifts, which was 1,219 in 1993 and 1,221 in 1994.
- (b) The Police have adopted specific measures to tackle the occurrence of lift shaft robberies in consultation with the Housing Department and the Fire Services Department. In public housing estates, the lift compartments were sealed by way of a "spot-welding" method to prevent access from the trap door of the lift-car. The Police have also set up observation posts in the proximity of the plant areas in identified blackspots to closely monitor the situation. In so far as occurrence of such incidents in public housing estates in the new towns is concerned, we are aware that 8 cases were reported in Tuen Mun in 1993 but none in 1994; and none reported in Shatin in 1993 but 3 cases in 1994. There is no indication that this kind of robberies is on the rise or prevalent in the territory.
- (c) The Police have taken steps to tackle such robberies at two levels. At the district level, the district intelligence units scrutinise crime reports to identify emerging crime techniques and specific culprits active in particular areas. This approach offers the greatest flexibility in dealing with a crime which is carried out by a relatively small number of individuals, operating in localised areas most familiar to them.

At the headquarters level, the Crime Prevention Bureau of the Police Headquarters maintains close liaison with the Housing Department to advise on the provision of safety features in lift designs. Since November 1994, the Housing Department has also launched a major programme to upgrade the provision of security measures for all public housing estates. This includes the installation of close circuit televisions (CCTV) in the lift cars of all rental blocks which are linked to a control room for central monitoring. The system also permits residents to monitor any of the lifts in his block through a television set. Apart from the installation of CCTV's inside lifts, the Housing Department has also installed entrance gates with security-coded access and 24-hour tower-guard service in some of the estates. Patrol by estate officers is also provided as necessary. The proposed package to upgrade the security in public housing estates and other preventive measures adopted by the Police will help combat robbery cases occurring inside lifts.

End/Wednesday, March 1, 1995

Building of primary schools

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Following is a question by the Hon Cheung Man-kwong and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question:

In 1993 and 1994, the Education Department surrendered 14 sites reserved for building primary schools mainly for the reason that those sites did not meet the proposed area requirement. In this regard, will the Government inform this Council whether it will consider utilising 25 existing sites reserved for primary schools, which also fail to meet the area requirement, with some flexibility so that a certain number of whole-day primary schools with a smaller capacity than the proposed ones (e.g. with accommodation for 12 classes only) can be built to provide different types of schools for students to choose from on the one hand, and to attain the target of providing whole-day primary schooling as soon as possible on the other?

Reply :

Mr President,

Our present policy is to build standard primary schools with 30 classrooms because they are generally more cost-effective and efficient in providing more school places to meet the demand. However, the Government is prepared to be flexible to build small size schools in special circumstances, for example, in areas where there is a persistent shortfall of school places and the extent of such a shortfall is not large enough to warrant the building of a standard school. The Education Department will continue to consider making the best use of the reserved sites.

As to the whole-day primary schools, all new primary schools are planned to operate on a whole day basis and existing primary schools will be converted to whole day operation insofar as this will not adversely affect the supply of school places. This is being implemented.

End/Wednesday, March 1, 1995

Two-way permit holders working in HK

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Following is a question by the Hon Emily Lau Wai-hing and a written reply by the Secretary for Security, Mr Peter Lai, in the Legislative Council today (Wednesday):

Question:

In view of the complaints about the serious situation of visitors on Two-way Permits from mainland China who are found working during their period of stay in the territory, will the Government inform this Council:

- (a) whether Chinese visitors holding Two-way Permits are allowed to work in the territory; and
- (b) if the answer to (a) is in the negative, whether any such visitors were caught by the Government for breaching the relevant provisions last year; if so, what the number was and what was the proportion of those caught to the total number of Two-way Permit holders visiting the territory; and whether these offenders will be prosecuted and prohibited from visiting the territory again within a certain period of time?

Reply:

Mr President,

- (a) Chinese visitors on Two-way Permits are not permitted to work in Hong Kong.
- (b) Last year, some 27,250 or 5% of the total number of Two-way Permit holders had overstayed, and 1,730 (or 0.3% of the total) were arrested for engaging in unauthorised work. A total of 6,720 Two-way Permit visitors were also prosecuted for overstaying. Of those arrested for taking up unauthorised employment, 1,684 were also prosecuted. Blatant offenders will be scrutinised on their future visits and may be refused entry.

End/Wednesday, March 1, 1995

Measures to reduce congestion at airport arrivals hall

Following is a question by the Hon Eric Li Ka-cheung and a written reply by the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question :

As private cars are not allowed to park temporarily on the road outside the arrival area of the Hong Kong International Airport for picking up or setting down passengers, arriving travellers requiring pick-up by private cars have to push their large luggage trolleys to the lift lobby in the arrival area and take the lift to get to the car park on the second floor or above, thus causing heavy congestion in the lift lobby area. In view of this, will the Government inform this Council whether :

- (a) escalators or passenger conveyors will be installed for the exclusive use of arriving travellers not using luggage trolleys to enable them to get to the car park more quickly;
- (b) ramps for passengers and luggage trolleys will be built to link up the car park with the arrival area;
- (c) luggage couriers will be employed to handle the travellers' luggage centrally and to make deliveries to various floors of the car park as requested by the travellers; and
- (d) there are any plans to implement other improvement measures; if so, what the details are and when they will be implemented?

Answer :

- (a) In order to reduce the congestion in the Arrivals Hall caused by arriving passengers with baggage trolleys queuing for lifts to go the multi-storey car park, we encourage those passengers with light baggage to make use of the external escalators. There are directional signs installed to guide passengers to these escalators which operate between the arrivals level and the third floor of the Passenger Terminal Building, where they can cross over by bridge to the car park.

- (b) A preliminary assessment by the Director of Architectural Services indicates that construction of a ramp connecting the Arrivals Hall to the car park area is technically possible. However, it is anticipated that the project would take six to eight months for completion and would require substantial demolition works at the western end of the Passenger Terminal Building and the possible relocation of certain existing facilities. Given the time frame for implementation and the significant disruption which would occur during the construction period, the proposal is not considered a viable option.
- (c) The Civil Aviation Department has conducted trials involving luggage couriers to transfer passengers' baggage from the arrivals level to the third floor of the carpark, using the external escalators. The trials indicated that the placement and transfer of baggage onto the escalator was very labour intensive. As an alternative, the Department is considering the possibility of providing suitable self-help baggage trolleys which could be wheeled directly onto the escalator by the passengers themselves. An officer from the Department will shortly be visiting a number of airports which have similar arrangements to explore this option in further detail and a selection of trolleys will be acquired for further testing and evaluation at Kai Tak.
- (d) As regards other improvement measures, arrangements have been put in place to assign additional Securair staff to the Arrivals Hall during the evening peak period from 6-11 pm to regulate passenger flow. There are also plans to implement other improvement measures, on a phased basis, which will be completed by the end of this year. These include :
- (i) the relocation of the existing lift doors and realignment of the passenger exit ramps within the Arrivals Hall so as to segregate the lift users and greeters, thus reducing congestion around the lifts; and
 - (ii) the creation of additional waiting areas for greeters by relocating the Neighbourhood Police Office and concessions.

End/Wednesday, March 1, 1995

Staffing of Agriculture and Fisheries Department

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Following is a question by the Hon Mrs Peggy Lam and a written reply the the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question:

According to available information, the number of officers in the rank of Field Officer II currently employed by the Agriculture and Fisheries Department (AFD) is below the approved staffing establishment. Will the Government inform this Council :

- (a) of the approved staffing establishment and the existing number of vacancies in the rank;
- (b) whether the AFD has deployed any staff to monitor the operation of pet shops and snake shops on a regular basis; if so, how staff are deployed to fulfil all inspection duties when the AFD is experiencing a shortage of staff; and
- (c) how snake shops are monitored to ensure that appropriate measures are adopted by these shops to prevent snakes from sneaking out of shop premises and causing nuisance to the residents nearby?

Reply:

- (a) There are 152 posts of Field Officer II on the establishment of the Agriculture & Fisheries Department, of which 24 are vacant at present.
- (b) The Department has deployed nine Field Officer II posts on the monitoring of licensed animal trading establishments, including pet shops and snake shops. These establishments are visited twice a month to check that health and safety regulations are being complied with. Should there be a shortage of staff to perform this work, temporary redeployment of Field Officers II from other parts of the Department will be arranged as necessary.

- (c) It is an offence to carry on a business as an animal trader without a licence. In the case of snake traders, it is a requirement of the licence that the premises are suitable for keeping snakes and that the enclosures to be used are escape-proof. A breach of this requirement is a criminal offence. Before a licence is granted, the premises are inspected by a Veterinary Officer of the Agricultural and Fisheries Department. Thereafter, they are subject to regular inspections which ensure that the enclosures are escape-proof and maintained to the required standard.

End/Wednesday, March 1, 1995

Cases handled by Minor Employment Claims Adjudication Board

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Following is a question by the Hon Pang Chun-hoi and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question :

It is learnt that the Minor Employment Claims Adjudication Board intends to clear 700 cases transferred by the Labour Tribunal in six months' time, which means that each of the five adjudication officers on average handles only one case per day. Will the Government inform this Council of the reasons for the slow progress of processing these cases?

Reply :

Mr President,

In addition to cases redirected by the Labour Tribunal, the Minor Employment Claims Adjudication Board is also taking on new cases referred to it by the Labour Relations Service. The Board has so far registered 313 cases involving a total amount of \$1,041,081. Among these cases, 175 were redirected from the Labour Tribunal and 138 were new ones referred by the Labour Relations Service. It is expected that the Board will be able to hear 400 to 500 new cases and clear all the cases transferred from the Labour Tribunal by end of May this year.

End/Wednesday, March 1, 1995

Odour from nullah at Tsui Ping Road

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Following is a question by the Hon Fred Li Wah-ming and a reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question :

Regarding the unpleasant smell emitted constantly from the surface nullah in Tsui Ping Road in Kwun Tong which has caused a serious nuisance to workers working in factories nearby as well as the residents of Laguna City, will the Government inform this Council :

- (a) whether there is any plan to cover up the nullah; if so, what the details are; if not, why not; and
- (b) what short-term measures are in place to improve the present condition of the smelly nullah?

Reply :

Mr President,

- (a) There is currently no plan to deck the nullah which is designed to convey stormwater to the sea, and is not meant for polluted wastewater. Decking the nullah would not eradicate the odour problem. The only effective solutions are to control the pollution at source and to divert the wastewater discharges away from the nullah and into foul sewers. The odour from the nullah at Tsui Ping Road arises mainly from domestic and commercial wastewater discharges from Sau Mau Ping and Tsui Ping Estates, which are brought to the nullah through expedient connection of foul sewage. There are also discharges of industrial effluents from Kwun Tong industrial area into that part of the nullah which is adjacent to the Laguna City. The Tsui Ping Road nullah, like other open nullahs, is an essential hydraulic structure for discharging stormwater during rainstorms. Regular inspection and desilting can be conducted more effectively and economically in an open nullah than in a decked nullah. Decking an open nullah is a costly civil engineering exercise which makes it difficult to enter the nullahs and carry out desilting work with mobile plant. More importantly decking could make the situation worse because it will lead to the retention of hydrogen sulphide, the main cause of the bad odour and a gas which is potentially dangerous to the public and maintenance staff, and corrosive to the structure. Also, in busy urban areas, decking nullahs involves much disturbance to the neighbourhood.

- (b) Regular inspection and desilting are carried out by the Drainage Services Department to ensure that the Tsui Ping Road nullah is hydraulically effective and to maintain an acceptable hygienic standard. The last cleansing work was completed in November 1994. Since the Kwun Tong area is covered by the Victoria Harbour (Phase I) Water Control Zone, all discharges in the area will be controlled through the enforcement of the Water Pollution Control Ordinance from 1 July 1995. Sewerage improvement works are also being implemented by the Drainage Services Department under the East Kowloon Sewerage Master Plan programme. The domestic and commercial discharges into the Tsui Ping Road nullah are expected to be diverted away from the nullah by mid 1996 and the industrial discharges near Laguna City by mid 1997.

End/Wednesday, March 1, 1995

Non-local Higher and Professional Education (Regulation) Bill

Following is a question by the Hon Henry Tang Ying-yen and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question:

In the annex to the Chief Secretary's written reply of 14 December 1994 to a question concerning the items of legislation the Government plans to introduce into this Council in 1994/95, there is one item concerning the monitoring of the provision of courses provided in the territory by non- local institutions of higher education and professional bodies. In this connection, will the Government inform this Council :-

- (a) of the progress of the drafting of the relevant bill; when it is expected to be introduced into this Council for scrutiny; and
- (b) whether the bill will ensure that courses provided by such institutions and professional bodies are up to the standard required; and whether the bill will require the setting up of a mechanism to monitor the operation of local education institutions acting as agents of such courses, so as to ensure that information provided by these institutions on the courses offered, including those qualifications awarded, recognition enjoyed, course duration and fees, etc, is accurate?

Reply:

Mr President,

- (a) The Administration is working on the fourth draft of the English text of the Non-local Higher and Professional Education (Regulation) Bill. It is still our aim to introduce the Bill into the Legislative Council within the current legislative session.

- (b) The objective of the new regulatory framework is to ensure that the standards of the courses conducted by the non-local institutions of higher education and professional bodies in Hong Kong are recognised by the non-local institutions themselves and the accrediting authorities in their countries of origin, and that the standard of overseas courses delivered in Hong Kong would be monitored effectively to maintain them at a level comparable to those achieved on-campus in their countries of origin. Subject to verification of the information provided by the executive head of a local tertiary institution, those overseas courses offered in collaboration with a local tertiary institution would be exempt from registration. Registration of courses within the scope of the Bill, however, would be subject to verification of the information by the Hong Kong Council for Academic Accreditation. Subject to further legal advice Government is also considering the inclusion of provisions to prohibit irresponsible operators or agents acting on their behalf from publishing or broadcasting false or misleading information about their courses.

End/Wednesday, March 1, 1995

Safety of dangerous goods

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Following is a question by the Hon Zachary Wong Wai-yin and a written reply by the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question:

The explosion of a goods vehicle carrying LPG cylinders in Tsing Hang Path, Tuen Mun, in 1992 aroused public concern about the safety of dangerous goods vehicles, and immediate action was taken by the authorities concerned to prevent similar incidents from occurring. In this connection, will the Government inform this Council :

- (a) what actions and measures have been adopted during the past two years to prevent the occurrence of similar incidents; and whether such actions and measures have been effective;
- (b) of the number of prosecutions against the illegal parking of dangerous goods vehicles since the explosion, together with the highest and lowest penalties imposed in the convicted cases; and
- (c) which sites can be used to provide parking spaces for dangerous goods vehicles; and whether the provision of such sites is adequate to meet the demand, and if not, whether additional sites have been planned and when they will be made available for use?

Reply:

The incident at Tuen Mun on 30 September 1992 involved two parked goods vehicles permitted to carry both LPG cylinders and kerosene. The kerosene on the vehicles was ignited in suspicious circumstances, engulfing the LPG cylinders and causing them to explode.

In the past two years, the Gas Authority has taken a number of measures to reduce the risk of similar incidents occurring, including prohibiting the joint conveyance of LPG and kerosene, stepping up enforcement against illegal parking of LPG cylinder wagons and looking for sites away from built-up areas where LPG cylinder wagons could be parked safely overnight. Specifically:

- The Gas Authority has prohibited the joint conveyance of LPG and kerosene through amendments to the permit conditions for LPG cylinder wagons. These amendments have been phased in so as to allow the industry a reasonable time to comply with the new arrangements, with full implementation achieved in November 1993. The new arrangements, now strictly enforced, have reduced the possibility of a similar incident involving both commodities.
- The Gas Authority has stepped up enforcement against contraventions of the permit conditions for LPG cylinder wagons, which stipulate that any vehicle laden with LPG cylinders may only be parked unattended outdoors in a non-congested area and at least 15 metres away from any building of multiple occupancy. Since the incident at Tuen Mun, the Gas Authority has taken out 78 prosecutions against the owners of illegally parked LPG cylinder wagons. Fines imposed ranged from \$500 to \$5,000.

For the longer term, the Gas Authority is identifying suitable sites for the overnight parking of LPG cylinder wagons. Potentially suitable sites are being assessed in consultation with the LPG suppliers and the relevant District Boards. The first such parking area will be brought into operation in Tuen Mun this month. Once the facility is in operation, the Gas Authority will amend the LPG cylinder wagon permit conditions so as to prohibit overnight parking of the vehicles elsewhere in the district.

The Gas Authority estimates that seven more such sites will commence operation in other districts over the next 18 months. The long term objective is to prohibit overnight parking of vehicles loaded with LPG cylinders in urban areas.

End/Wednesday, March 1, 1995

Tolo Harbour water quality

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Following is a question by Rev the Hon Fung Chi-wood and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question:

In his report of October 1994, the Director of Audit pointed out that after the commissioning of the process modification works of the Tai Po Sewage Treatment Works Stage IVA, the actual nitrogen removal rate for 1993 was only 66%, which fell far short of the target rate of 90%. In view of this, will the Government inform this Council :

- (a) whether the above removal rate is an indication that no improvement can be made to the water quality in Tolo Harbour;
- (b) what further steps will be taken by the Government to improve the water quality in Tolo Harbour; and
- (c) what is the present state of water quality in Tolo Harbour?

Reply:

Mr President,

- (a) In fact, the average nitrogen removal rate of the Tai Po Sewage Treatment Works increased to 75% in 1994. The Tai Po Sewage Treatment Works process modification to enhance nitrogen removal is only one of several actions taken under the Tolo Harbour Action Plan to reduce the discharge of nutrients into Tolo Harbour. The key action is to remove the nutrient inputs from the Sha Tin and Tai Po Sewage Treatment Works permanently by exporting the discharges from the two treatment works to Victoria Harbour via the Kai Tak nullah by implementing the Effluent Export Scheme. Construction work for the Scheme is largely complete and the Scheme should be commissioned later this year. Once the Scheme is in operation, nutrient loadings in Tolo Harbour will be greatly reduced and water quality improved. The process modification work was only intended to be an interim measure to reduce nitrogen loading pending completion of the Effluent Export Scheme and has no long-term implications for the water quality of Tolo Harbour.

- (b) The measures taken by Government to improve the water quality of Tolo Harbour are co-ordinated under the Tolo Harbour Action Plan. This comprises, in addition to the process modification works and Effluent Export Scheme, provision of village sewerage, transfer of water treatment works sludge to Sha Tin Sewage Treatment Works for marine disposal, and implementation of the Water Pollution Control Ordinance and the Livestock Waste Control Scheme including the banning of livestock keeping in new towns. Many of these measures have either been completed or are being implemented. With the planned completion of the two key measures, i.e. the Effluent Export Scheme later this year and the provision of village sewerage to unsewered areas in Sha Tin and Tai Po next year, water quality will gradually improve after 1996.
- (c) While the Action Plan has prevented further decline in the water quality, major improvement will not be achieved until the remaining two key measures, i.e. the export of treated effluent to Victoria Harbour and the provision of village sewerage in unsewered areas, have been fully implemented. The waters of the Tolo Harbour continue to suffer from high nutrient levels and low dissolved oxygen in the lower layer of the water. While there has been a reduction in the number of algal blooms since 1988, there have been no other significant improvements in the last three years.

End/Wednesday, March 1, 1995

Hong Kong/Taiwan air services

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Following is a question by the Hon Henry Tang Ying-yen and a written reply by the Secretary for Economic Services, Mr Gordon Siu, in the Legislative Council today (Wednesday):

Question:

With regard to air traffic between the territory and Taiwan, will the Government inform this Council of:

- (a) the progress of negotiation for the renewal of the air services agreement between the territory and Taiwan which will expire at the end of April this year, and whether any discussion has been held regarding the extension of the agreement beyond 1997; and
- (b) the implications on the local economy as well as the benefits to consumers resulting from Taiwan's proposed plan to designate air transportation services as "authorised enterprise", which will enable such enterprises, irrespective of whether Chinese-held shares of these enterprises exceed 20%, to invest in Taiwan as long as they are registered in the territory, thus providing airlines registered locally not yet operating Taiwan flights with the opportunity to join the competition?

Answer:

- (a) Air services between Hong Kong and Taiwan are conducted under the terms of an inter-airline agreement between CPA & CAL. The current agreement expires on 29 April 1995 and discussions on this renewal are underway between the two airlines. The Hong Kong Government has no involvement in these discussions.
- (b) The Hong Kong/Taiwan route is already well-served, with Cathay Pacific Airways and China Airlines operating close to 200 frequencies per week and five other airlines providing about 25 services per week. We have no indication that other Hong Kong airlines are interested in serving this route. An assessment of the impact on the market of such an operation would in any case depend on a number of variables, e.g. the operator concerned, frequency of services, quality of services, destinations, etc.

End/Wednesday, March 1, 1995

Comprehensive Development Area zoning

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Following is a question by the Hon Albert Chan Wai-yip and a written reply by the Secretary for Planning, Environment and Lands, Mr Tony Eason, in the Legislative Council today (Wednesday):

Question:

Since the adoption of the "Comprehensive Development Area (CDA)" zoning as a guiding concept to promote co-ordinated urban renewal, the Town Planning Board has endorsed a number of CDA layout plans despite objections from the local residents, thus allowing the Land Development Corporation, the Hong Kong Housing Society and private developers to submit applications for development. In this connection, will the Government inform this Council :

- (a) of the effects of CDA zoning on the promotion of urban renewal;
- (b) of the time required from the designation of a CDA to the implementation of the redevelopment scheme;
- (c) whether the developers granted permission to undertake redevelopment in a CDA are required to start or complete their projects within a specified period; if so, what is the number of cases in which work has failed to commence in accordance with the schedule of the scheme, and what the reasons for the delays are;
- (d) whether, in view of the adverse affects which a delay in redevelopment may have on the residents and the district concerned, consideration will be given to imposing punishment on those developers who are granted the right of development but have delayed the commencement of redevelopment projects, so as to speed up the urban renewal process; and
- (e) whether CDA zoning will continue to be adopted as a guiding concept for urban renewal; if so, whether any plans have been drawn up for improving its effectiveness?

Answer:

Mr President,

Answers to this five-part question are as follows -

- (a) The "CDA" zone is designated on statutory town plans under the Town Planning Ordinance, Cap. 131 to ensure that an area is developed/redeveloped in a comprehensive manner. It helps promote urban renewal by maximising the opportunity to provide community and open space facilities and upgrading the obsolete road network in the old urban area.
- (b) Once a site is designated as "CDA" on a statutory town plan, a developer can submit a planning application to the Town Planning Board in the form of a master layout plan. There is, however, no provision under the plan or the Ordinance on when an application should be submitted.
- (c) The Board normally specifies a time limit in granting planning permission including proposals in a "CDA" zone. The planning permission will cease to have effect, unless prior to the specified date either the development permitted has commenced or the planning permission is renewed.

There are 48 "CDA" zones with approved master layout plans. As at the last quarter of 1994, 14 "CDA" schemes were completed and 7 were under construction. Works on the remaining 27 "CDA" schemes have not commenced. Some are at various stages of implementation such as negotiation regarding land exchange, land assembly, resumption/clearance and assessment and payment of compensation. The pace of implementation of "CDA" zones is affected by complex factors including ownership patterns, physical site constraints, business decisions by individual developers/land owners, and the general economic climate.

- (d) There is no provision under the Town Planning Ordinance to "punish" developers who are granted planning permission but fail to proceed with the redevelopment projects. The planning permission will expire if a developer does not commence work or have the permission renewed. Upon expiry of a planning permission, a fresh application to the Board is required should the developer wish to undertake the redevelopment project again.

- (e) The "CDA" zoning will continue to be used to promote urban renewal. To facilitate prospective developers' preparation of master layout plans for "CDA" sites, planning briefs are prepared to set out planning and engineering requirements. The Board reviews the implementation progress of the various "CDA" zones every five years once they have been designated on the statutory town plans.

End/Wednesday, March 1, 1995

Plans to tackle juvenile crime

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Following is a question by the Hon Timothy Ha Wing-ho and a reply by the Secretary for Security, Mr Peter Lai, in the Legislative Council today (Wednesday):

Question:

Juvenile crime has been on an upward trend, with recent statistics showing that the rate of crime committed by young people under the age of 21 in the first half of last year was 35%, and that the situation in was even more serious in new towns such as Tuen Mun where the rate reached 60%. In view of this, will the Government inform this Council whether:

- (a) it has formulated any long-term policy to tackle the worsening problem of juvenile crime, if so, what the details are; if not, why not;
- (b) there is any specific plan on the educational front to instil correct values in young people to prevent them from going astray; and
- (c) it has formulated any new plans to improve the quality and quantity of youth activities organised by the relevant Government departments and voluntary agencies?

Reply:

Mr President,

The problem of young offenders remains a matter of concern to the Government. While the proportion of young persons (under 21 years of age) arrested dropped last year, the actual number of such persons arrested has increased.

Specifically, in answer to the Hon Timothy Ha's three questions:

- (a) Our policy on tackling the problem of youth crime is threefold: first, to prevent its occurrence through education, family and social services, and publicity; secondly, to arrest and punish the offenders through law enforcement and the criminal justice system; and thirdly, to rehabilitate the offenders, through family, social and correctional services. Many government departments, including the Police, Correctional Services, Education and Social Welfare, join forces to tackle this problem.

The Fight Crime Committee, which is chaired by the Chief Secretary and advises the Administration on measures to fight crime, gives particular attention to the problem of juvenile crime. Its Standing Committee on Young Offenders has commissioned the University of Hong Kong to conduct a research into the social causes of juvenile crime. The results of this research should help the Administration to understand the problem better so as to formulate appropriate counter-measures.

- (b) The Administration recognises the importance of cultivating social and moral values in our young people to prevent them from going astray. Since 1981, the Education Department has issued the "General Guidelines on Moral Education in Schools", which recommends a cross-curricular approach to integrate moral education into the formal and informal school curricula, and extra-curricular activities. Schools have responded positively. In addition, the Department also provides training programmes for teachers and produces resource materials to help schools and teachers implement moral education activities.
- (c) The Administration is always keen to improve both the quality and quantity of youth services. The Social Welfare Department is implementing the recommendations of the Working Group on Review of Children and Youth Centre Services, which include:

- (i) offering programmes to young persons which are more 'social work' oriented;
- (ii) setting up integrated social work teams to provide comprehensive youth services to meet young people's needs; and
- (iii) providing programmes with intensive social work input to school dropouts, students with low academic achievement, youth with unsteady employment pattern and unemployed youth.

The Social Welfare Department has provided funding support in 1994/95 for two additional outreaching social work teams and 47 additional school social workers to tackle youth problems. Funding has also been ear-marked for another 22 additional school social workers in 1995/96. The Department will also set up a team of specially trained social workers in October 1995 to provide intensive counselling and structured group programmes for young drug abusers. These all aim to provide more and better services to our young people.

Many Government departments and voluntary agencies also organise community activities, involving young people's participation. The Commission on Youth, chaired by the Hon Eric Li, has carried out a number of relevant studies (e.g. on Youth Participation in Community Activities) which should facilitate all concerned to understand the aspirations and needs of young people better, and in turn help to improve the quality of activities organised for them.

End/Wednesday, March 1, 1995

Licensing of travel agents

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Following is a question by the Hon Fred Li and a written reply by the Secretary for Trade and Industry, Mr T H Chau, in the Legislative Council today (Wednesday):

Question:

At present the Government does not take into account the performance of travel agents, such as whether there have been frequent complaints against them of providing services that do not accord with what is advertised, when considering their applications for licence renewal. In this connection, will the Government inform this Council whether:

- (a) the Government will include the standard of their performance as a prerequisite in considering travel agents' applications for licence renewal; if not, what the reasons are; and
- (b) the Government will consider setting up a "traveller complaints and information hotline" as well as stepping up its publicity efforts, so that the public can have a better understanding of their rights and the channels for lodging complaints, thus providing the consumers with greater safeguard; if not, what the reasons are?

Reply:

Mr President,

Regarding part (a) of the Honourable Member's question, the Registrar of Travel Agents at present examines the financial position of a licensed travel agent and checks whether the licensee remains a member of the Travel Industry Council (TIC) and has been convicted of any criminal offence in applying the "fit and proper" test, for licence renewal under the Travel Agents Ordinance. In order to further improve the service of licensed travel agents, we are consulting the Advisory Committee on Travel Agents on whether, and if so how, substantiated complaints from the Consumer Council and TIC about the service provided by licensed travel agents should be taken into account in applying the "fit and proper" test.

As regards part (b), past complaint statistics collated by the Consumer Council and TIC indicate that outbound travellers are well aware of their rights and the complaint channels. If they are not satisfied with the quality of their travel agent's service, they may lodge their complaints direct with the agent concerned in the first instance. If they are not content with the agent's explanation and, in some cases, the compensation offered by the travel agent, they may pursue their complaint with the Consumer Council, TIC or Small Claims Tribunal, or resort to civil action. There are sufficient channels for travellers to lodge their complaints. To establish another complaint channel will duplicate the existing efforts of the Consumer Council and TIC.

In fact, outbound travellers are from time to time reminded by the Consumer Council's publicity efforts of their rights and the complaint channels available. To enhance the protection of outbound travellers, we have invited the Consumer Council and TIC to step up their publicity efforts in this regard.

End/Wednesday, March 1, 1995

Sponsorship by tobacco industry

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Following is a question by Dr the Hon Huang Chen-ha and a written reply by the Secretary for Health and Welfare, Mrs Katherine Fok, in the Legislative Council today (Wednesday):

Question:

Regarding the issue of dissuading young people from smoking, will the Government inform this Council whether :-

- (a) it is aware of the number of young people smokers and the amount of expenditure incurred by them on smoking in each of the past three years;
- (b) it is aware of the number of sports and cultural activities sponsored by the tobacco industry and the total amount of such sponsorship for the past three year; if so, what the respective figures are; and
- (c) it will set up a health promotion fund to take the place of the tobacco industry in sponsoring the above activities so as to cultivate a positive influence on young people who may then cut down on smoking?

Reply :

Mr President,

Since 1982, cigarette smoking pattern surveys have been conducted regularly by the Census and Statistics Department as part of the General Household Survey. This shows that the smoking population in Hong Kong has declined over the years. According to the latest survey which covered the period August-September 1993, about 16,600 people aged 15-19 were daily smokers. This represented 4.2% of the relevant population group. In July 1990, the figures were 20,600 and 4.6% respectively. It should be noted, however, that since smoking is not a socially-accepted behaviour, these statistics may be subject to under-reporting.

The survey did not seek information on individual smoking expenditure. Nevertheless, the total can be estimated from survey data about the average number of cigarettes smoked. In 1993, we estimate that young people spent about \$70 million on cigarettes (at an average price of \$23 per packet), compared with about \$47 million in 1990 (at an average price of \$12.50 per packet).

The major public arts/sports bodies such as the Sports Development Board, the Urban Council, the Hong Kong Arts Development Council and the Hong Kong Academy for Performing Arts do not seek or accept sponsorship of their activities from tobacco companies. The policy of the Regional Council is that "sponsorship may be accepted from companies whose line of business may include tobacco, provided that no tobacco advertising is made in any related publicity".

We do not monitor the sponsorship of non-government arts and sports activities by the tobacco industry and are therefore not in a position to provide figures regarding the total amount of such sponsorship. However, we are aware that the tobacco industry provided sponsorships amounting to some \$28 million for nine major arts/sports events in 1994-95, some \$20 million for nine major arts/sports events in 1993-94 and some \$11.3 million for ten major arts/sports events in 1992-93.

Government has put much effort into dissuading young people from smoking. Our overall anti-smoking strategy comprises legislation, public education as well as publicity. This strategy advises young people not to smoke and informs them of the hazards of smoking. At the same time, it aims to minimise the community's exposure to tobacco advertising so that young people will not be encouraged to associate themselves with smoking.

Although tobacco sponsorship cannot be identified as the single cause of smoking among children, overseas and local circumstantial evidence suggests that it plays an important role. Some overseas countries e.g. Australia and New Zealand have banned tobacco sponsorship for sports and cultural events and set up a health promotion fund to provide alternative funding to sustain them. We are studying the experience of overseas countries and the applicability of this concept to Hong Kong.

End/Wednesday, March 1, 1995

Applications to defer payment of tuition fees

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Following is a question by the Hon Cheung Man-kwong and a written reply by the Secretary for Education and Manpower, Mr Michael Leung, in the Legislative Council today (Wednesday):

Question:

With regard to the issue concerning students of Government funded tertiary institutions applying to defer payment of their tuition, will the Government inform this Council :-

- (a) of the number of students who have applied to defer payment of their tuition, as well as the proportion of such students to the total number of students, in each of the past three years;
- (b) whether the deadline for payment of tuition was set at a date before the completion of the vetting of the students' applications for grants and loans, resulting in some students having to apply to the institutions for deferment of payment of their tuition, particularly those relying on the grants and loans to pay their tuition; and
- (c) if the answer to (b) is in the affirmative, whether the Government regards the situation of students applying for deferment of payment of their tuition as an indicator reflecting their affordability to pay the tuition; if so, whether it will review the rate of increase of tertiary tuition; if not, whether it can provide any explanation in regard to the problem of students applying for deferment of their tuition mentioned above?

Reply:

Mr President,

- (a) Tuition fees are paid direct to the institutions and the institutions themselves have the authority to grant approval for applications to defer payment. Information on the situation for the three previous years supplied by the institutions is as follows -

	(a) Student Population	(b) No. of Applications for Deferment	(c) Application Rate for Deferment (b)/(a)
1992/93	42,562	890	2.1%
1993/94	46,613	1,390	3.0%
1994/95	55,020	2,838	5.2%

- (b) The deadlines set by the institutions covered by the Local Student Finance Scheme (LSFS) for the 1994/95 academic year were -

Name of the Institution	Deadline for the First Semester	Deadline for the Second Semester
City University of HK	31 Aug 94	25 Mar 95
HK Baptist University	24 Aug 94	7 Jan 95
Lingnan College	10 Sept 94	28 Jan 95
The Chinese University of HK	11 Nov 94	21 Feb 95
The HK Polytechnic University	10 Sept 94	27 Jan 95
The HK University of Science and Technology	17 Aug 94	20 Jan 95
The University of HK	31 Aug 94	4 Jan 95
HK Technical College (Chai Wan)	25 Aug 94	22 Feb 95
HK Technical College (Tsing Yi)	25 Aug 94	22 Feb 95

Applications for grants and loans under the LSFS are submitted by students through their respective institutions to the Student Financial Assistance Agency (SFAA). The application period commences in May and closes at the end of October each year. Under the SFAA's current performance pledge, the normal processing time for an application supported by complete information is three months from the date of receipt. It can be seen that there is no strict correlation between the deadline dates set by the individual institutions for payment of fees and the date of completing the processing of an application for financial assistance. The latter depends more on the date of submission of the application by an applicant.

For students who experience or anticipate difficulties in paying their tuition fees on the deadlines, there are standing arrangements advising them to seek the approval of their respective institutions for a deferral of payment in advance. Such requests are invariably granted on proven financial difficulties. These students can also approach the SFAA for immediate processing of their applications. Such requests will be considered sympathetically if supported by grounds of genuine financial hardship.

- (c) In view of the fact that deferral statistics are influenced by the application dates set for both grants and loans and deferral, Government does not regard the statistics as a useful indicator reflecting the students' ability to pay the tuition fees.

End/Wednesday, March 1, 1995

Newly qualified drivers more prone to accidents

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Following is a question by the Hon James To Kun-sun and a written reply by the Secretary for Transport, Mr Haider Barma, in the Legislative Council today (Wednesday):

Question:

Regarding the involvement in traffic accidents of drivers who have obtained their full driving licences for less than one year, will the Government inform this Council :

- (a) of the number of traffic accidents involving such drivers in each of the past three years;
- (b) whether, given that such drivers are prone to traffic accidents, the Government will consider adopting the practice of other countries such as Australia, and making it a statutory requirement for first-time driving licence holders to display "New Driving Licence" signs prominently in the front and the rear of their vehicles within one year after the issue of their licences, so as to warn other drivers; and

- (c) whether the Government will consider introducing legislation requiring such drivers to drive at lower speed on highways, in order to reduce the chances of traffic accidents?

Reply:

Mr President,

The traffic accident statistics for the last three years, in respect of drivers who have held a full licence for less than a year, are as follows:

<u>Private car</u>			<u>Motorcycle</u>		
<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
744	745	710	588	511	567

Available statistics suggest that newly qualified drivers are more prone to traffic accidents. For example, in 1994 private car drivers with less than one year's experience had an accident rate of 10.5 per 1,000 drivers, compared with 7.5 per 1,000 drivers for those with more than one year's experience.

In answering a question in the Legislative Council on January 11 this year, I said that it would be appropriate to review the situation and to consider whether any special arrangements needed to be introduced in respect of young or inexperienced drivers. I also said that we would be seeking information on practices in other countries, and whether these had been successful in reducing the incidence of accidents involving newly qualified drivers. We are now in the process of gathering such information.

Speeding is not the only cause of traffic accidents. Other factors include the sudden changing of lanes without due care, and driving too close to the vehicle in front. Different speed limits for different categories of qualified drivers may well create more problems than they solve. For example, if newly qualified drivers were required to drive at slower speeds this could hold up the traffic and cause frustration amongst other motorists, perhaps resulting in accidents. Nevertheless, this suggestion will be considered further.

End/Wednesday, March 1, 1995

No plan to demolish Jordan Valley Flatted Factory

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Following is a question by the Hon Mrs Elsie Tu and a written reply by the Secretary for Housing, Mr Dominic Wong, in the Legislative Council today (Wednesday):

Question:

Will the Government inform this Council whether it will reveal its plans for the demolition or redevelopment of the old dilapidated resettlement factory buildings which pose an eyesore to the residents of Jordan Valley in Ngau Tau Kok, near Chun Wah Road?

Answer:

Mr President,

The Jordan Valley Flatted Factory occupies a small site of 0.31 hectare and contains 188 units which are fully occupied. There is no plan at present to demolish or redevelop the resettlement factory building.

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