



DAILY INFORMATION BULLETIN

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HK'S ECONOMIC MIRACLE DUE TO PEOPLE AND STABLE GOVERNMENT: ALLEN LEE
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HONG KONG'S ECONOMIC MIRACLE WAS MADE POSSIBLE MAINLY BECAUSE OF ITS PEOPLE AND THE RIGHT ENVIRONMENT CREATED THROUGH A STABLE GOVERNMENT, SENIOR MEMBER OF THE LEGISLATIVE COUNCIL THE HON ALLEN LEE SAID TODAY (WEDNESDAY).

LEADING THE RESUMED DEBATE ON THE APPROPRIATION BILL 1989 IN THE LEGISLATIVE COUNCIL, MR LEE SAID HONG KONG HAD A DELIGENT WORKFORCE WHICH THE TERRITORY WAS PROUD OF, AND ENTERPRISING MANUFACTURERS WHO KNEW HOW TO MARKET THE RIGHT PRODUCTS IN THE RIGHT PLACE AND AT THE RIGHT TIME.

THE SECOND FACTOR WAS THE RIGHT ENVIRONMENT. HE SAID THAT LIKE MANY OTHERS, HE HAD BEEN CRITICAL OF CERTAIN POLICIES OF THE GOVERNMENT. "BUT THIS DOES NOT ERASE THE FACT THAT IT HAS IN THE PAST PROVIDED AN ENVIRONMENT CONDUCIVE TO PROSPERITY AND ECONOMIC DEVELOPMENT."

MR LEE NOTED THAT HONG KONG PEOPLE WERE NOW IN THE PROCESS OF DISCUSSING THE BASIC LAW, A DOCUMENT WHICH WAS OF PARAMOUNT IMPORTANCE TO HONG KONG'S FUTURE.

"BUT IN THE PROCESS, WE MUST NOT FORGET THAT THE ECONOMY STILL REMAINS OUR LIFELINE, AND WHATEVER OUR POLITICAL IDEALS, WE MUST BE ALIVE TO ECONOMIC REALITIES," HE SAID.

HE SAID ONE OF THE MORE IMMEDIATE PROBLEMS FACING HONG KONG WAS INFLATION, AND HE DESCRIBED THE FINANCIAL SECRETARY'S ESTIMATE OF A 8.5 PER CENT INFLATION RATE AS "VERY CONSERVATIVE".

MR LEE FEARED THAT HONG KONG MIGHT NOT BE ABLE TO HOLD ON TO A SINGLE-DIGIT INFLATION RATE FOR LONG, AND SAID THE TERRITORY MUST GUARD AGAINST ANY PUBLIC MEASURE THAT WOULD FUEL INFLATION.

"I THEREFORE SUPPORT THE FINANCIAL SECRETARY'S CAUTIOUS APPROACH IN DEALING WITH THE SURPLUS OF THIS YEAR, NOT ONLY BECAUSE WE NEED TO SAVE UP FOR THE DEVELOPMENT OF SOME MAJOR INFRASTRUCTURAL PROJECTS IN THE YEARS AHEAD, SUCH AS THE NEW AIRPORT, PORT DEVELOPMENT ETC, BUT ALSO BECAUSE OF THE NEED TO PREVENT FURTHER OVERHEATING OF OUR ECONOMY," HE SAID.

AGAINST THE BACKGROUND OF RISING INFLATION, MR LEE SAID HE HAD TO POINT OUT HIS UNEASE WITH THIS YEAR'S EXPECTED INCREASE IN GOVERNMENT EXPENDITURE AND THE EXPANSION OF THE CIVIL SERVICE.

THE NINE PER CENT INCREASE IN THE CONSOLIDATED ACCOUNT EXPENDITURE WAS WELL ABOVE THE TREND GROWTH RATE OF GDP OF SIX PER CENT OVER THE PERIOD OF THE MEDIUM RANGE FORECAST, WHILE THE 3.9 PER CENT GROWTH IN THE SIZE OF THE CIVIL SERVICE COMPARED UNCOMFORTABLY WITH THE TARGET OF 2.5 PER CENT.

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TURNING TO THE PROBLEM OF LABOUR SHORTAGE, MR LEE SAID THE RECENT DECISION BY THE ADMINISTRATION TO CONSIDER GREATER FLEXIBILITY IN BRINGING IN SKILLED LABOUR WAS, IN FAIRNESS, A STEP IN THE RIGHT DIRECTION.

HE HOPED THAT THE SITUATION WOULD BE CLOSELY MONITORED SO THAT ITS RESULTS WOULD BE CRITICALLY ASSESSED.

MR LEE SAID THE LONG-TERM SOLUTIONS TO THE PROBLEM OF LABOUR SHORTAGE WAS TO UPGRADE TECHNOLOGY WITH A VIEW TO MOVING UP-MARKET FOR HONG KONG'S MANUFACTURED PRODUCTS.

"IN THIS CONNECTION, I REGRET THAT I CANNOT CONCEAL MY DISAPPOINTMENT ABOUT THE LACK OF EMPHASIS OR A FOCAL POINT IN THIS YEAR'S BUDGET ON THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY," HE SAID.

HE RENEWED HIS CALL FOR THE SETTING UP OF A DEPARTMENT OF SCIENCE AND TECHNOLOGY SO AS TO PLACE UNDER ONE ROOF ALL THE EXECUTIVE AUTHORITIES ENGAGED IN THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY IN HONG KONG.

ON HONG KONG'S ECONOMIC LINK WITH CHINA, MR LEE SAID THAT THERE WERE AMPLE OPPORTUNITIES FOR GROWTH IN TRADING WITH CHINA.

"GIVEN HONG KONG'S STRATEGIC POSITION AT THE GATEWAY TO THE MAINLAND, WE SHOULD SEE OUR WAY TO DEVELOPING THESE OPPORTUNITIES TO THE FULL," HE SAID.

TURNING TO THE QUESTION OF BRAIN DRAIN, MR LEE SAID THAT WHATEVER THE FACTORS THAT HAD MADE PEOPLE LEAVE, IT WAS PRUDENT FOR THE GOVERNMENT TO CONSIDER WAYS TO ENSURE THAT THE ECONOMY DID NOT UNDULY SUFFER AS A RESULT.

"I SUGGEST THAT WE CAN ONLY DO THIS BY BUILDING UP PEOPLE'S CONFIDENCE THROUGH SUSTAINING HONG KONG'S GROWTH AS AN ECONOMIC AND FINANCIAL CENTRE IN THE REGION," HE SAID.

HE ADDED THAT HONG KONG SHOULD CONTINUE TO TRAIN AND EDUCATE MORE YOUNG PEOPLE TO TAKE UP JOBS LEFT OVER BY EMIGRANTS.

HE SAID THAT AS A POSITIVE MOVE TO ENCOURAGE THE MIDDLE INCOME GROUPS, OR THE SANDWICHED CLASS, TO REMAIN IN HONG KONG, THE FINANCIAL SECRETARY SHOULD CONSIDER FURTHER SALARY TAX CONCESSIONS.

HE ALSO STRONGLY RECOMMENDED THAT THE FINANCIAL SECRETARY CONSIDER THE BEST MEANS POSSIBLE TO PROVIDE A MUCH NEEDED MEASURE OF TAX RELIEF FOR THE SANDWICHED CLASS IN THE NEXT FINANCIAL YEAR.

IN MAKING THIS RECOMMENDATION, HE SAID HE HAD THE SUPPORT OF THE HON MRS SELINA CHOW, WHO COULD NOT BE PRESENT AT TODAY'S LEGISLATIVE COUNCIL MEETING.

ON SALES TAX, MR LEE SAID THE FORM OF SALES TAX PROPOSED BY THE FINANCIAL SECRETARY DESERVED FURTHER EXAMINATION.

"I FEEL OUR TAX SYSTEM IS GOOD BUT NARROWLY BASED. I WOULD SUPPORT A SALES TAX IN WHOLESALE FORM IF IT IS MANAGEABLE," HE CONCLUDED.

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TECHNOLOGY IS ANSWER TO LABOUR SHORTAGE: MARIA TAM

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LEGISLATIVE COUNCILLOR THE HON MARIA TAM TODAY (WEDNESDAY) SUGGESTED USING ADVANCED TECHNOLOGY AS ONE OF THE ANSWERS TO THE PROBLEM OF LABOUR SHORTAGE.

SPEAKING IN THE BUDGET DEBATE, MISS TAM SAID: "WE SHOULD EXPLORE POTENTIAL FOR OFFSHORE WORK THAT MIGHT BE CARRIED OUT BY HONG KONG COMPANIES TO OVERCOME LABOUR SHORTAGE."

SHE SAID SHE HAD SOUGHT ADVICE FROM AN EXPERT IN TELECOMMUNICATIONS ON THE TECHNICAL FEASIBILITIES OF SUCH A DEVELOPMENT AND THAT SHE WAS CONVINCED THAT SOME SERVICES MIGHT BE DONE "OFF-SHORE" BY TELECOMMUNICATIONS IN SAY, SHENZHEN.

SUCH SERVICES INCLUDED:

- * TELEPHONE ANSWERING SERVICE, SUCH AS DIRECTORY ENQUIRY AND TRAVEL INFORMATION.
- * DATA ENTRY. HARD COPY CAN BE SENT OFFSHORE FOR OPERATORS TO KEY THE DATA ONTO MAGNETIC TAPE OR DIRECTLY ONTO A TELECOMMUNICATIONS LINK TO THE REQUIRED COMPUTER.
- * TYPESETTING OPERATORS FOR VARIOUS PUBLICATIONS. THE WRITER'S MATERIAL OR DATA CAN BE TRANSMITTED BY FAX AND TYPESETTING ARRANGED OFFSHORE.
- * BACK OFFICE OPERATIONS. ALMOST ANY OFFICE ACTIVITY WHICH DOES NOT REQUIRE DIRECT CONTACT WITH THE CUSTOMER CAN BE REMOTELY LOCATED, WITH TELECOMMUNICATION LINKS PROVIDING VOICE, FAX, DATA AND EVEN VIDEO COMMUNICATIONS BETWEEN THE MAIN OFFICE AND THE BACK OFFICE, AND
- * TYPING POOL. A TYPING POOL CAN BE REMOTELY LOCATED, WITH FAX AND HANDSFREE VOICE COMMUNICATIONS BETWEEN TYPISTS AND MANAGERS.

MISS TAM SAID: "NO DOUBT THAT LEAD TIME IS REQUIRED TO TRAIN THE STAFF OFFSHORE.

"BUT IN THE LONG RUN, IT CAN BECOME AN ESTABLISHED PRACTICE SUPERVISED BY A MINIMUM OF STAFF FROM HONG KONG."

MISS TAM ALSO CALLED FOR THE IMPORTATION OF LABOUR AS A TEMPORARY MEASURE IN COPING WITH THE PROBLEM.

"BASICALLY, I AM NOT IN FAVOUR OF CONTRACT LABOUR AND IT MUST BE RESTRICTED TO 'SKILLED' PERSONS ONLY.

"THERE ALSO NEED TO BE RESTRICTIONS ON CONDITIONS OF STAY AND WITH NO EXTRA BURDEN ON TRANSPORT, HOUSING, SOCIAL WELFARE OR OTHER PUBLIC SERVICES.

/ "THE EMPLOYERS

"THE EMPLOYERS MUST BE FULLY RESPONSIBLE FOR THE WORKERS' DEPARTURE FROM HONG KONG AT THE COMPLETION OF A PROJECT OR CONTRACT."

MISS TAM SAID SHE WAS ONLY SYMPATHETIC TOWARDS REDUCING DELAYS IN CAPITAL PROJECTS SUCH AS CONSTRUCTION OF HIGHWAYS AND SEWAGE SYSTEMS AND PUBLIC HOUSING BY ENGAGING "IMPORTED LABOUR".

"I DO NOT SEE THIS AS GIVING AN UNFAIR ADVANTAGE TO THE GOVERNMENT BECAUSE IT WILL RELEASE MUCH NEEDED LOCAL CONSTRUCTION WORKERS TO THE PRIVATE SECTOR.

"FROM THE BEGINNING OF THE DEBATE ON THIS ISSUE MY STANCE HAS ALWAYS BEEN THAT THE LABOUR FORCE SHOULD NOT BE DEPRIVED OF THE FRUIT OF OUR SUCCESS IN HONGKONG," SHE SAID.

MISS TAM ALSO SAID THE RETURN OF BRAIN DRAIN EMIGRANTS COULD BE AN ANSWER.

"I BELIEVE WE SHOULD ENCOURAGE THE RETURN OF THE BRAIN DRAIN EMIGRANTS. THEY WILL BE BETTER ALTERNATIVES THAN RELYING ON EXPATRIATE PROFESSIONALS TO KEEP OUR ECONOMY HUMMING."

SHE ALSO SUGGESTED MATCHING MANPOWER NEEDS WITH EDUCATION.

"HOW ARE WE GOING TO PRODUCE A STEADY FLOW OF MANAGERS AND KEY PERSONNEL?" MISS TAM ASKED.

"THE CENTRAL ISSUE IS THE QUANTITY AND QUALITY OF TERTIARY EDUCATION IN HONG KONG.

"IT OFFERS A RELATIVELY SMALL NUMBER OF TERTIARY EDUCATION OPPORTUNITIES CONSIDERING ITS RISING ECONOMIC AND SOCIAL STANDING IN THE DEVELOPED WORLD.

"TERTIARY EDUCATION HAS BEEN TARGETTED TO PROVIDE FOR 40,000 FULL TIME PLACES BY 1991, RISING TO 48,000 IN 1994 AND OVER 62,000 BY 2000.

"ALTHOUGH THE TARGET WAS SET ONLY RECENTLY, WE MUST NOT RULE OUT THE POSSIBILITY OF REVISION WHEN NECESSARY," MISS TAM SAID.

TURNING TO TECHNOLOGY INFRASTRUCTURE, MISS TAM SAID THERE WERE GAPS IN THE DEVELOPMENT OF AUTOMATED MANUFACTURING AND OFFICE AUTOMATION.

SHE SAID: "THE REASON FOR THAT IS THAT THE ECONOMY HAS BEEN TRADITIONALLY TOO DEPENDENT ON LOW COST MANPOWER.

"OUR TECHNOLOGY DEVELOPMENT STANDS AT 'DEPLOYMENT', AND TO SOME EXTENT "APPLICATION" LEVEL."

THIS WAS A SERIOUS OBSTACLE FOR INCREASING INNOVATION IN KEY INDUSTRIES SUCH AS TEXTILE AND ELECTRONICS AND WOULD MAKE HONG KONG FAIL IN MAINTAINING THE COMPETITION WITH DEVELOPED ASIAN COUNTRIES WHICH HAD ABUNDANT SUPPLY OF CHEAP LABOUR, MISS TAM ADDED.

SHE SAID HIGH VALUE-ADDED DESIGN, MANAGEMENT AND TECHNICAL OPERATIONS MUST BE PURSUED.

COMMENTING ON THE LEGAL INFRASTRUCTURE, MISS TAM CONGRATULATED THE FINANCIAL SECRETARY ON THE RECENT REGULATORY REFORMS HE HAD INTRODUCED IN THE SECURITIES MARKET AND STOCK EXCHANGES.

"AND I WELCOME HIS PROPOSALS FOR INTRODUCING LEGISLATION AGAINST INSIDER TRADING.

"HONG KONG MUST ESTABLISH ITSELF AS AN HONEST BROKER SAFEGUARDING THE INTERESTS OF INTERNATIONAL INVESTORS IN HONG KONG AND CHINA SO THAT WE CAN CONTINUE TO BE FAVOURED AS A FINANCIAL CENTRE," MISS TAM SAID.

TURNING TO THE BUDGET PROPOSALS, MISS TAM SAID THE "SANDWICH CLASS", BY WHICH SHE MEANT THOSE EARNING A FIXED INCOME AT A LEVEL ABOVE THAT FOR ENJOYING PUBLIC RENTAL OR HOME OWNERSHIP HOUSING, HAD VERY LITTLE TO GAIN IF AT ALL.

THE TAX CONCESSION DID NOT RESULT IN REDUCTION OF TAX BURDEN, SHE SAID.

WHILE THE STANDARD RATE OF 15.5 PER CENT WAS REDUCED TO 15 PER CENT, THE ACTUAL WAGES AND SALARY LEVEL HAD RISEN AT A HIGHER LEVEL.

"AS A RESULT THOSE WHO ARE ALREADY IN THE TAX NET ARE MOVING INTO A HIGHER MARGINAL RATE. MORE NEW COMERS BEING CAUGHT IN THE TAX NET."

THE 0.5 PER CENT REDUCTION WAS, IN THE LIGHT OF THE CIRCUMSTANCES, "TOO LOW", MISS TAM ADDED.

THE 0.5 PER CENT REDUCTION OF PROFIT TAX TO 16.5 PER CENT, MISS TAM SAID, WAS NOT ESSENTIAL.

"ALTHOUGH THERE ARE CASES FOR A REDUCTION IN COMPANY PROFITS TAX, THERE WAS REALLY NO STRONG PRESSURE TO DEMAND IT.

"IT SEEMS TO ME THE AMOUNT OF TAX FOREGONE UNDER THIS ITEM SHOULD HAVE BEEN ALLOCATED TO WELFARE AND MEDICAL SERVICES EXPENDITURE OR GIVEN AS TAX DEDUCTION ON EMPLOYERS' CONTRIBUTION TO PROVIDENT FUNDS."

ON ESTATE DUTY, MISS TAM SUGGESTED LIFTING THE BASELINE TO \$2.5 MILLION FROM \$2 MILLION, WHICH WAS SET IN 1982, TO ALLEVIATE UNNECESSARY HARDSHIP TO THE LOWER MIDDLE INCOME FAMILIES.

SHE SAID: "THE RISING PROPERTY PRICE AND COMMERCIAL RENTAL IS GOING TO CAUSE SERIOUS INFLATION AS WE SEE THE COST OF SERVICES SUCH AS MEDICAL, LEGAL, ACCOUNTING AND ALL OTHER CONSUMER SERVICES RISING AS A RESULT OF RENTAL INCREASES.

"THE MIDDLE INCOME SANDWICH CLASS IS CAUGHT IN THE SPIRALLING NIGHTMARE AND IT MUST BE THE FINANCIAL SECRETARY'S TASK TO GIVE THEM MORE RELIEF," MISS TAM CONCLUDED.

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MORE SHOULD BE DONE FOR THE MIDDLE CLASS: RITA FAN

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THE MIDDLE CLASS WAS THE BACKBONE OF THE ECONOMY AND, OUT OF FAIRNESS AND IN RECOGNITION OF THEIR CONTRIBUTION, MORE SHOULD BE DONE FOR THEM SO THAT THEIR SENSE OF BELONGING TO HONG KONG COULD BE ENHANCED, THE HON RITA FAN SAID THIS TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MRS FAN NOTED THAT THE MIDDLE CLASS - PEOPLE EARNING BETWEEN \$100,000 TO \$300,000 PER YEAR - CONTRIBUTED 36.5 PER CENT OF THE SALARIES TAX REVENUE AND ACCOUNTED FOR ONE-THIRD OF TAXPAYERS.

HOWEVER, THEY WERE UNQUALIFIED FOR LOW COST HOUSING AND WERE UNLIKELY TO BENEFIT FROM SUBSIDISED HOUSING. FURTHER, THEIR LIVING CONDITIONS OFTEN COMPARED LESS FAVOURABLY TO THOSE IN LOW COST HOUSING, IN TERMS OF RECREATIONAL AND SHOPPING FACILITIES, MANAGEMENT, AND OTHER SERVICES.

MRS FAN SAID THAT THE REDUCTION OF STANDARD RATE OF TAX IN TWO CONSECUTIVE YEARS ONLY BENEFITED A SMALL PORTION OF THE MIDDLE CLASS. BUT THE CLAW-BACK PROVISION INTRODUCED IN 1987-88 AFFECTED THE VAST MAJORITY OF THIS SECTOR IN THAT FEW COULD BENEFIT FULLY FROM THE ADDITIONAL ALLOWANCE.

SHE SAID THAT IF THE FINANCIAL SECRETARY AGREED WITH HER ON THE IMPORTANCE OF LOOKING AFTER THE INTEREST OF THE MIDDLE CLASS, HE SHOULD CONSIDER ABOLISHING THE CLAW-BACK PROVISION IN THE TAX SYSTEM AND OFFER TAX DEDUCTIONS ON THE MORTGAGE INTEREST PAID BY FIRST TIME OWNERS OF SELF-OCCUPIED PROPERTIES.

THE FINANCIAL SECRETARY SHOULD ALSO OFFER TAX DEDUCTIONS ON THE EMPLOYEES' CONTRIBUTION TO APPROVED RETIREMENT SCHEMES AND WIDEN THE GAP ON THE PROGRESSIVE RATE ON SALARIES TAX, SHE ADDED.

HAVING SAID THAT, MRS FAN NOTED THAT KINDERGARTEN TEACHERS WERE IN A SIMILAR POSITION TO THE MIDDLE CLASS IN THAT THEY HAD PROVIDED QUALITY EDUCATION FOR YOUNG CHILDREN BUT THEIR CONTRIBUTION WAS NOT REWARDED WITH RECOGNITION AND SUPPORT FROM THE GOVERNMENT.

SHE SAID THAT NO DIRECT SUBSIDY WAS GIVEN TO KINDERGARTENS, AND THE EDUCATION COMMISSION'S RECOMMENDATIONS ON THE TEACHER:PUPIL RATIO IN KINDERGARTENS, THE RATIO OF QUALIFIED TEACHERS TO UNQUALIFIED TEACHERS AND NORMATIVE SALARY SCALES FOR TEACHERS WERE NOT ACCEPTED.

ON THE OTHER HAND, THE EDUCATION COMMISSION'S SUGGESTION OF A "SPLIT CONTRIBUTION FACTOR" APPROACH TO ENHANCE THE FEE ASSISTANCE SCHEME TO KINDERGARTEN PUPILS WAS CONSIDERED TOO COMPLICATED AND RECEIVED LITTLE SUPPORT, MRS FAN SAID.

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NOTING THAT THE BUDGET FOR THE KINDERGARTEN FEE ASSISTANCE SCHEME FOR 1989-90 WAS \$6.5 MILLION WHILE THE ADMINISTRATIVE COST ALREADY TOTALLED \$2.64 MILLION, SHE SAID THAT IF THE GOVERNMENT WAS SINCERE ABOUT HELPING PARENTS, THEN IT SHOULD REDUCE THE BUREAUCRACY AND INCREASE THE MINIMUM LEVEL OF ASSISTANCE.

MRS FAN ALSO SAID THAT SHE AGREED WITH THE CAUTIOUS APPROACH OF THE BUDGET AS A WHOLE AND THOUGHT THAT THE TRANSFER OF \$7 BILLION INTO THE DEVELOPMENT LOAN FUND TO PREPARE FOR MAJOR INFRASTRUCTURE PROJECTS WAS SENSIBLE.

WHILE SHE APPRECIATED THE DEMAND FOR GROWTH IN THE CIVIL SERVICE, SHE SAID THAT A LOOK MIGHT BE TAKEN TO SEE WHETHER THOSE SERVICES WHICH HAD BEEN PROVIDED OVER THE YEARS WERE STILL SERVING USEFUL PURPOSES.

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FINANCIAL SUCCESS BRINGS ITS OWN PROBLEMS: PETER POON

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THE 1989 BUDGET SHOWED THAT THE FINANCIAL SECRETARY WAS A LEVEL-HEADED PERSON WHO KNEW VERY WELL THAT HONG KONG'S FINANCIAL SUCCESS BROUGHT ITS OWN PROBLEMS AND THAT HE HAD TO CONSIDER ALL ASPECTS OF THE LOCAL ECONOMY AS WELL AS THE WORLD ECONOMY IN FORMULATING THE BUDGET PROPOSALS, THE HON PETER POON SAID TODAY (WEDNESDAY).

MR POON WAS SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE BUDGET DEBATE.

HE NOTED THAT DESPITE THE BIG NATIONS' EFFORT TO IMPROVE THEIR ECONOMY, THE WORLD'S ECONOMIC ILLS HAD YET TO BE CURED. AND AFTER SIX YEARS OF ECONOMIC EXPANSION, THERE WAS BOUND TO BE A SLOWING DOWN.

HE SAID THAT HONG KONG WAS LUCKY IN THAT DESPITE A DROP IN EXPORT GROWTH, RE-EXPORT HAD REMAINED STRONG AND INTERNALLY-GENERATED GROWTH WERE ALSO SIGNIFICANT.

ON THE FINANCIAL SECRETARY'S ESTIMATE OF A 8.5 PER CENT INFLATION RATE FOR 1989, MR POON SAID THAT WITH THE LABOUR SHORTAGE AND THE OVER-HEATED ECONOMY, INFLATION MIGHT TURN OUT TO BE OVER 10 PER CENT UNLESS THE RECENT SHARP INCREASES IN RENTS AND WAGES AND HIGH INTEREST RATES BROUGHT THE AUTOMATIC COOLING-OFF ADJUSTMENT BEFORE THE END OF THE YEAR.

"HOWEVER, I DO NOT FORESEE RUNAWAY INFLATION WHICH WE CANNOT LIVE WITH AS WAGES IN REAL TERMS CATCH UP WITH INFLATION AT TIMES OF SEVERE LABOUR SHORTAGE," HE SAID.

HE SAID ANOTHER PROBLEM WHICH HONG KONG WOULD CONTINUE TO FACE IN FUTURE WAS PROTECTIONISM.

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FOR THE TIME BEING, PROTECTIONIST VOICES HAD LUCKILY BEEN CONTAINED BUT SHOULD THERE BE AN ECONOMIC DOWNTURN, ECONOMIC BLOCKS LIKE THE EUROPEAN COMMON MARKET AND THE NORTH AMERICAN MARKET, WHICH WAS CONSOLIDATED BY THE CANADIAN-AMERICAN TRADE PACT RECENTLY SIGNED, MIGHT RESORT TO PROTECTIONIST MEASURES, HE SAID.

"WE MUST REALISE THAT IN FUTURE, THERE IS THIS CLOUD HANGING OVER OUR ECONOMY AND THE FINANCIAL SECRETARY WAS RIGHT IN RESERVING SUBSTANTIAL FUNDS FOR OUR MAJOR EXPENDITURE ON INFRASTRUCTURE," HE SAID.

HE AGREED WITH THE FINANCIAL SECRETARY THAT HONG KONG'S ACCUMULATED RESERVES WERE AT A COMFORTABLE BUT NOT EXCESSIVE LEVEL, CONSIDERING THE VARIOUS MAJOR PROJECTS, COMMITMENTS AND ANNUAL EXPENDITURE.

TURNING TO SALES TAX, MR POON SAID IT WOULD BE WORTHWHILE TO HAVE RESEARCH CARRIED OUT AND CONSULTATION CONDUCTED ON THE TECHNICAL ASPECTS OF INTRODUCING A SALES TAX.

"HOWEVER, IT WOULD BE UNDESIRABLE TO INTRODUCE IT WITHOUT THE MOST CAREFUL CONSIDERATION OF ITS IMPACT ON THE PEOPLE OF HONG KONG, AND CERTAINLY NOT ADVISABLE WHEN THERE IS HIGH INFLATION AND SUBSTANTIAL ANNUAL SURPLUS," HE SAID.

HE ADDED THAT THE REDUCTION IN THE STANDARD TAX RATE OF HALF A PERCENTAGE POINT WAS WELCOME.

BUT HE WOULD HAVE LIKED TO SEE A MORE GENEROUS INCREASE IN PERSONAL ALLOWANCES, A FURTHER WIDENING OF THE TAX BANDS AND THE ABOLITION OF THE CLAWBACK PROVISION WHICH, HE SAID, STARTED TO BITE AT INCOME AS LOW AS JUST UNDER \$4,000 A MONTH FOR A SINGLE PERSON.

MR POON WELCOMED THE FINANCIAL SECRETARY'S CONFIRMATION THAT PLANS FOR THE INTRODUCTION OF SEPARATE TAXATION FOR MARRIED WOMEN WERE WELL IN PROGRESS AND THAT THE GOVERNMENT INTENDED TO IMPLEMENT IT IN 1990.

MR POON ALSO SUPPORTED PROPOSALS TO INCREASE INITIAL CAPITAL ALLOWANCE AND TO TOTALLY ABOLISH INTEREST TAX.

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RENT SPIRAL WORRIES CHENG HON-KWAN

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MANY HONG KONG PEOPLE FIND SKYROCKETING RENTALS OF BOTH COMMERCIAL AND RESIDENTIAL PREMISES A SUBJECT OF INCREASING CONCERN, THE HON CHENG HON-KWAN SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR CHENG SAID THIS WAS PARTICULARLY SO FOR COMMERCIAL PREMISES AS THERE WAS NO CONTROL OVER OFFICE RENTALS.

"IT IS APPALLING TO LEARN THAT RENTALS FOR OFFICE SPACE IN CENTRAL, IN SOME CASES, INCREASED BY AS MUCH AS OVER 70 PER CENT LAST YEAR ALONE," HE SAID.

HE SAID THAT SUCH HIGH RENTS WERE A GENUINE REFLECTION OF THE ACUTE SHORTAGE OF AND HIGH DEMAND FOR OFFICE ACCOMMODATION, ESPECIALLY QUALITY OFFICE ACCOMMODATION IN PRIME LOCATIONS.

HE SAID THAT THE RENTAL SPIRAL, IF ALLOWED TO CONTINUE, WAS BOUND TO DETER NEWCOMERS FROM SETTING UP OFFICES IN HONG KONG AND CAUSE INTERNATIONAL FIRMS WHICH WERE ALREADY HERE TO CONSIDER RELOCATING THEIR BASES.

HE SUGGESTED THAT THERE WAS AN URGENT NEED FOR THE GOVERNMENT TO MAKE AVAILABLE ADDITIONAL LAND FOR COMMERCIAL DEVELOPMENT.

WHILE LAND FORMATION PROGRAMMES FOR THE PROVISION OF ADDITIONAL LAND FOR OFFICE DEVELOPMENT IN CENTRAL AND OTHER LOCATIONS WOULD REQUIRE A FEW YEARS TO COMPLETE, THERE WERE MEASURES WHICH THE GOVERNMENT COULD IMPLEMENT TO PROVIDE RELIEF WITH IMMEDIATE EFFECT, HE SAID.

"ONE OF THESE IS THE REZONING OF INDUSTRIAL LAND IN SUITABLE LOCATIONS FOR COMMERCIAL USE," HE SUGGESTED.

HE ADDED THAT ANY UNDUE DELAY IN TACKLING THE PROBLEM OF RENTAL SPIRAL WOULD BRING ABOUT ADVERSE EFFECTS TO THE ECONOMY.

MR CHENG SAID ANOTHER AREA WHICH COULD STRENGTHEN PUBLIC CONFIDENCE WAS THE PROVISION OF MORE PLACES FOR HIGHER EDUCATION, ESPECIALLY AT A TIME WHEN HONG KONG WAS BEGINNING TO FEEL THE IMPACT OF THE BRAIN DRAIN PROBLEM.

BUT TERTIARY INSTITUTIONS, ESPECIALLY THE NON-UNIVERSITY INSTITUTIONS, HAD EXPERIENCED DIFFICULTIES IN RECRUITING SUFFICIENT QUALIFIED STAFF, HE SAID.

MR CHENG SAID THE LESS ATTRACTIVE SALARIES AND CONDITIONS OF SERVICE OF STAFF IN NON-UNIVERSITY INSTITUTIONS WERE A MAJOR FACTOR BEHIND THE DIFFICULTY IN FINDING THE REQUIRED STAFF.

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IN ORDER TO RETAIN EXISTING STAFF AND TO CONTINUE TO ATTRACT OTHERS OF SIMILAR CALIBRE, IT WAS ESSENTIAL THAT THE SALARIES OFFERED TO STAFF AT THESE INSTITUTIONS WERE COMPARABLE TO THOSE AT THE UNIVERSITIES, MR CHENG SAID.

"THE QUESTION OF PARITY OF TREATMENT AMONG THE SIX INSTITUTIONS, WHICH WERE COMPONENTS OF ONE SYSTEM OF HIGHER EDUCATION, WAS AN ISSUE WHICH SHOULD BE DEALT WITH WITHOUT ANY DELAY," HE SAID.

TURNING TO THE BUDGET AS A WHOLE, MR CHENG SAID IT WAS ENCOURAGING, PARTICULARLY WITH ITS EMPHASIS ON GROWTH IN SPENDING ON INFRASTRUCTURE, WHICH WAS SO VITAL TO HONG KONG'S CONTINUED PROSPERITY.

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MARTIN LEE CALLS FOR STEM TO EMIGRATION TIDE

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THE MOST IMPORTANT TASK FACING THE ADMINISTRATION TODAY IS TO STEM THE EMIGRATION TIDE AND MAKE THE PEOPLE STAY HERE, PARTICULARLY PROFESSIONAL PEOPLE AND THOSE IN MIDDLE MANAGEMENT, WHO ARE OFTEN CALLED "THE SANDWICH CLASS", THE HON MARTIN LEE SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, MR LEE OBSERVED THAT THE SANDWICH CLASS WERE PEOPLE WE COULD LEAST AFFORD TO LOSE. THEY WERE ALSO THE PEOPLE WHO HAD TRADITIONALLY BORNE THE BRUNT OF THE TAX BURDEN BUT ENJOYED VERY FEW BENEFITS IN RETURN.

PROPOSALS BY THE ADMINISTRATION TO BUILD MORE INTERNATIONAL SCHOOLS, TO IMPROVE CONTACT WITH HONG KONG PEOPLE WHO HAVE MOVED OVERSEAS, AND TO TRAIN MORE PROFESSIONAL PEOPLE WOULD ONLY ALLEVIATE THE EMIGRATION PROBLEM IN SOME SMALL MEASURES, HE SAID.

A MUCH MORE EFFECTIVE WAY WAS TO MAKE HONG KONG A MORE ATTRACTIVE PLACE TO LIVE IN, AND THE FIRST THING WE COULD DO WAS TO HELP THESE PEOPLE MEET THE ASPIRATION OF BUYING THEIR OWN HOMES, HE ENVISAGED.

AS THE SPIRALLING PROPERTY AND HIGH INTEREST RATES HAD MADE IT QUITE IMPOSSIBLE FOR THE SANDWICH CLASS TO PURCHASE THEIR OWN HOMES, MR LEE URGED THE ADMINISTRATION TO HELP THEM BY ALLOWING TAX DEDUCTIONS FOR INTEREST PAYMENTS ON MORTGAGE LOANS FOR OWNER-OCCUPIED FLATS.

MR LEE HIGHLIGHTED A NUMBER OF MALPRACTICES IN THE PROPERTY MARKET, SUCH AS ESTATE AGENTS INVOLVED IN SPECULATION ACTIVITIES RATHER THAN SERVING THEIR CLIENTS, DIRECTORS AND EMPLOYEES OF REDEVELOPMENT COMPANIES RESERVING DOMESTIC UNITS AND REAPING HANDSOME PROFITS BY ALMOST IMMEDIATE RE-SALE AND TRIAD ACTIVITIES AMONG THE PEOPLE QUEUING UP FOR FLATS.

/"I SUGGEST

"I SUGGEST THAT THE ADMINISTRATION SHOULD STUDY THESE PROBLEMS AND TRY TO FIND OUT WHETHER PEOPLE ARE BUYING PROPERTIES FOR INVESTMENT OR FOR SPECULATION, AND DECIDE WHETHER IT IS DESIRABLE IN THE LONG-TERM INTEREST OF HONG KONG TO INTRODUCE A PROPERTY GAINS TAX ON TRANSACTIONS RELATING TO PROPERTIES AS WELL AS SHARES OF COMPANIES WHICH ARE USED PRIMARILY AS VEHICLES FOR HOLDING PROPERTIES.

"I AM NOT SUGGESTING THAT SUCH A TAX SHOULD BE INTRODUCED RIGHT NOW, FOR THERE ARE WIDER IMPLICATIONS. BUT THIS IS A MEASURE WHICH HAS FOUND FAVOUR IN OTHER COUNTRIES, AND IT MAY BE A NECESSARY WEAPON TO USE IN ORDER TO COOL DOWN THE PROPERTY MARKET IF IT GETS ANY HOTTER," HE SAID.

ANOTHER EFFECTIVE WAY TO MAKE HONG KONG A BETTER PLACE TO LIVE IN WAS TO IMPROVE THE ENVIRONMENT, MR LEE, WHO WAS CONVENOR OF THE OMELCO STANDING PANEL ON ENVIRONMENTAL AFFAIRS, SAID.

WHILE OBSERVING THAT MORE AND MORE PEOPLE, INCLUDING INDUSTRIALISTS, PARTICULARLY THOSE OPERATING LARGE FACTORIES, WERE PREPARED TO JOIN IN THE FIGHT AGAINST POLLUTION, HE WAS CONCERNED THAT SOME OF THE SMALL FACTORY-OWNERS WOULD BE DRIVEN OUT OF BUSINESS IF, FOR EXAMPLE, THEY HAD TO SPEND MORE MONEY IN ORDER TO SWITCH TO LOW-SULPHUR FUELS.

"ONE WAY TO ALLEVIATE THEIR PROBLEM IS TO GIVE THEM MORE TIME. BUT I AM AGAINST THAT BECAUSE IN MANY AREAS, OUR FIGHT AGAINST POLLUTION IS ALREADY LONG OVER-DUE.

"I THEREFORE SUGGEST THAT THE ADMINISTRATION SHOULD PRESS ON WITH THEIR PROGRAMME AS CONTAINED IN THE WHITE PAPER ABOUT TO BE PUBLISHED; AND TRY TO CUSHION THE HARDSHIP WHICH MAY BEFALL SOME OF OUR SMALLER FACTORY-OWNERS OR OPERATORS BY ALLOWING THEM TAX DEDUCTIONS FOR CAPITAL OUT-LAYS FOR NEW EQUIPMENTS IN ORDER TO COMPLY WITH NEW ANTI-POLLUTION REGULATIONS," MR LEE SAID.

FURTHERMORE, HE SUGGESTED THE SETTING UP OF AN ENVIRONMENTAL FUND WITH CONTRIBUTIONS FROM THE ADMINISTRATION AS WELL AS FROM THE INDUSTRY ITSELF, SO THAT LOW-INTEREST LOANS OR EVEN INTEREST-FREE LOANS COULD BE GIVEN TO FACTORY-OWNERS OR OPERATORS WHO NEED FINANCIAL ASSISTANCE IN ORDER TO INSTALL NEW EQUIPMENT OR TO TAKE OTHER NECESSARY MEASURES TO COMPLY WITH ANTI-POLLUTION REGULATIONS.

TURNING TO THE QUESTION OF SALES TAX, MR LEE SAID THE FINANCIAL SECRETARY'S INTENTION TO BROADEN THE TAX BASE WAS UNOBJECTIONABLE, AS THE LION'S SHARE OF OUR REVENUE COMES FROM A VERY SMALL NUMBER OF TAX-PAYERS AND MANY OF THEM WERE LEAVING HONG KONG.

"AS I UNDERSTAND IT, THE FINANCIAL SECRETARY IS NOT SAYING THAT HE WILL DEFINITELY INTRODUCE A SALES TAX EITHER IN THE FORESEEABLE FUTURE OR AT ALL; FOR WHAT HE IS SAYING IS THAT HE WOULD CONTINUE TO STUDY IT, AND THAT EVEN IF IT BE INTRODUCED IN THE DISTANT FUTURE, IT WILL ONLY COME AS PART OF A PACKAGE," HE NOTED.

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AS THE FINANCIAL SECRETARY INDICATED THAT A CONSULTATIVE DOCUMENT ON SALES TAX WOULD SOON BE PUBLISHED AND THAT IT WOULD BE STUDIED FURTHER BY PROFESSIONAL BODIES AND OTHER ORGANISATIONS, MR LEE STRESSED THE IMPORTANCE OF KEEPING AN OPEN MIND ON THIS MATTER UNTIL AFTER THE CONSULTATIVE DOCUMENT HAD BEEN FULLY STUDIED.

FOR IT WAS NOT UNTIL THEN THAT WE WERE IN A POSITION TO JUDGE FOR OURSELVES WHETHER THE INTRODUCTION OF A SALES TAX WOULD LEAD TO A FAIRER AND MORE BALANCED TAX SYSTEM, AND WHETHER THERE WAS ANY BENEFIT TO THE COMMUNITY AS A WHOLE, AND PARTICULARLY THOSE IN THE SANDWICH CLASS AS WELL AS THE SMALL MAN, HE CONCLUDED.

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DAVID LI ADVOCATES COMPREHENSIVE PUBLIC POLICY FOR HK

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THE CHALLENGE OF THE 1990S WOULD BE TO FORGE A COMPREHENSIVE PUBLIC POLICY THAT COMBINES FISCAL PRUDENCE AND OUR LAISSEZ FAIRE PHILOSOPHY, WITH A COMMITMENT TO DEVELOP ALL OUR HUMAN RESOURCES, THE HON DAVID LI SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE MR LI SAID THE CHALLENGE WOULD ALSO BE TO STATE THAT POLICY SO CLEARLY AND SO CONCISELY THAT EVERYONE UNDERSTOOD WHAT HE OR SHE COULD AND SHOULD DO TO HELP BUILD A BETTER HONG KONG.

MR LI SAID THAT THE BUDGET FOR 1989-90 WAS AN ARTICULATE STATEMENT OF A PARTICULAR VISION OF HONG KONG'S FINANCIAL FUTURE, WHICH PUT A PREMIUM ON CAUTION AND EMPHASISED STABILITY.

IT WAS A CONSERVATIVE BUDGET, SO CONSERVATIVE INDEED THAT ONE MIGHT THINK THE MUCH PREDICTED RECESSION WAS ALREADY HERE, HE SAID.

NOTING THAT SINCE 1986, THE GOVERNMENT'S PROJECTIONS FOR GDP GROWTH HAD BEEN OFF BY AN AVERAGE OF MORE THAN 50 PER CENT ANNUALLY, MR LI SAID THAT IT SEEMED CLEAR THAT THE GOVERNMENT HAD PROBLEMS IN ECONOMIC FORECASTING AND NEEDED TO UPGRADE ITS CAPABILITY.

TURNING TO THE MERITS OF THE BUDGET, MR LI PRAISED THE FINANCIAL SECRETARY FOR INCREASING CAPITAL ALLOWANCES ON QUALIFIED MACHINERY AND FOR ABOLISHING THE WITHHOLDING TAX ON INTEREST, AS WELL AS THE PROMISE TO INTRODUCE SEPARATE TAXATION FOR MARRIED WOMEN.

HE ALSO COMMENDED THE FINANCIAL SECRETARY FOR STARTING TO PRE-FUND MAJOR CAPITAL PROJECTS AND FOR HIS PRUDENCE IN DISPENSING TAX CUTS.

"SELF-DISCIPLINE IS NEEDED," HE SAID, "RECURRENT EXPENDITURE SHOULD NOT BE ALLOWED TO GROW TOO FAR OUT OF LINE WITH RECEIPTS LIKELY TO COME IN THE LEANER YEARS OF THE ECONOMIC CYCLE."

MR LI SAID THAT HONG KONG MUST BE CLEAR-SIGHTED ABOUT THE NATURE OF ITS INFLATION.

"THE TERRITORY IS PAYING FOR ITS SUCCESS, AS THE FINANCIAL SECRETARY POINTED OUT. BUT INFLATION IS ALSO FUELLED BY HIGHER USER FEES AND INCREASED INDIRECT TAXATION."

HE NOTED THAT HONG KONG IMPORTED INFLATION AS WELL, AND THAT ONE OF THE COSTS OF CURRENCY STABILITY UNDER THE LINKED EXCHANGE RATE SYSTEM WAS THE POTENTIAL FOR INFLATIONARY PRESSURE.

ON SALES TAX, MR LI SAID THAT THE FINANCIAL SECRETARY'S PRESENTATION SHOULD DO MORE THAN EXAMINE JUST HOW THIS TAX WOULD WORK, AND SHOULD CONSIDER HOW THIS TAX RELATED TO OTHER TAXES.

HE THOUGHT THAT, GIVEN THE AMOUNT OF TAX LITIGATION, IT WAS A GOOD OPPORTUNITY TO CONDUCT A FULL-SCALE REVIEW OF THE INLAND REVENUE SYSTEM TO ENSURE ITS SIMPLICITY AND COMPETITIVENESS WERE BEING MAINTAINED.

MR LI SAID THAT WHILE HONG KONG LIKED TO THINK IT HAD A COMPETITIVE EDGE AS A LOW TAX ENVIRONMENT, FOR THE MIDDLE CLASS THE LIMITED NUMBER OF DEDUCTIONS AND THE RELATIVELY QUICK PACE OF GRADUATION COULD WIPE OUT ANY INITIAL RATE ADVANTAGE.

HE SAID THAT THE GOVERNMENT SHOULD AVOID REACHING FOR THE TAXPAYERS WALLET WHENEVER IT HAD TROUBLE BALANCING ITS BOOKS IN A RECESSION.

HE ALSO SAID THAT IF A SALES TAX WAS IMPOSED, IT WAS IMPORTANT THAT THERE WOULD BE TRADE-OFFS.

"IT IS ONE THING TO TAX THE PEOPLE WHO BENEFIT MOST FROM HONG KONG'S PRO-BUSINESS POLICIES. IT IS QUITE ANOTHER MATTER TO TAP THE LESS FORTUNATE."

MR LI SAID THAT THE MORE THE GOVERNMENT TAXED THE POPULATION, THE MORE THE POPULATION WAS LIKELY TO BEGIN ASKING WHAT THEY WERE GETTING IN RETURN FOR PAYING THE TAX.

STRESSING THAT IT WOULD NOT BE EASY TO MAINTAIN A PUBLIC ADMINISTRATION WHICH ORDINARY PEOPLE FELT WAS FULLY RESPONSIBLE TO THEIR NEEDS AND ASPIRATIONS, MR LI SAID THE GOVERNMENT MUST ULTIMATELY RETHINK HOW IT DEPLOYED ITS RESOURCES.

"ALREADY WE HAVE SEEN CIVIL SERVICE GROWTH 50 PER CENT HIGHER THAN THE GOVERNMENT'S OWN TARGET AND TWICE THE INCREASE IN THE SIZE OF THE LABOUR FORCE."

"THIS NOT ONLY ADDS SUBSTANTIALLY TO THE RECURRENT COST OF THE GOVERNMENT, IT ALSO INCREASES INFLATIONARY PRESSURE IN THE ECONOMY."

MR LI FEARED THERE WOULD COME A POINT WHEN SUCH NUMERICAL GROWTH COULD NO LONGER BE SUSTAINED, AND THEREFORE URGED THE GOVERNMENT TO IMPROVE ITS PROCEDURES AND EMPHASISE EFFICIENT SERVICE.

HE QUESTIONED WHETHER THE SETTING UP OF QUASI NON-GOVERNMENT ORGANISATIONS (QUANGOS) REALLY HAD THE PREDICTED IMPACT.

ARGUING THAT THE DISADVANTAGES OF QUANGOS WERE MANY -- FROM CRONYISM TO WASTE AND INEFFICIENCY TO CORRUPTION -- MR LI SAID THAT PUBLIC REPRESENTATION ON QUANGO BOARDS SOMETIMES ACTUALLY REDUCED THEIR RESPONSIVENESS TO THE NEEDS OF THE PUBLIC.

HE SAID WHILE LEGCO MEMBERS HAD A RESPONSIBILITY TO MONITOR THESE BODIES REGULARLY, THERE WERE OTHER QUESTIONS POSED BY QUANGOS THAT EXTENDED BEYOND THE VITAL NEED FOR FISCAL ACCOUNTABILITY TO THE FINANCE COMMITTEE.

MR LI SAID THAT RATHER THAN FOCUS ON ESTABLISHING QUANGO AFTER QUANGO, IT WAS PERHAPS TIME THE GOVERNMENT CAME TO GRIPS WITH ITS OWN RHETORIC ON PRIVATISATION.

HE NOTED THAT WITH A NET PROFIT OF \$560 MILLION A YEAR, THE KOWLOON-CANTON RAILWAY CORPORATION WOULD SEEM RIPE FOR PRIVATISATION.

"EVEN A PARTIAL SALE OF THE GOVERNMENT'S SHAREHOLDING, AT A GOOD MULTIPLE, WOULD YIELD A BILLION OR MORE THAT COULD BE RE-INVESTED IN THE NEXT GENERATION OF INFRASTRUCTURE PROJECTS ESSENTIAL FOR FUTURE GROWTH."

"BY THE TIME PRIVATISATION OF THE KCRC HAS BEGUN, THE MASS TRANSIT RAILWAY CORPORATION OUGHT TO BE READY," HE ADDED.

MR LI NOTED THAT, PHILOSOPHICALLY, ACTION ON PRIVATISATION WAS MUCH MORE IN KEEPING WITH THE LAISSEZ FAIRE PRINCIPLES AND THERE WAS NO END OF GOOD AND WORTHY TASKS THE GOVERNMENT COULD TAKE ON.

"BUT UNLESS HONG KONG WAS PREPARED TO ABANDON ITS COMMITMENT TO LOW TAXATION, THE TERRITORY SIMPLY COULD NOT AFFORD TO LOOK TO THE GOVERNMENT TO DO THEM ALL," MR LI SAID.

"THERE HAS TO BE SELF-RESTRAINT. HONG KONG MUST TRY TO CURB THE GROWTH OF THE GOVERNMENT. THUS, IT MUST ALSO LIMIT WHAT IT ASKS THE GOVERNMENT TO DO," HE ADDED.

"THE EMPHASIS MUST SHIFT BACK FROM PUBLIC SECTOR ACTION TO PRIVATE SECTOR INITIATIVE, FROM BUREAUCRATIC INTERFERENCE TO COMMUNITY INVOLVEMENT, FROM GOVERNMENT INTERVENTION TO SELF-REGULATION, FROM INCREASING DEPENDENCE TO SELF-RELIANCE.

"BUT GETTING THIS CONCEPT ACROSS TO THE GENERAL PUBLIC WILL REQUIRE A MUCH MORE EFFECTIVE PROGRAMME OF CIVIC EDUCATION THAN HONG KONG NOW HAS. THE PRESENT TREND IS IN THE OPPOSITE DIRECTION AND IS LIKELY TO GAIN IN MOMENTUM AS POLITICAL RHETORIC AND PUBLIC POLICY RAISE EXPECTATIONS," MR LI SAID.

WEDNESDAY, APRIL 26, 1989

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BUDGET FORECAST - AN UNDER-ESTIMATE : DR DANIEL TSE
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THE INFLATION RATE OF 8.5 PER CENT IN 1989 FORECAST BY THE FINANCIAL SECRETARY SEEMED TO BE AN UNDER-ESTIMATE GIVEN THE MORE THAN 10 PER CENT RISE IN WAGES AND SALARIES IN THE PRIVATE SECTOR, DR THE HON DANIEL TSE OBSERVED TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, DR TSE SAID THAT IF THE SALARY ADJUSTMENTS IN THE CIVIL SERVICE WERE TO FOLLOW SUIT, AS WERE WIDELY EXPECTED, THE INFLATION RATE COULD EVEN BE IN THE DOUBLE DIGIT COLUMN.

HE DOUBTED THE FINANCIAL SECRETARY'S SUGGESTION THAT THE RATE MIGHT BEGIN TO FALL "PROBABLY IN THE LATTER PART OF THE YEAR", AS THE LABOUR MARKET SEEMED TO CONTINUE TO REMAIN TIGHT AND EXPECTATIONS OF A RAPID RISE IN WAGES AND SALARIES HEIGHTENED.

FURTHER, THE INCREASE IN THE ACCUMULATED TRADE SURPLUS IN THE SURROUNDING ASIAN COUNTRIES HAD FORCED UP THE VALUE OF THEIR CURRENCIES AND THEIR PURCHASING POWER, AND THEIR PENT UP DEMAND ON OUR PRODUCTS AND SERVICES HAD EXERTED IMMENSE PRESSURE ON OUR DOMESTIC RESOURCES.

DR TSE SAID THAT THE FINANCIAL SECRETARY'S EXPLANATION THAT INFLATION WAS CAUSED BY THE SUCCESS OF OUR ECONOMY MIGHT NOT BE COMPLETELY VALID, AS HONG KONG'S SURROUNDING COUNTRIES GENERALLY ENJOYED HIGHER ECONOMIC GROWTH BUT LOWER INFLATION RATES.

CONCEDING THAT THE LINKED EXCHANGE RATE SYSTEM, WHICH HAD SERVED HONG KONG WELL, HAD LED TO SUCH A HIGH INFLATION RATE, DR TSE CALLED FOR A PERIODIC REVIEW FOR ITS ADEQUACY.

HE POINTED OUT THAT ONE VERY OBVIOUS SIDE EFFECT OF THE EXISTING SYSTEM WAS THAT IT CREATED A PSYCHOLOGY OF DEPRECIATION FOR THE HONG KONG DOLLAR, AND HAD INDUCED PEOPLE TO PUT THEIR MONEY IN NON-US DOLLAR FOREIGN CURRENCY DEPOSITS.

"THIS IS NOT HEALTHY AS THE SMALL INVESTORS MAY NOT KNOW HOW TO HEDGE AGAINST CURRENCY RISK," HE SAID.

DR TSE SUGGESTED THAT GOVERNMENT SHOULD STUDY MORE CLOSELY THE OPERATION AND THE PROBLEMS OF THE EXISTING SYSTEM AND KEEP AN OPEN MIND ON POSSIBLE ALTERNATIVES SUCH AS THE BASKET-PEGGED CURRENCY SYSTEM.

HE NOTED THAT, APART FROM THE LINKED EXCHANGE RATE, THE TWO COMMONLY ACCEPTED EXPLANATIONS FOR HIGH INFLATION IN HONG KONG WERE THE RAPID INCREASE IN LOCAL AND FOREIGN DEMAND FOR OUR DOMESTIC RESOURCES, AND THE TIGHT SUPPLY SIDE CONSTRAINT.

HE WELCOMED THE PROPOSAL TO INCREASE THE CAPITAL ALLOWANCES AND TO INTRODUCE SEPARATE TAXATION FOR MARRIED WOMEN BUT REGRETTED THAT THESE PROPOSALS WERE NOT MADE IN THE BUDGET SPEECH AS PART OF A COMPREHENSIVE PLAN TO ALLEVIATE THE CAPACITY CONSTRAINT.

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IN FACT, SEPARATE TAXATION FOR MARRIED WOMEN WAS SEEN TO BE A MERE YIELDING TO PUBLIC PRESSURE, HE SAID.

HE SAID ALTHOUGH THE FINANCIAL SECRETARY HAD SET ASIDE FUNDS FOR FUTURE PROJECTS SUCH AS A NEW AIRPORT, THERE WAS NO INDICATION AS TO HOW WE COULD INCREASE OUR PRODUCTION CAPACITY TO ACCOMMODATE SUCH A VAST PUBLIC INVESTMENT IN THE NEAR FUTURE.

MOREOVER, HE SAID THE TRANSFER OF CURRENT TAX REVENUE TO FINANCE FUTURE CAPITAL PROJECTS WOULD BEG THE QUESTION OF MAKING THE PRESENT GENERATION PAY FOR THE BENEFIT OF THE FUTURE GENERATIONS.

"ALTHOUGH IT IS A TRADITIONAL CHINESE VIRTUE TO SAVE FOR OUR POSTERITY, WE MUST ALSO KEEP IN MIND THAT SOME BENEFITS SHOULD ALSO BE GIVEN TO THE PRESENT GENERATION IN ORDER TO MAKE HONG KONG A BETTER PLACE TO LIVE AND WORK," HE SAID.

NOTING THAT EDUCATION EXPENDITURE WOULD INCREASE BY ONLY FIVE PER CENT IN REAL TERM, DR TSE STRESSED THAT THE GROWTH SHOULD BE IN STEP WITH THAT OF THE ECONOMY.

"I WOULD EVEN ARGUE THAT EDUCATION EXPENDITURE SHOULD GROW AT A FASTER RATE THAN THE ECONOMY IN VIEW OF THE SO CALLED 'BRAIN DRAIN' PROBLEM THAT THE COMMUNITY IS FACING," HE SAID.

WITH THE CAPACITY CONSTRAINT PROBLEM IN MIND, HE URGED THE GOVERNMENT TO REVIEW THE EDUCATIONAL EXPENDITURE IN THE BUDGET AND TO EVALUATE WHETHER, THE EXISTING FUND ALLOCATION SCHEME TO DIFFERENT EDUCATIONAL SECTORS WAS OPTIMAL.

HE ALSO CALLED ON THE GOVERNMENT TO EXAMINE THE FACTORS THAT WOULD INFLUENCE THE SUPPLY OF LABOUR, ESPECIALLY FOR MARRIED WOMEN, AND TO DETERMINE HOW SOME OF THE CURRENT SURPLUSES COULD BE USED TO IMPROVE THE QUALITY OF LIFE SO THAT THE TALENTED PEOPLE CAN BE RETAINED AND THOSE WHO HAVE LEFT ARE ATTRACTED TO RETURN.

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EDWARD HO CALLS FOR SOLUTION TO TIGHT LABOUR SUPPLY SITUATION

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HONG KONG SHOULD NOT RISK HIGHER AND HIGHER INFLATION COUPLED WITH REDUCTION OF OUR COMPETITIVENESS BUT SHOULD SEEK A REASONABLE SOLUTION TO RELIEVE OUR TIGHT LABOUR SUPPLY SITUATION, THE HON EDWARD HO SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE RESUMED DEBATE ON THE 1989 BUDGET, MR HO SAID HE FOUND IT EXTREMELY DISTURBING THAT THE FINANCIAL SECRETARY, HAVING IDENTIFIED INFLATION AS A MAJOR PROBLEM, APPARENTLY CONCLUDED THAT THERE WAS VIRTUALLY NO SOLUTION TO IT UNTIL OUR ECONOMY SLOWED DOWN; AND THAT IN PARTICULAR, THE SLOW DOWN WOULD BE THE RESULT OF A REDUCTION OF OUR COMPETITIVENESS.

"NO ONE SHOULD DENY OUR LABOUR FORCE THEIR 'SHARE IN THE FRUITS OF PROSPERITY', AS THE FINANCIAL SECRETARY PUTS IT; BUT NEITHER SHOULD WE PERPETUATE A SITUATION THAT THE SO-CALLED 'FRUITS OF PROSPERITY' ARE ERODED BY INFLATION BEFORE THEY CAN BE PROPERLY ENJOYED.

"MANY WHO OBJECT TO THE IMPORTATION OF LABOUR TODAY WERE IMMIGRANTS THEMSELVES FROM MAINLAND CHINA. MANY MAY NOT REMEMBER THAT HONG KONG'S SUCCESS IN THE LAST FEW DECADES OWED A LOT TO THE CONTRIBUTIONS OF THESE IMMIGRANTS," MR HO SAID.

TURNING TO GENERAL ISSUES THAT WOULD HAVE AN IMPACT ON OUR ECONOMY, MR HO STRESSED THAT MAJOR INFRASTRUCTURAL DEVELOPMENTS, INCLUDING A NEW INTERNATIONAL AIRPORT, EXPANSION OF PORT FACILITIES, DEVELOPMENT OF THE LAND TRANSPORT SYSTEM AND HARBOUR RECLAMATION, WOULD HAVE TO BE SKILLFULLY INTEGRATED TOGETHER INTO A STRATEGIC PLAN TO MAINTAIN HONG KONG AS A MAJOR INTERNATIONAL CITY ON THE PACIFIC RIM FOR THE NEXT FEW DECADES.

"THE STUDIES AND GESTATIONS OF THESE DEVELOPMENTS HAVE ALREADY TAKEN SEVERAL YEARS. IT IS VITAL THAT DECISIONS ARE MADE, BEFORE THE END OF THIS YEAR, AS WE HAVE BEEN PROMISED.

"AFTER DECISIONS ARE MADE, THERE SHOULD BE EXPEDITIOUS AND EFFICIENT IMPLEMENTATION OF THESE PLANS INTO REALITIES. THIS WOULD DEPEND NOT ONLY ON THE ORGANISATION OF FINANCIAL RESOURCES; BUT ALSO ON AN EFFECTIVE AND EFFICIENT TOWNPLANNING SYSTEM," MR HO SAID.

"ON THE QUESTION OF TOWNPLANNING, WE SHOULD BE REMINDED THAT PERHAPS FOR THE FIRST TIME IN THE HISTORY OF HONG KONG, DUE TO VARIOUS INTER-RELATED INFRASTRUCTURAL DEVELOPMENTS AND ALL OF SUCH MAGNITUDE, WE HAVE IN FACT TO ENGAGE IN THE MACRO-PLANNING OF THE TERRITORY AS A WHOLE.

"FURTHERMORE, THIS MACRO MASTER PLAN SHOULD TAKE INTO ACCOUNT THE FUTURE DEVELOPMENT OF HONG KONG IN RELATION TO THE NEIGHBOURING REGIONS IN THE PEARL RIVER DELTA," HE CONTINUED.

MR HO POINTED OUT THAT AS HONG KONG'S PRINCIPAL ECONOMIC ACTIVITIES MOVED TOWARDS THOSE OF AN ENTREPOT, AND AS MORE AND MORE MANUFACTURING FACILITIES WERE MOVED ACROSS THE BORDER, THERE SHOULD BE SOME FUNDAMENTAL RETHINKING ON LAND USE IN SOME OF THE OLDER INDUSTRIAL AREAS.

FOR INSTANCE, WE COULD CONSIDER SYSTEMATICALLY MOVING INDUSTRIAL OPERATIONS AWAY FROM THE URBAN AREAS TO CLEAN UP THE ENVIRONMENT, HE SUGGESTED.

MR HO ALSO CALLED FOR MORE TANGIBLE ACTION TO LIMIT THE GROWTH OF OUR CIVIL SERVICE.

"ONE OBVIOUS WAY OF LIMITING THE GROWTH OF THE CIVIL SERVICE IS THAT, WHERE POSSIBLE, LET THE PRIVATE SECTOR DO SOME OF THE WORK OF THE PUBLIC SECTOR," HE SAID.

IN RELATION TO INDUSTRIAL ACTIONS IN THE CIVIL SERVICE, MR HO URGED THE GOVERNMENT TO EXAMINE WHETHER THE RIGID MASTER PAY SCALE WAS ABLE TO COPE EFFECTIVELY WITH THOSE SECTORS OF THE CIVIL SERVICE WHICH WERE IN DIRECT COMPETITION WITH DEMANDS FROM THE PRIVATE SECTOR.

"BESIDES EQUITABLE PAY AND COMPENSATION PACKAGES, PROFESSIONALS IN THE CIVIL SERVICE SHOULD BE GIVEN EQUAL OPPORTUNITIES TO RISE TO POLICY MAKING LEVELS," HE ADDED.

"FOR GOVERNMENT DEPARTMENTS THAT PROVIDED SERVICES EITHER TO OTHER GOVERNMENT DEPARTMENTS OR TO THE PUBLIC AND FOR WHICH THERE WERE VERY FEW MEANS OF MEASURING THEIR LEVEL OF EFFICIENCY AND PRODUCTIVITY, MR HO SUPPORTED THE IDEA OF THE ESTABLISHMENT OF 'TRADING FUNDS ACCOUNTING SYSTEM'.

"WE SHOULD ALSO EXAMINE THE SYSTEM BY WHICH GOVERNMENT DEPARTMENTS CHARGE FOR THEIR SERVICES," HE SAID, NOTING THAT THE BUILDINGS ORDINANCE OFFICE, THE TOWN PLANNING OFFICE AND THE DISTRICT LANDS OFFICES COULD BE SOME OF THE DEPARTMENTS WHICH OFFERED THEIR SERVICES ON A FULL COST RECOVERY BASIS.

FINALLY, HE BELIEVED THAT AS LONG AS WE WERE COMMITTED TO PRESERVE THE TWO NATURAL ASSETS OF HONG KONG - THE INITIATIVE, RESILIENCY AND INDUSTRIOUSNESS OF ITS PEOPLE, AND A DEDICATED CIVIL SERVICE - WE SHOULD BE ABLE TO MAINTAIN OUR POSITION IN THE HIGHLY COMPETITIVE WORLD MARKET, AS WELL AS HOLDING OUR COMMUNITY TOGETHER WITH A POSITIVE OUTLOOK TO THE FUTURE.

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INFLATION IS PRICE OF HONG KONG'S SUCCESS: RONALD ARCULLI
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DESPITE SURPLUS AFTER SURPLUS, HONG KONG SEEMED TO BE THE VICTIM OF ITS OWN ECONOMIC SUCCESS WITH INFLATION BEING THE PRICE OF SUCH SUCCESS, THE HON RONALD ARCULLI SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, MR ARCULLI NOTED THAT THERE WAS LITTLE ONE COULD DO TO CONTAIN OR INFLUENCE INFLATION IN THE TERRITORY.

"ON THE MONETARY SIDE THE CONSTRAINT IS SIMPLY THE US DOLLAR INTEREST RATE AS HONG KONG INTEREST RATES GENERALLY HAVE TO FOLLOW SUIT."

HE SAID WHILE THE GOVERNMENT'S COMMITMENT TO THE LINKED RATE SYSTEM SEEMED FIRM, HE COULD NOT HELP BUT WONDER WHETHER WE SHOULD HAVE ANY LINKED EXCHANGE RATE AND, IF SO, WHETHER WE SHOULD LINK THE HONG KONG DOLLAR TO MORE THAN ONE CURRENCY.

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ON THE FISCAL SIDE, MR ARCULLI SAID THAT TAX RATES OR THE LEVEL OF PUBLIC EXPENDITURE GAVE US LITTLE SCOPE AS A REDUCTION IN TAX RATE WAS INFLATIONARY AS WAS INCREASING PUBLIC EXPENDITURE.

HE HOPED THAT HONG KONG DID NOT NEED A RECESSION TO SEE INFLATION BROUGHT DOWN TO AN ACCEPTABLE LEVEL.

TURNING TO THE FINANCIAL SECRETARY'S STRATEGY FOR PUBLIC FINANCES, MR ARCULLI SAID THE CHANGE IN THE PATTERN OF RESOURCE ALLOCATION IN 1989/90, WITH SOCIAL SERVICES, EDUCATION AND ENVIRONMENTAL PROTECTION PROGRAMMES ACCOUNTING FOR AN INCREASING SHARE, WAS MOST WELCOMED.

WARNING THAT THE SUCCESS OF SUCH PROGRAMMES WOULD BE IMPAIRED IF THEY WERE NOT CONTINUOUSLY NURTURED, HE EMPHASISED THE NEED TO BE VIGILANT IN MONITORING PUBLIC EXPENDITURE, PARTICULARLY MAJOR INFRASTRUCTURAL WORKS IN THE PIPELINE, IN AN INFLATIONARY ENVIRONMENT.

ON THE PROPOSED SALES TAX, MR ARCULLI THOUGHT THE TWO EQUALLY COMPELLING REASONS AGAINST ITS INTRODUCTION WERE THAT IT REPRESENTED A DANGEROUS FUNDAMENTAL SHIFT IN HONG KONG'S TAXATION POLICIES AND THAT IT AFFECTED THE LESS FORTUNATE MEMBERS OF THE COMMUNITY MOST.

HE WELCOMED THE INTRODUCTION OF A PROGRAMME FOR THE ISSUE OF SHORT TERM EXCHANGE FUND BILLS SAYING THAT HE AWAITED DETAILS WITH GREAT INTEREST.

"I DOUBT WHETHER IT WILL HELP ALLEVIATE INFLATION BUT IF WE ARE WEDDED TO THE LINKED EXCHANGE RATE SYSTEM LET US AT LEAST HAVE THE BENEFIT OF DEVELOPING THE HONG KONG DOLLAR PAPER MARKET AND IN THIS RESPECT STREAMLINING THE PROTECTION OF INVESTORS ORDINANCE AS INDICATED BY THE FINANCIAL SECRETARY WOULD BE A MOST WELCOMED STEP," HE SAID.

STRESSING THE IMPORTANCE OF HONG KONG'S CONTINUED DEVELOPMENT AS A LEADING FINANCIAL CENTRE, MR ARCULLI SAID THAT THE ABOLITION OF INTEREST TAX AND STAMP DUTY ON THE LENDING AND BORROWING OF SHARE SCRIPT WOULD BE OF ASSISTANCE.

HE WAS PARTICULARLY DELIGHTED THAT THE FINANCIAL SECRETARY HAD IMPLIED THAT THE ABOLITION OF INTEREST TAX WOULD REMOVE AN INHIBITION IN THE DEVELOPMENT OF THE FINANCIAL MARKETS AS WELL AS FOLLOWING INTERNATIONALLY ACCEPTED PRACTICES IN SHARE SETTLEMENT PROCEDURES, BECAUSE IT WOULD BE EXTREMELY DETRIMENTAL TO HONG KONG IF SUCH MEASURES WERE RE-INTRODUCED IN THE FUTURE.

HE URGED THE FINANCIAL SECRETARY TO CRYSTALLISE HIS THINKING ON THE ISSUES OF EXEMPTING UNIT TRUSTS AND MUTUAL FUNDS FROM TAX ON A WIDE RANGE OF PROFITS THEY CURRENTLY MADE AS WELL AS WHETHER GAINS MADE BY VENTURE CAPITALISTS ON SALE OF HIS INVESTMENTS WAS LIABLE TO PROFITS TAX.

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IN THE SAME CONTEXT HE QUESTIONED WHETHER THE RECOVERY OF SUPERVISION COSTS IN RESPECT OF DEPOSIT TAKING COMPANIES WAS THE CORRECT APPROACH.

"IF IT IS THE CORRECT APPROACH IT SEEMS TO ME THAT THEY SHOULD BE CHARGED THE RATE THAT WILL PERMIT FULL RECOVERY OF SUPERVISION COSTS, A COURSE WHICH I DO NOT BELIEVE TO BE RIGHT," HE SAID.

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PAUL CHENG: HK MUST ASSUME COMMERCIAL LEADERSHIP ROLE
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HONG KONG MUST CONTINUE TO BE THE PLACE OF CHOICE FOR INTERNATIONAL ORGANISATIONS WANTING TO PLAY A ROLE IN THE UPCOMING PACIFIC ERA - BY EITHER MAKING DIRECT INVESTMENT HERE OR USING HONG KONG AS A STAGING POINT FOR THE REGION, THE HON PAUL CHENG SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, MR CHENG SAID THAT HONG KONG MUST ASSUME THE COMMERCIAL LEADERSHIP ROLE AS IT MOVED TO BECOME PART OF A 100 MILLION POPULATION MARKET THROUGH ITS VANISHING BORDER WITH SOUTHERN CHINA.

HE SAID THAT HE WAS IN FULL SUPPORT OF THE BUDGETED PLANS TO CONTINUE TO INCREASE TAX CONCESSIONS, AND TO SPEND 45 PER CENT OF TOTAL EXPENDITURE DURING THIS FISCAL YEAR ON SOCIAL SERVICES, EDUCATION AND HOUSING.

HOWEVER, HE HAD HOPED THAT THE FINANCIAL SECRETARY WOULD HAVE TAKEN THE CORPORATE PROFITS TAX DOWN TO 15 PER CENT IN ORDER THAT HONG KONG COULD MAINTAIN ITS DISTINCT ADVANTAGE AS A FAVOURABLE TAX ENVIRONMENT, ESPECIALLY AS SOME OTHER COUNTRIES HAD RECENTLY BEEN QUITE AGGRESSIVE IN LOWERING THEIR PROFITS TAX.

AS FOR PERSONAL TAXATION, MR CHENG SAID THAT THE INCREASE ON PERSONAL ALLOWANCES SHOULD HAVE BEEN INCREASED BY A HIGHER MARGIN. ALSO THE CLAWBACK FEATURE SHOULD HAVE BEEN ABOLISHED SO THAT THE "SANDWICH CLASS" WOULD NOT BE "SANDWICHED".

ON SALES TAX, MR CHENG SAID THAT HE AGREED THAT "TECHNICAL" CONSULTATION FROM SELECTED GROUPS WAS NECESSARY AND HOPED THAT AN OPEN DEBATE WOULD BE HELD ON THE ISSUE.

"FROM A PR POINT OF VIEW IT SHOULD BE CALLED A WHOLESALE TAX TO AVOID THE POSSIBLE CONFUSION OF THE PUBLIC THINKING THAT IT IS A LEVY AT THE RETAIL LEVEL," HE ADDED.

STILL ON THE SUBJECT OF TAX, MR CHENG SAID THAT HE WAS PLEASED THAT SOME CONCRETE ACTION WAS BEING TAKEN ON A SEPARATE TAXATION FOR WOMEN.

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HE ALSO SAID THAT THE ABOLISHMENT OF INTEREST TAX, THE FACT THAT THERE SEEMED TO BE LIGHT AT THE END OF THE TUNNEL ON TAXATION OF THE SHIPPING INDUSTRY AND A PROMISE TO LOOK INTO DROPPING OR REDUCING TAXATION ON PROFITS DERIVED FROM UNIT TRUSTS, MUTUAL FUNDS AND VENTURE CAPITAL ACTIVITIES WERE ALL WELCOME NEWS.

"THESE WILL ALL CONTRIBUTE TOWARDS MAINTAINING INTERNATIONAL INVESTMENT INTERESTS IN HONG KONG AT A HIGH LEVEL," HE SAID.

HE SUGGESTED THE ESTABLISHMENT OF A TAXATION ADVISORY COMMITTEE SO THAT APPROPRIATE EXPERTISE COULD BE DRAWN FROM THE COMMUNITY TO HELP HONG KONG TAKE A COMPREHENSIVE LOOK AT ITS TAXATION SYSTEM - BOTH TECHNICALLY AND FROM A SOCIO-ECONOMIC POINT OF VIEW.

APPLAUDING PLANS TO IMPROVE THE INFRASTRUCTURE, MR CHENG URGED THE GOVERNMENT TO GET ON WITH THE NEW AIRPORT WHICH HE SAID WAS ESSENTIAL TO HONG KONG'S REMAINING A LEADING BUSINESS AND FINANCIAL CENTRE.

HE WAS PLEASED THAT THE GOVERNMENT WAS FINALLY "ON THE MOVE" IN THE FIGHT AGAINST POLLUTION AND THAT THE EXECUTIVE COUNCIL HAD RECTIFIED THE WHITE PAPER WITH ITS HK\$20 BILLION PACKAGE.

HE WARNED, HOWEVER, THAT MONEY ALONE WAS NOT ENOUGH AND THAT IT MUST BE ACCOMPANIED BY TOUGH LEGISLATION.

ON SUBVENTIONS, HE STRESSED THE NEED FOR A QUALITY CONTROL PROCEDURE SO THAT VALUABLE FUNDS COULD BE DIRECTED MORE TO THE RIGHT BODIES AND INSTITUTIONS; AND A COMPREHENSIVE AUDIT TO REDUCE WASTAGE AND ENSURE TAXPAYERS GET THEIR MONEY'S WORTH.

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NELLIE FONG CALLS FOR REVIEW OF TAX SYSTEM

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AN OVERALL REVIEW OF HONG KONG'S TAX SYSTEM WAS NECESSARY IN ORDER TO POSITION THE TERRITORY IN THE INTERNATIONAL ARENA, THE HON NELLIE FONG SAID TODAY (WEDNESDAY).

MRS FONG WAS SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE BUDGET DEBATE.

SHE SAID THAT ONE AREA WHERE A REVIEW WAS NEEDED WAS DOUBLE TAXATION IN RESPECT TO CHINA.

AS CHINA INCREASED ITS PARTICIPATION IN THE WORLD ECONOMY AND IN INTERNATIONAL TRADE, IT HAD CONCLUDED DOUBLE TAXATION AGREEMENTS WITH OVER 20 COUNTRIES.

HONG KONG, HOWEVER, DID NOT HAVE DOUBLE TAXATION AGREEMENTS WITH ANY COUNTRY, INCLUDING CHINA, SAID MRS FONG.

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SHE SAID THAT SOME COMPANIES AND THEIR EMPLOYEES WERE NOT EVEN AWARE THAT THEY COULD BE REQUIRED TO PAY, OR SHOULD BE PAYING TAXES, TO BOTH THE CHINESE AND THE HONG KONG GOVERNMENTS.

"IF THEY WERE, THEY COULD REALISE THAT THE ECONOMICS OF THE BUSINESS ARE NOT THERE. THIS COULD LEAD TO THEIR RELOCATING THEIR BASES TO ANOTHER COUNTRY WHICH HAS A TAX TREATY WITH CHINA," SHE SAID.

SHE SAID IT WAS NOW THE TIME FOR THE HONG KONG AND THE CHINESE GOVERNMENTS TO ENTER INTO A MEMORANDUM OF UNDERSTANDING ON DOUBLE TAXATION TO PUT HONG KONG COMPANIES AND RESIDENTS ON AN EQUAL FOOTING WITH THOSE COUNTRIES THAT HAD TAX TREATIES WITH CHINA.

SHE SAID ANOTHER AREA WHICH SHOULD BE REVIEWED WAS WHETHER PROFITS OF OVERSEAS INVESTORS DERIVED FROM DEALING IN SHARES IN THE HONG KONG STOCK MARKET SHOULD BE TAXED.

SHE NOTED THAT AS A GENERAL RULE, THESE PROFITS WERE NOT TAXED BECAUSE IT HAD NOT BEEN MADE CLEAR THAT CONSISTENT DEALING IN SHARES AMOUNTED TO CARRYING ON A TRADE OR BUSINESS.

SHE SAID THAT IN HER VIEW, THERE WAS A NEED TO CLARIFY WHETHER OR NOT THESE ACTIVITIES WERE TAXABLE.

MRS FONG SAID THERE WAS ALSO A NEED TO REVIEW THE TAXATION OF BENEFITS-IN-KIND.

SHE NOTED THAT IN THE PAST, INLAND REVENUE ORDINANCE REVIEW COMMITTEES WERE SET UP BY THE GOVERNMENT TO EXAMINE THE INLAND REVENUE ORDINANCE AND HAD SUGGESTED WAYS TO IMPROVE THE ORDINANCE.

THE LAST REVIEW COMMITTEE PRESENTED ITS REPORT IN 1976. PRIOR TO THAT, REPORTS WERE PRESENTED IN 1967 AND 1954.

MRS FONG SAID THAT IT WAS NOW CLEARLY THE TIME FOR ANOTHER REVIEW.

ON SALES TAX, SHE SAID THAT THE ADVANTAGES OF INCREASING THE PERCENTAGE OF TAX COLLECTION FROM INDIRECT TAXES WERE CLEAR, BUT IT WOULD BE ILL-ADVISED TO THINK THAT A GENERAL SALES TAX WAS THE SOLUTION AND TO IGNORE OTHER SERIOUS IMPLICATIONS.

"IT IS NOT ENOUGH FOR THE GOVERNMENT TO PROPOSE A SALES TAX AND THEN PUBLISH A CONSULTATIVE DOCUMENT.

"THE GOVERNMENT SHOULD APPOINT A SPECIAL COMMITTEE TO EXAMINE THE ISSUE, WEIGHING THE ADVANTAGES AND DISADVANTAGES OF IMPOSING A SALES TAX AND LOOKING AT OTHER FEASIBLE ALTERNATIVES," SHE SAID.

TURNING TO THE PROPOSED ISSUANCE OF EXCHANGE FUND BILLS, SHE SAID THE GOVERNMENT SHOULD BE FREE TO ISSUE BILLS TO FINANCE LARGE CAPITAL PROJECTS OR MERELY TO ACT AS MONETARY INSTRUMENTS.

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BUT SHE WAS NOT IN FAVOUR OF GROUPING THE MONEY WITH THE EXCHANGE FUND BECAUSE, SHE SAID, THERE WAS A LACK OF PUBLIC ACCOUNTABILITY OR INFORMATION IN RELATION TO THE EXCHANGE FUND.

ON BUDGETARY POLICY AS A WHOLE, SHE SAID THERE WAS A NEED TO REVIEW THE CONCEPT OF BUDGETING, TO ELIMINATE THE YEARLY MINOR ADJUSTMENTS TO TAX RATES AND TO CONCENTRATE ON FORMULATING LONGER-TERM BUDGET PLANS.

"THE GOVERNMENT SHOULD LOOK AT PERIODS OF FROM FIVE TO 10 YEARS TO PROJECT BOTH ITS CAPITAL AND RECURRENT EXPENDITURES," SHE SAID.

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CAREFUL THOUGHT TO INDIRECT TAX: JIMMY MCGREGOR
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THE GOVERNMENT SHOULD THINK MOST CAREFULLY BEFORE INTRODUCING A FURTHER AND MUCH MORE EXTENSIVE INDIRECT TAX, ESPECIALLY IF IT HAD NOT BEEN PROVEN THAT AN ADDITIONAL TAX SOURCE WAS GOING TO BE NEEDED, THE HON JIMMY MCGREGOR SAID TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR MCGREGOR SAID HONG KONG WAS A CAPITALISTIC SOCIETY WITH A VERY DIFFERENT WEALTH DISTRIBUTION PATTERN THAN IN OTHER COUNTRIES WITH DIFFERENT ECONOMIC PHILOSOPHIES.

"THE MAJORITY OF HONG KONG PEOPLE DO NOT PAY INCOME TAX BECAUSE THEY DO NOT EARN ENOUGH IN WAGES TO QUALIFY THEM AS TAX PAYERS," HE SAID.

THEY ALREADY PAID INDIRECT TAXES HOWEVER IN MANY WAYS, HE ADDED.

MR MCGREGOR PREDICTED THAT A SALES TAX PROPOSAL WOULD BE RESISTED BY MANY IN HONG KONG.

REFERRING TO REMARKS THAT A HIGH PROPORTION OF CORPORATE PROFITS TAX WAS PAID BY A SMALL NUMBER OF LARGE COMPANIES, MR MCGREGOR SAID THIS SITUATION WAS FELT TO BE INEQUITABLE AND POTENTIALLY UNSTABLE.

HE POINTED OUT THAT THE SAME SMALL GROUP OF COMPANIES WERE MAKING PROFITS COMMENSURATE WITH THEIR TAX PAYMENTS.

"THEY ARE ALSO MOSTLY PUBLICLY QUOTED COMPANIES WITH A VERY LARGE NUMBER OF LOCAL SHAREHOLDERS WHO ALL BENEFIT FROM THEIR SUCCESS," HE SAID.

TURNING TO INFLATION, MR MCGREGOR SAID PART OF THE INFLATIONARY PRESSURE AROSE FROM THE HONG KONG/US DOLLAR LINK AND THE RELATIVE WEAKNESS OF THE US DOLLAR AGAINST THE OTHER MAJOR CURRENCIES.

/ "OUR EXPORTS

"OUR EXPORTS ARE THUS IN STRONG DEMAND AND OUR IMPORTS, GREATER IN VALUE THAN OUR TOTAL EXPORTS, ARE HEAVILY PURCHASED FROM COUNTRIES WHOSE CURRENCIES HAVE GREATLY APPRECIATED AGAINST THE US AND HONG KONG DOLLARS DURING THE LAST TWO OR THREE YEARS."

THE SITUATION WAS LIKELY TO CONTINUE AS LONG AS THE US DOLLAR REMAINED RELATIVELY WEAK, HE ADDED.

IT SHOULD BE ACKNOWLEDGED THAT THE HONG KONG DOLLAR LINK WITH THE US DOLLAR WAS ONE FACTOR IN THE BUILD UP OF HONG KONG'S INFLATION RATE, MR MCGREGOR SAID.

HE SAID: "I ACCEPT, HOWEVER, THAT MUCH OF OUR INFLATION IS CAUSED BY FACTORS BEYOND OUR INFLUENCE AND CONTROL, DETERMINED BY WHAT IS HAPPENING IN OUR PRINCIPAL MARKETS AND TO THE PRINCIPAL CURRENCIES OF THE WORLD."

MR MCGREGOR SAID HE HAD READ CAREFULLY THE FINANCIAL SECRETARY'S STATEMENTS ON HIS STRATEGY FOR PUBLIC FINANCES BEARING IN MIND THE NEED, ON THE ONE HAND, TO CONTAIN INFLATION AS FAR AS POSSIBLE AND, ON THE OTHER, TO PROVIDE SUFFICIENT FUNDS FOR STEADY AND PRODUCTIVE PUBLIC SECTOR GROWTH.

HE SAID: "I APPLAUD THE POLICY HE HAS SET OUT BUT I SHOULD LIKE TO SUGGEST THAT THE STATE OF OUR PUBLIC FINANCES IS SUCH THAT HE NEED NOT WORRY TOO MUCH ABOUT SLAVISHLY FOLLOWING ARBITRARY FORMULAS AND GUIDELINES FOR PUBLIC EXPENDITURE."

"THE TREND GDP GROWTH RATE OF SIX PER CENT HE HAS ESTIMATED FOR THE NEXT FIVE YEARS MIGHT WELL BE EXCEEDED."

"EVEN IF IT IS NOT, THERE MAY BE STRONG AND GOOD REASONS FOR THE FINANCIAL SECRETARY TO SPEND MORE ON CERTAIN ESSENTIAL FUNCTIONS WITHIN THE ECONOMY WHICH COULD RESULT IN A HIGHER PUBLIC EXPENDITURE GROWTH LEVEL THAN A SIX PER CENT GDP GROWTH WOULD APPEAR TO JUSTIFY."

"WE SHOULD NOT OPERATE A STOP/GO GROWTH POLICY IN PUBLIC EXPENDITURE," MR MCGREGOR SAID.

"WHEN WE HAVE EXPERIENCED THE OCCASIONAL DEFICIT AND THE POSSIBLE THREAT OF ANOTHER, WE HAVE TENDED TO PANIC A LITTLE AND TO REDUCE GROWTH IN EXPENDITURE ON SOMETIMES ESSENTIAL ECONOMIC INFRASTRUCTURE AND SOCIAL SERVICES TOO SHARPLY."

MR MCGREGOR SAID HE DID NOT THEREFORE BELIEVE THAT THERE WAS ANY SPECIAL MAGIC IN PRECISE PROPORTIONATE BUDGETARY GUIDELINES.

"THEY SHOULD BE REALISTIC AIMING POINTS BUT THEY SHOULD ALSO NOT BE USED TO HINDER PUBLIC SPENDING ON ESSENTIAL INFRASTRUCTURE AND SERVICES," HE SAID.

TURNING TO THE INFRASTRUCTURE, MR MCGREGOR SAID HE WAS GLAD TO NOTE THAT THE FINANCIAL SECRETARY WAS TAKING PRUDENT MEASURES TO SET ASIDE LARGE SUMS OF MONEY TO HELP PAY FOR MASSIVE INFRASTRUCTURAL PROJECTS SUCH AS THE NEW AIRPORT.

"THERE IS NO QUESTION, IN MY MIND, THAT A DECISION WILL HAVE TO BE MADE THIS YEAR IN FAVOUR OF BUILDING A NEW AIRPORT.

"WHEN THE DECISION IS MADE, I WOULD URGE THE GOVERNMENT TO PROCEED WITH ALL SPEED IN DETAILED PLANNING AND IN BRINGING TO FRUITION THIS EXCITING, MASSIVE, COSTLY AND TOTALLY ESSENTIAL PROJECT SO THAT IT CAN START TO RECEIVE AIRCRAFT WITHIN SEVEN YEARS OF WORK BEGINNING.

MR MCGREGOR ALSO URGED FOR SPEEDY PLANNING FOR THE HARBOUR DEVELOPMENT.

HE SAID: "WE ARE ALREADY THE WORLD'S LARGEST CONTAINER PORT. WE WILL NEED FURTHER MASSIVE DEVELOPMENTS TO STAY IN THAT PROUD POSITION.

"WE SHOULD NOT DELAY THESE DEVELOPMENTS WHICH INCLUDE ESSENTIAL RAIL AND ROAD CONNECTIONS WITH CHINA."

HONG KONG WOULD FACE AN EXTRAORDINARY LEVEL OF PUBLIC EXPENDITURE DURING THE NEXT DECADE, NO MATTER HOW MUCH PRIVATE SECTOR PARTICIPATION THERE MIGHT BE, MR MCGREGOR SAID.

HE URGED THE FINANCIAL SECRETARY NOT TO BE AFRAID OF LONG TERM COMMITMENT OF OUR FINANCIAL RESOURCES.

TURNING TO PROPOSED INCREASES IN DUTIES, FEES AND CHARGES, MR MCGREGOR SAID THESE WERE "UNEXCEPTIONAL AND NOT LIKELY TO CAUSE MUCH PAIN."

HE SAID: "THE REDUCTION IN PERSONAL AND CORPORATE TAXES, THE INCREASES IN CAPITAL ALLOWANCES, AND THE ELIMINATION OF INTEREST TAX HAVE BEEN WIDELY WELCOMED.

"THE IMPROVED ALLOWANCES FOR CHILDREN, DEPENDENT AND SINGLE PARENTS AND WIDOWS ALL REFLECT OUR FINANCIAL VIABILITY AND A CARING BUT RATHER CAUTIOUS ATTITUDE TOWARDS THE LESS AFFLUENT."

HE SAID HE HAD WISHED THE TAXES ON SOFT DRINKS AND COSMETICS WERE REMOVED.

"THESE ARE TEMPORARY IN NATURE AND DISCRIMINATE UNFAIRLY AGAINST CERTAIN CATEGORIES OF CONSUMERS. WITH SUCH A SURPLUS, THESE TAXES COULD SURELY HAVE BEEN ELIMINATED," MR MCGREGOR SAID.

MR MCGREGOR ALSO COMMENTED ON SUGGESTIONS THAT THE MANUFACTURING INDUSTRY WAS GRADUALLY BEING REPLACED BY THE SERVICE SECTOR AS A FASTER CONTRIBUTOR TO THE GDP.

HE SAID: "THERE HAS BEEN A GREAT DEAL OF TALK IN RECENT YEARS SUGGESTING THAT OUR MANUFACTURING INDUSTRY IS GRADUALLY MOVING INTO CHINA, THAT THE SERVICE SECTOR, WHICH IS GROWING FASTER THAN MANUFACTURING AS A CONTRIBUTOR TO OUR GDP, WILL REPLACE MANUFACTURING IN THE NEAR FUTURE AND THAT THE HONG KONG ECONOMY WILL BECOME SERVICE ORIENTED TOWARDS CHINA.

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"I BELIEVE THIS IS RATHER DANGEROUS THINKING WHICH WILL DISCOURAGE INVESTORS. IT IS ALSO INACCURATE."

AT THE HIGHEST POINT IN HONG KONG'S MANUFACTURING CYCLE, SOME FIVE YEARS AGO, OVER 930,000 WORKERS IN THIS SECTOR WERE EMPLOYED. DESPITE THE FACT THAT OVER 1.5 MILLION CHINESE WORKERS WERE PRESENTLY PRODUCING GOODS FOR AND ON BEHALF OF HONG KONG COMPANIES, THE TERRITORY WAS STILL EMPLOYING OVER 840,000 INDUSTRIAL WORKERS AND ITS GARMENT INDUSTRY ALONE COULD USE ANOTHER 50,000 WORKERS.

"OUR MANUFACTURING INDUSTRY IS FAR FROM DEAD OR DYING," MR MCGREGOR SAID.

HE HOPED THAT THE GOVERNMENT WOULD CONTINUE TO HAVE FAITH IN MANUFACTURERS AND IN THEIR ABILITY TO CONTINUE TO MOVE UPMARKET AND TO PRODUCE GOODS WHICH WOULD SELL ON QUALITY, DESIGN AND PERHAPS EVEN ON BRAND NAME.

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BUDGET DOES NOT BENEFIT LOWER INCOME GROUP: ELSIE TU
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THERE IS NOTHING IN THE 1989 BUDGET TO BENEFIT THE LOWER INCOME GROUP EXCEPT A PALTRY \$3,000 INCREASE IN THE INCOME TAX ENTRY POINT AND SMALL EXTRA ALLOWANCES FOR FAMILIES, THE HON ELSIE TU SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MRS TU POINTED OUT THAT A SINGLE PERSON EARNING \$3,250 A MONTH UNDER THE NEW INCOME TAX ENTRY POINT WOULD RECEIVE A HANDSOME HANDSHAKE FROM THE BUDGET OF LESS THAN \$9 A MONTH.

AGAINST THAT, THE FINANCIAL SECRETARY'S BUDGET SPEECH THREATENED TO BROADEN THE INCOME TAX BASE BY INTRODUCING A SALES TAX, SHE SAID.

"SUCH A STEP WOULD NOT ONLY TAKE AWAY FAR MORE THAN THE \$9 A MONTH HANDSHAKE OF THE LOWEST TAXABLE WAGE-EARNERS, BUT IT WOULD ALSO GIVE A NEGATIVE HANDSHAKE TO THOSE WHO EARN LESS THAN \$3,250 A MONTH," SHE NOTED.

WORRIED ABOUT THE SALES TAX PROPOSAL, MRS TU SAID A SALES TAX WOULD SURELY TRIGGER AN IMMEDIATE DEMAND FOR HIGHER WAGES WHICH IN TURN WOULD TRIGGER INFLATION.

SHE ALSO SAID THAT IT WAS NAIVE TO SAY THAT THE SALES TAX WOULD BE ONLY AT THE WHOLESALE LEVEL. A WHOLESALER WOULD PASS ON MORE THAN HE LOST TO THE RETAILER, WHO IN TURN WOULD PASS ON MORE THAN HE LOST TO THE CONSUMER, SHE NOTED.

/THEREFORE, MRS

THEREFORE, MRS TU HOPED THAT SUCH A STEP WOULD NEVER BE TAKEN, BUT IF IT WAS, SHE SUGGESTED THAT IT SHOULD BE CONFINED TO LUXURY ITEMS LIKE FURS, JEWELLERY, EXPENSIVE CARS AND OTHER THINGS THAT THE HIGHER INCOME GROUP LIKED TO BUY.

SHE ALSO SUGGESTED THAT THE SUPERFLUOUS FAT OF ADMINISTRATIVE COSTS COULD BE CUT OFF BY HIVING OFF DEPARTMENTS WHICH DUPLICATED THE WORK OF OTHER DEPARTMENTS, AND BY, FOR EXAMPLE, UNITING THE TWO MUNICIPAL COUNCILS INTO ONE.

ANOTHER WAY WOULD BE TO EXAMINE HOW MANY CIVIL SERVANTS' PERKS BELONGED TO THE ERA OF SAILING BOATS, PLAGUE AND HAND-MANIPULATED FANS, WHICH DICTATED LONG HOLIDAYS AFTER LONG SEA JOURNEYS, SHE SAID.

"IS WIDE-BASED PARTICIPATION IN TAXATION CONDUCIVE TO A SENSE OF BELONGING, IF THE LESS PRIVILEGED TAX-PAYERS SEE THEIR MONEY BEING USED ON THESE LUXURY JAUNTS FOR ONE SECTOR OF THE COMMUNITY?" SHE QUESTIONED.

COMMENTING ON THE FINANCIAL SECRETARY'S STATEMENT THAT IT WAS HIS INTENTION THAT EMPLOYEES SHOULD SHARE THE FRUITS OF PROSPERITY, MRS TU SAID THIS SHARING SHOULD NOT BE CHANGED INTO DEPRIVING THE EMPLOYEES OF THE FRUITS OF THEIR LABOUR AND SHIFTING THE BURDEN OF TAXATION FROM THE BETTER-OFF TO THE WORSE-OFF.

TO REVERSE THIS TREND, MRS TU PROPOSED THAT THE FINANCIAL SECRETARY SCRAPPED THE IDEA OF A SALES TAX, THAT HE RAISED THE PERSONAL ALLOWANCE TO \$48,000 AND THAT HE LEFT THE PRESENT STANDARD AND PROFITS AS IT WAS.

"SUCH AN ACTION WOULD PROVE THAT THE FINANCIAL SECRETARY MEANS WHAT HE SAYS AND IS NOT TALKING HOLLOW WORDS OF COMFORT TO THE LOWER PAID WORKERS," SHE CONCLUDED.

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TRUE MEDICAL SPENDING NOT REFLECTED: DR HENRIETTA IP
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THE EXPENDITURE ON MEDICAL SERVICES HAD NEVER REFLECTED THE TRUE SPENDING FOR THE PUBLIC AT LARGE BECAUSE A SIGNIFICANT PORTION OF THE SPENDING WENT TO MEDICAL AND DENTAL SERVICES FOR CIVIL SERVANTS, DR THE HON HENRIETTA IP SAID TODAY (WEDNESDAY).

UNLESS AND UNTIL THE CONCEPT OF TRADING FUND CLEARLY EXTENDED TO CHARGING OTHER DEPARTMENTS FOR MEDICAL SERVICES RENDERED TO THEIR STAFF, THE PUBLIC WOULD NEVER KNOW HOW MUCH WAS REALLY SPENT ON THEM ALONE, DR IP TOLD THE LEGISLATIVE COUNCIL DURING THE BUDGET DEBATE.

DR IP ALSO SAID THAT GOVERNMENT'S COMMITMENT TO MEDICAL SERVICES DID NOT RELFECT THE REAL DEMAND.

"USING CAPITAL COMMITMENTS ON MEDICAL EQUIPMENT AS AN EXAMPLE, ALTHOUGH THE GOVERNMENT BOASTS THAT A HIGH PERCENTAGE OF ITS TOTAL COMMITMENTS ARE MET EVERY YEAR, PUBLIC AT LARGE IS UNAWARE THAT THE MAJORITY OF THE COMMITMENTS ARE ON REPLACEMENT OF EQUIPMENT OUTDATED AND FALLING TO PIECES," SHE SAID.

TURNING THE MANPOWER IN MEDICAL AND HEALTH SERVICES, SHE SAID THAT IT HAD BEEN FRUSTRATING FOR HER TO SIT AS MEMBER OF THE MEDICAL DEVELOPMENT ADVISORY COMMITTEE BECAUSE MEMBERS WERE UNABLE TO RECOMMEND THE STAFF-TO-PATIENT RATIO THEY FELT NECESSARY BECAUSE THE MEMBERS, ALL GOVERNMENT APPOINTED, WERE REMINDED TIME AND AGAIN THAT THERE WAS ABSOLUTELY NO USE RECOMMENDING SOMETHING THE GOVERNMENT WAS UNLIKELY TO MEET.

SHE RECALLED THAT MEMBERS OF THE ADVISORY COMMITTEE THEREFORE RELUCTANTLY AGREED TO SCALE DOWN THEIR EXPECTATION TO A DISCOUNTED PROPOSAL.

BUT WHEN THE GOVERNMENT FINALLY INTRODUCED THE DISCOUNTED PROPOSAL, IT WAS DOING SO FOR THE YET NON-EXISTENT GOVERNMENT HOSPITALS AND NOT THE OVERCROWDED URBAN HOSPITALS.

SHE ALSO RECALLED THAT IT WASN'T UNTIL A FEW YEARS AGO THAT THE GOVERNMENT IMPLEMENTED THE CONCEPT OF REQUIRING NON-ENTITLED PERSON TO PAY THE FULL COST OF MEDICAL SERVICES THEY RECEIVED - A CONCEPT WHICH DR IP SAID SHE IMPORTED FROM THE UNITED KINGDOM.

AT PRESENT, THE GOVERNMENT DEFINED THE NON-ENTITLED PERSON AS ONE WHO DID NOT HOLD AN IDENTITY CARD. DR IP WOULD LIKE THE GOVERNMENT TO LOOK INTO EXTENDING THE CONCEPT FURTHER, SUCH AS IMPORTED WORKERS.

"IT IS ALSO IMPORTANT THAT WHOEVER IS RESPONSIBLE FOR THE VIETNAMESE IN HONG KONG SHOULD ALSO BE RESPONSIBLE FOR PAYING THE FULL COSTS OF THEIR HOSPITAL AND MEDICAL FEES AS WELL," SHE SUGGESTED.

SHE ALSO SUGGESTED THAT THE GOVERNMENT SHOULD CONSIDER TAX EXEMPTION FOR THOSE WHO PURCHASED MEDICAL INSURANCE IN ORDER TO ENCOURAGE MORE TO DO SO. HER ESTIMATE WAS THAT AT LEAST 20 PER CENT OF THE COMMUNITY WOULD TAKE THIS OPTION.

"UNDERSUBSCRIBED PRIVATE HOSPITALS WOULD THEN BE OCCUPIED, THEREBY REDUCING THE OVERCROWDING IN PUBLIC WARDS," SHE SAID.

TO ENCOURAGE THE SETTING UP OF MORE PRIVATE HOSPITALS, SHE SUGGESTED THAT THE GOVERNMENT GRANT FREE BUT RESTRICTIVE LAND LEASE FOR THIS PURPOSE.

"PLEASE DON'T FORGET THAT WITH THE FACTOR OF HIGH LAND COST OUT OF THE WAY, MORE PRIVATE HOSPITALS WOULD BE DEVELOPED. AND FOR EVERY ONE PERSON HOUSED IN A PRIVATE HOSPITAL, THERE IS ONE PERSON LESS IN A PUBLIC ONE," SHE SAID.

IF THE ARGUMENT WAS THAT PRIVATE HOSPITALS WERE PROFIT MAKING, THERE WAS NO REASON WHY A HOSPITAL TAX, LIKE THAT OF HOTELS, COULD NOT BE INTRODUCED FOR THOSE FUTURE PRIVATE HOSPITALS WHICH WERE GRANTED FREE LAND, SHE SUGGESTED.

DR IP ALSO CALLED FOR MORE OPPORTUNITY FOR OPEN EMPLOYMENT FOR THE MODERATELY MENTALLY HANDICAPPED.

SHE NOTED THAT IT COST THE GOVERNMENT \$1,500 A MONTH TO HOUSE ONE MODERATELY MENTALLY HANDICAPPED ADULT IN A SHELTERED WORKSHOP. IT HAD BEEN PROVED BEYOND DOUBT THAT SUCH AN ATTENDEE COULD EARN OVER \$1,800 A MONTH IN OPEN EMPLOYMENT.

THIS WOULD REPRESENT A REAL INCREASE IN INCOME FOR THESE PEOPLE, NOT TO MENTION THE REDUCTION OF LABOUR SHORTAGE AND THE BOOSTING OF MORALE FOR THESE PEOPLE, SHE SAID.

IF THE IDEA WAS GIVEN FULL SUPORT, SHE WAS CONFIDENT THAT THE DEFICIENCY OF SERVICES FOR THE ADULT MENTALLY HANDICAPPED COULD BE RESOLVED WITHIN THREE YEARS.

SHE CALLED ON THE GOVERNMENT TO ORGANISE A MASSIVE CAMPAIGN TO ADVERTISE THE HIRING OF SUCH PERSONS AND TO FAMILIARISE EMPLOYERS WITH THIS CONCEPT.

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DR LEONG CHE-HUNG SPEAKS ON HEALTH POLICY

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HONG KONG'S HEALTH POLICY SHOULD BE AIMED AT PROVIDING THE BEST QUALITY OF HEALTH SERVICES AFFORDABLE TO THOSE IN NEED AND TO THE COMMUNITY IN GENERAL, DR THE HON LEONG CHE-HUNG SAID TODAY (WEDNESDAY).

THIS FUNDAMENTAL CONCEPT SHOULD IN NO WAY BE ADULTERATED DESPITE THE SETTING UP OF THE HOSPITAL AUTHORITY OR ANY OTHER AUTHORITIES TO TAKE CARE OF THE HEALTH NEEDS IN THE FUTURE, DR LEONG TOLD THE LEGISLATIVE COUNCIL DURING THE BUDGET DEBATE.

HE SAID THAT MAINTAINING THE HEALTH OF THE COMMUNITY SHOULD NEVER BE CONSIDERED A BUSINESS EXERCISE. INSTEAD, IT WAS A MAJOR INFRASTRUCTURAL EXERCISE, FOR WITHOUT HEALTH, STABILITY AND PROSPERITY COULD BE MEANINGLESS.

IT WAS INDEED IRONIC THAT BEHIND ALL THE GLAMOUR OF THE ADVANCEMENT AND SOPHISTICATED FACILITIES IN HONG KONG, OUR PUBLIC HOSPITALS WERE OVERFLOWING WITH CAMP-BEDS, OUR OUTPATIENT CLINICS WERE SWARMED WITH PEOPLE QUEUEING TO BE TREATED AND PATIENTS HAVING TO WAIT SOME NINE MONTHS TO A YEAR FOR AN APPOINTMENT TO ATTEND SPECIALIST CLINICS, HE SAID.

/"IT IS

"IT IS INCOMPREHENSIBLE THAT IN SPITE OF OUR ACCUMULATION OF A TOTAL RESERVE IN REVENUE OF OVER \$14 BILLION, THERE IS AN ACTUAL DECREASE FROM 9.3 PER CENT IN 1987-88 TO 8.9 PER CENT IN THE TOTAL BUDGET SPENT ON MEDICAL AND HEALTH SERVICES FOR THE YEAR TO COME," HE SAID.

TURNING TO MORE SPECIFIC ITEMS IN THE BUDGET, HE SAID IT WAS UNFAIR THAT THE MEDICAL AND DENTAL SERVICE EXPENSES OF CIVIL SERVANTS SHOULD HAVE BEEN INCLUDED IN THE TOTAL PUBLIC EXPENDITURE ON MEDICAL AND HEALTH.

HE ESTIMATED THAT THE TOTAL NUMBER OF CIVIL SERVANTS AND THEIR DEPENDANTS WOULD BE IN THE RANGE OF 730,000.

"IF ONE WERE TO CALCULATE THE EXPENSES BASED ON THE MID-RANGE COMMERCIAL RATE OF MEDICAL INSURANCE PACKAGE, THE AMOUNT OF MONEY SPENT ON CIVIL SERVANTS AND THEIR DEPENDENTS FOR SIMILAR MEDICAL SERVICES WOULD AMOUNT TO SOME \$1,300 MILLION, OR 22.6 PER CENT OF THE TOTAL ANNUAL BUDGET ON MEDICAL AND HEALTH," DR LEONG SAID.

AS FOR DENTAL SERVICES, OF THE TOTAL SUM OF \$174.6 MILLION ALLOCATED, ABOUT \$90 MILLION WAS USED FOR DENTAL SERVICES TO CIVIL SERVANTS AND THEIR DEPENDENTS, WHILE ONLY \$5.2 MILLION WAS USED FOR DENTAL EDUCATION.

DR LEONG SAID HE WAS NOT DISPUTING THE GRANTING OF THESE BENEFITS TO CIVIL SERVANTS. BUT IT WAS ONLY REASONABLE THAT THIS AND SIMILAR EXPENDITURE SHOULD BE RECOVERED FROM OTHER RESPECTIVE GOVERNMENT DEPARTMENTS UNDER STAFF COSTS, AND THAT THE MONEY SO RECOVERED PROPERLY SPENT ON THE PROVISION OF SERVICES TO THE GENERAL PUBLIC.

HE SAID SIMILAR IRRATIONAL CHANNELLING OF INCOME DERIVED FROM PRIVATE PATIENTS IN GOVERNMENT HOSPITALS ALSO OCCURRED.

HE NOTED THAT THE MONEY OBTAINED THROUGH CHARGES TO PRIVATE PATIENTS OR THROUGH DISPENSING MEDICINE WENT DIRECTLY TO THE GOVERNMENT'S MAIN REVENUE ACCOUNT.

"IT IS ONLY LOGICAL THAT SUCH INCOME SHOULD BE REFLECTED BACK INTO THE ACCOUNTS OF THE MEDICAL AND HEALTH DEPARTMENTS, AND CHANNELLED BACK FOR THE IMPROVEMENT OF MEDICAL AND HEALTH SERVICES," HE SUGGESTED.

REFERRING TO THE BUDGETARY ALLOCATION FOR GOVERNMENT AND SUBVENTED HOSPITALS, HE SAID THERE HAD ALWAYS BEEN A BELIEF THAT THERE EXISTED A BIAS IN FAVOUR OF GOVERNMENT HOSPITALS.

THIS SUSPICION APPEARED TO HAVE BEEN SUBSTANTIATED BY THE MARK DIFFERENCE IN BUDGETARY ALLOCATIONS, HE SAID, NOTING THAT THE SUM ALLOTTED TO SUBVENTED HOSPITALS APPEARED TO BE MAINLY FOR REPLACEMENT OF WORN OUT EQUIPMENT AND NOT FOR PROVIDING NEW AND UP-TO-DATE ONES FOR SERVICE IMPROVEMENT.

/TURNING TO

TURNING TO THE HOSPITAL AUTHORITY, HE SAID THAT FOR THE AUTHORITY TO WORK, THE BUDGET SHOULD PROVIDE FOR THE ESTABLISHMENT OF A SIGNIFICANT NUMBER OF SENIOR MANAGEMENT POSTS.

THE BUDGET SHOULD ALSO PROVIDE FOR EXTRA RESOURCES TO AT LEAST EQUALISE THE TERMS OF SERVICE AND BENEFITS FOR THE STAFF OF SUBVENTED HOSPITALS TO THOSE OF GOVERNMENT HOSPITALS, AND TO UPGRADE THE STANDARDS OF SUBVENTED HOSPITALS TO THAT OF GOVERNMENT HOSPITALS.

DR LEONG ALSO RENEWED THE CALL FOR THE SETTING UP OF AN ACADEMY OF MEDICINE AND THE PROVISION OF MORE POST-GRADUATE TRAINING FOR DOCTORS.

"IT IS MOST DISCOURAGING THAT THE BUDGET HAS MADE NO PROVISION FOR STAFF TRAINING IN THE MEDICAL FIELD," HE SAID.

HE ALSO CALLED FOR AN OVERHAUL OF THE PRIMARY HEALTH CARE SYSTEM AND AN EXPANSION OF TERTIARY CARE, WHICH INCLUDED HOMES FOR THE ELDERLY, CARE AND ATTENTION CENTRES AND REHABILITATION CENTRES.

"IMPROVEMENTS OF THESE SERVICES ARE NECESSARY NOT ONLY TO PROVIDE TOTAL CARE TO THE COMMUNITY BUT ALSO TO RELIEVE CRITICAL CONGESTIVE CONDITIONS IN ACUTE HOSPITALS WHERE EXPENSIVE EMERGENCY BEDS ARE BEING OCCUPIED BY CHRONIC CASES," HE SAID.

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WEDNESDAY, APRIL 26, 1989

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PUBLIC ACCOUNTS COMMITTEE TO HOLD OPEN HEARING

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AN OPEN HEARING OF THE PUBLIC ACCOUNTS COMMITTEE WILL BE HELD ON THURSDAY, MAY 4, FOLLOWING THE TABLING OF THE REPORT OF THE DIRECTOR OF AUDIT IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE HEARING WILL TAKE PLACE IN THE LEGISLATIVE COUNCIL CHAMBER, STARTING AT 9.30 AM.

CONTROLLING OFFICERS WILL APPEAR BEFORE THE COMMITTEE IN RELATION TO POINTS MADE IN THE REPORT.

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APPOINTMENT OF NEW POLITICAL ADVISER ANNOUNCED

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MR WILLIAM GEOFFREY EHRMAN HAS BEEN APPOINTED TO TAKE OVER THE POST OF POLITICAL ADVISER THIS SUMMER FROM MR R.D. CLIFT, WHO WILL BE RETIRING FROM THE DIPLOMATIC SERVICE.

MR CLIFT WILL LEAVE HONG KONG IN MID JULY AND MR EHRMAN WILL ARRIVE IN MID AUGUST.

MR EHRMAN, AGED 38, IS AT PRESENT ASSISTANT HEAD OF SECURITY POLICY DEPARTMENT IN THE FOREIGN AND COMMONWEALTH OFFICE.

HE STUDIED CHINESE (PUTONGHUA) IN HONG KONG IN THE MID SEVENTIES AND HAS SERVED TWICE IN THE BRITISH EMBASSY IN PEKING.

HE WAS ASSISTANT HEAD OF HONG KONG DEPARTMENT IN THE FCO FROM 1985-86. HE HAS ALSO WORKED IN THE UNITED KINGDOM MISSION TO THE UNITED NATIONS IN NEW YORK, DEALING WITH MATTERS CONCERNING THE ECONOMIC AND SOCIAL COUNCIL.

HE IS MARRIED WITH FOUR CHILDREN.

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PROVISIONAL TRADE FIGURES FOR MARCH RELEASED

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THE YEAR-ON-YEAR GROWTH RATE OF DOMESTIC EXPORTS PICKED UP SIGNIFICANTLY IN MARCH, WHILE THOSE OF RE-EXPORTS AND IMPORTS CONTINUED TO BE SUBSTANTIAL.

THESE ARE SHOWN IN THE PROVISIONAL TRADE FIGURES RELEASED TODAY (WEDNESDAY) BY THE CENSUS AND STATISTICS DEPARTMENT.

/THE VALUE

THE VALUE OF DOMESTIC EXPORTS IN MARCH 1989 WAS \$16,623 MILLION, \$2,571 MILLION OR 18.3 PER CENT HIGHER THAN IN MARCH 1988, WHILE THE VALUE OF RE-EXPORTS INCREASED BY \$7,893 MILLION OR 42.5 PER CENT TO \$26,483 MILLION.

THE VALUE OF TOTAL EXPORTS (DOMESTIC EXPORTS PLUS RE-EXPORTS), AT \$43,106 MILLION IN MARCH 1989, WAS THUS \$10,464 MILLION OR 32.1 PER CENT HIGHER THAN IN MARCH 1988.

THE VALUE OF IMPORTS GREW BY 30.0 PER CENT OR \$11,178 MILLION OVER A YEAR EARLIER, TO \$48,424 MILLION IN MARCH 1989.

A VISIBLE TRADE DEFICIT OF \$5,318 MILLION, EQUIVALENT TO 11.0 PER CENT OF THE VALUE OF IMPORTS, WAS RECORDED IN MARCH 1989. THIS COMPARES WITH A DEFICIT OF \$4,604 MILLION, EQUIVALENT TO 12.4 PER CENT OF THE VALUE OF IMPORTS, RECORDED IN MARCH 1988.

PUTTING THESE TRADE FIGURES IN PERSPECTIVE, THE VALUE OF TOTAL EXPORTS IN THE FIRST QUARTER OF 1989 WAS \$123,049 MILLION, MADE UP OF DOMESTIC EXPORTS OF \$47,927 MILLION AND RE-EXPORTS OF \$75,122 MILLION.

COMPARED WITH THE FIRST QUARTER OF 1988, IN VALUE TERMS TOTAL EXPORTS GREW BY \$26,012 MILLION OR 26.8 PER CENT, DOMESTIC EXPORTS BY \$3,758 MILLION OR 8.5 PER CENT, AND RE-EXPORTS BY \$22,254 MILLION OR 42.1 PER CENT.

OVER THE SAME PERIOD, THE VALUE OF IMPORTS GREW BY \$31,164 MILLION OR 31.5 PER CENT, TO \$130,031 MILLION. A VISIBLE TRADE DEFICIT OF \$6,982 MILLION, EQUIVALENT TO 5.4 PER CENT OF THE VALUE OF IMPORTS, WAS RECORDED IN THE FIRST QUARTER OF 1989.

COMMENTING ON THESE FIGURES, A GOVERNMENT SECRETARIAT SPOKESMAN SAID THAT THE YEAR-ON-YEAR GROWTH RATE IN VALUE TERMS OF DOMESTIC EXPORTS FOR THE FIRST QUARTER OF 1989, AT 8.5 PER CENT, WAS LOWER THAN IN THE THIRD AND FOURTH QUARTERS OF 1988, WHEN IT WAS 9.8 PER CENT AND 13.3 PER CENT RESPECTIVELY.

HOWEVER, THE GROWTH RATE OF RETAINED IMPORTS REMAINED SIGNIFICANT IN THE FIRST QUARTER, SUGGESTING THAT THE PERFORMANCE OF DOMESTIC EXPORTS IN THE NEXT COUPLE OF MONTHS SHOULD STILL BE SATISFACTORY.

THE SPOKESMAN ADDED THAT, AS A RESULT OF THE STRONG GROWTH IN RE-EXPORTS, 61.1 PER CENT BY VALUE OF THE TOTAL EXPORTS IN THE FIRST QUARTER OF 1989 WERE REPRESENTED BY RE-EXPORTS, COMPARED WITH 54.5 PER CENT IN THE SAME QUARTER IN 1988.

THE FOLLOWING TABLE PRESENTS THE PROVISIONAL TRADE FIGURES FOR MARCH 1989.

| | | | | |
|--------------|------------------|---|------------------|--------------|
| MERCHANDISE: | DOMESTIC EXPORTS | : | \$16,623 MILLION | |
| | RE-EXPORTS | : | \$26,483 MILLION | |
| | TOTAL EXPORTS | : | \$43,106 MILLION | |
| | IMPORTS | : | \$48,424 MILLION | |
| | TRADE BALANCE | : | \$5,318 MILLION | [IN DEFICIT] |

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COMPARATIVE FIGURES

| LATEST 3 MONTHS | JAN 89 TO MAR 89 HK\$ MN. | JAN 88 TO MAR 88 HK\$ MN. | INCREASE | |
|--|------------------------------------|------------------------------------|----------|------|
| | | | HK\$ MN. | % |
| DOMESTIC EXPORTS (% OF TOTAL EXPORTS) | 47,927 (38.9%) | 44,169 (45.5%) | 3,758 | 8.5 |
| RE-EXPORTS | 75,122 | 52,868 | 22,254 | 42.1 |
| TOTAL EXPORTS | 123,049 | 97,037 | 26,012 | 26.8 |
| IMPORTS | 130,031 | 98,867 | 31,164 | 31.5 |
| TRADE BALANCE | -6,982 | -1,830 | -5,152 | |
| SAME MONTH LAST YEAR | MARCH 1989 HK\$ MN. | MARCH 1988 HK\$ MN. | INCREASE | |
| | | | HK\$ MN. | % |
| DOMESTIC EXPORTS (% OF TOTAL EXPORTS) | 16,623 (38.6%) | 14,052 (43.0%) | 2,571 | 18.3 |
| RE-EXPORTS | 26,483 | 18,590 | 7,893 | 42.5 |
| TOTAL EXPORTS | 43,106 | 32,642 | 10,464 | 32.1 |
| IMPORTS | 48,424 | 37,246 | 11,178 | 30.0 |
| TRADE BALANCE | -5,318 | -4,604 | -714 | |
| LAST MONTH | MARCH 1989 HK\$ MN. | FEBRUARY 1989 HK\$ MN. | INCREASE | |
| | | | HK\$ MN. | % |
| DOMESTIC EXPORTS (% OF TOTAL EXPORTS) | 16,623 (38.6%) | 14,042 (38.5%) | 2,581 | 18.4 |
| RE-EXPORTS | 26,483 | 22,385 | 4,098 | 18.3 |
| TOTAL EXPORTS | 43,106 | 36,427 | 6,679 | 18.3 |
| IMPORTS | 48,424 | 38,472 | 9,952 | 25.9 |
| TRADE BALANCE | -5,318 | -2,045 | -3,273 | |
| LAST 12 MONTHS | APR 88 TO MAR 89 HK\$ MN. | APR 87 TO MAR 88 HK\$ MN. | INCREASE | |
| | | | HK\$ MN. | % |

/DOMESTIC EXPORTS

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|------------------|---------|---------|---------|------|
| DOMESTIC EXPORTS | 221,422 | 200,895 | 20,527 | 10.2 |
| RE-EXPORTS | 297,658 | 199,164 | 98,494 | 49.5 |
| TOTAL EXPORTS | 519,080 | 400,059 | 119,021 | 29.8 |
| IMPORTS | 529,962 | 398,449 | 131,513 | 33.0 |
| TRADE BALANCE | -10,882 | 1,610 | -12,492 | |

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GOVT HELPS COMPANIES ACCUSED OF DUMPING

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THE HONG KONG GOVERNMENT IS DOING A VERY GREAT DEAL, AND MORE DIRECTLY, THAN OTHER GOVERNMENTS IN SIMILAR POSITIONS HAVE DONE TO HELP COMPANIES AND SECTORS OF INDUSTRY ACCUSED OF DUMPING, THE DEPUTY DIRECTOR OF TRADE, MR STUART HARBINSON, SAID TODAY (WEDNESDAY).

ADDRESSING A CONFERENCE ON ANTI-DUMPING ORGANISED BY THE INSTITUTE FOR INTERNATIONAL RESEARCH AND THE FEDERATION OF HONG KONG INDUSTRIES, HE SAID MUCH MORE WAS BEING DONE BY THE GOVERNMENT ON BEHALF OF LOCAL INDUSTRY THAN MIGHT BE APPARENT.

"FIRST, THE OVERSEAS OFFICES OF THE HONG KONG GOVERNMENT ARE MAINTAINING A HIGH STATE OF VIGILANCE AND CHANNELLING INFORMATION AND INTELLIGENCE BACK," HE SAID, NOTING THAT ANTI-DUMPING WAS BEING GIVEN A VERY HIGH PRIORITY IN THESE EFFORTS.

FURTHERMORE, THE TRADE DEPARTMENT WAS IDENTIFYING AFFECTED COMPANIES AND HOLDING MEETINGS WITH THEM AS REGULARLY AS NECESSARY TO EXPLAIN PROCEDURES, KEEP THEM ABREAST OF THE LATEST DEVELOPMENTS, AND OFFER ADVICE.

THE TRADE DEPARTMENT HAD ALSO ASSEMBLED A DEDICATED TEAM WITHIN ITS EEC DIVISION TO TACKLE THE PROBLEM.

MR HARBINSON POINTED OUT THAT THE GOVERNMENT HAD EMPLOYED TWO SETS OF CONSULTANTS -- ONE A BRUSSELS-BASED LEGAL EXPERT IN THE DUMPING FIELD AND THE OTHER A TRADE POLICY ADVISER.

"THEIR EXPERTISE IS BENEFITTING HONG KONG COMPANIES, BOTH THROUGH MAKING THE GOVERNMENT'S EFFORTS MORE EFFECTIVE AND THROUGH THEIR ADVICE BEING CHANNELLED TO COMPANIES AT THE MEETINGS ORGANISED BY THE TRADE DEPARTMENT," HE ADDED.

REPRESENTATIONS WERE ALSO BEING MADE ON BEHALF OF HONG KONG DIRECTLY TO THE EUROPEAN COMMISSION, HE SAID.

/TRADE DEPARTMENT

TRADE DEPARTMENT STAFF RECENTLY PAID A VISIT TO BRUSSELS AND FORMAL WRITTEN REPRESENTATIONS WERE MADE ON BEHALF OF THE LOCAL VIDEO CASSETTE TAPE INDUSTRY IN LATE FEBRUARY AND AGAIN IN EARLY APRIL.

IN ADDITION, PRELIMINARY WRITTEN REPRESENTATIONS HAD BEEN SUBMITTED IN A NUMBER OF OTHER, MORE RECENT CASES.

"STAFF OF THE BRUSSELS OFFICE ARE IN TOUCH WITH THE RELEVANT OFFICIALS IN THE EUROPEAN COMMISSION ON ALMOST A DAILY BASIS TO REINFORCE OUR POINT OF VIEW," HE SAID.

MR HARBINSON NOTED THAT STAFF IN THE GOVERNMENT'S OVERSEAS OFFICES HAD BEEN EXPLAINING HONG KONG'S STAND ON ANTI-DUMPING TO OTHER GOVERNMENTS, INCLUDING THE GOVERNMENTS OF MEMBER STATES OF THE EUROPEAN COMMUNITY.

THE GOVERNMENT, IN ONE CASE WHERE SUCH ACTION SEEMED APPROPRIATE, WAS CONTRIBUTING TO A STUDY BEING COMMISSIONED BY ONE OF HONG KONG'S INDUSTRIES INTO THE IMPACT OF THE TERRITORY'S EXPORTS ON EUROPEAN INDUSTRY, HE SAID.

MR HARBINSON SAID THERE WAS A CONSIDERABLE AMOUNT OF WORK BEING PUT IN TO EXAMINE THE CONFORMITY, OR OTHERWISE, OF RECENT ANTI-DUMPING ACTIONS WITH INTERNATIONAL TRADE RULES UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE, AND TO CHALLENGE THE EUROPEAN COMMISSION IN AREAS WHERE THE GOVERNMENT FELT THEY HAD OVERSTEPPED THE MARK.

HE POINTED OUT THAT, HOWEVER, THERE WAS A LIMIT TO THE GOVERNMENT'S ROLE AS IT COULD NOT DIRECTLY REPRESENT THE INTERESTS OF INDIVIDUAL COMPANIES, FOR A VARIETY OF REASONS.

"WE THINK OUR REAL RESPONSIBILITY IS AT A MORE GENERAL LEVEL -- THAT IS, TO DEFEND THE INTERESTS OF HONG KONG INDUSTRY AS A WHOLE," HE CONCLUDED.

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CALIFORNIA TRADE OFFICE TO OPEN IN HONG KONG
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THE GOVERNOR OF CALIFORNIA MR GEORGE DEUKMEJIAN YESTERDAY (APRIL 25) ANNOUNCED THAT CALIFORNIA'S FOURTH OVERSEAS OFFICE WILL BE LOCATED IN HONG KONG. THE TWO-MAN OFFICE IS SCHEDULED TO OPEN EARLY NEXT YEAR.

DIRECTOR OF HONG KONG ECONOMIC AND TRADE OFFICE IN SAN FRANCISCO, MR PETER JOHNSON, SAID THAT HONG KONG WELCOMES THIS DEVELOPMENT AS YET FURTHER EVIDENCE OF THE IMPORTANT AND GROWING LINKS BETWEEN CALIFORNIA AND HONG KONG.

WORKING IN CONJUNCTION WITH THE EXISTING CALIFORNIA TRADE AND INVESTMENT OFFICE IN TOKYO, THIS SECOND ASIAN OFFICE WILL PROMOTE TWO-WAY TRADE AND FACILITATE INVESTMENT IN CALIFORNIA FROM THE REGION.

MR JOHNSON NOTED THAT HONG KONG WAS CHOSEN AS THE SITE FOR THE NEW OFFICE AFTER PROPOSALS ON BEHALF OF MANILA, TAIPEI AND SEOUL HAD BEEN CAREFULLY CONSIDERED.

"WE HAVE BEEN WORKING HARD TO ENSURE HONG KONG WOULD BE THE SITE FOR THE NEW OFFICE. IN 1988 CALIFORNIA WAS OUR THIRD LARGEST EXPORT MARKET IN ITS OWN RIGHT, AFTER THE U.S.A. AS A WHOLE AND CHINA, BUT AHEAD OF WEST GERMANY AND JAPAN. THE STATE IN FACT TOOK ONE-THIRD OF OUR TOTAL EXPORTS TO THE U.S.A.," HE SAID.

MAJOR EXPORTS FROM CALIFORNIA TO HONG KONG ARE AGRICULTURAL PRODUCE, ELECTRONIC COMPONENTS, TOBACCO PRODUCTS, OFFICE MACHINERY AND RESINS, RUBBER AND PLASTIC PRODUCTS.

WHILE APPAREL LEADS OUR EXPORTS TO CALIFORNIA, OTHER ITEMS INCLUDE ELECTRONIC COMPONENTS, TELECOMMUNICATIONS EQUIPMENT AND OFFICE MACHINES.

UNVEILING PLANS FOR THE NEW OFFICE DURING A SPEECH BEFORE THE CALIFORNIA COUNCIL FOR INTERNATIONAL TRADE IN SAN FRANCISCO, GOVERNOR DEUKMEJIAN SAID THAT SINCE 1986 THE VALUE OF EXPORTS TO THE PACIFIC RIM THROUGH CALIFORNIA PORTS HAD GROWN BY WELL OVER 100 PER CENT.

"HONG KONG IS ONE OF THE WORLD'S PREMIER INTERNATIONAL BUSINESS CENTRES. IT IS AT THE CROSSROADS OF TRADE AND COMMERCE WITH THE ASEAN COUNTRIES OF SOUTHEAST ASIA, TAIWAN AND THE 1.1 BILLION PEOPLE IN CHINA.

"WHEN WE ESTABLISH THIS OFFICE EARLY NEXT YEAR, I AM CONFIDENT THAT COMBINED WITH OUR WELL-ESTABLISHED TOKYO OFFICE, CALIFORNIA WILL BE ABLE TO RAISE ITS BUSINESS PROFILE IN THE PACIFIC RIM TO AN UNPRECEDENTED LEVEL," GOVERNOR DEUKMEJIAN SAID.

CALIFORNIA IS THE MOST POPULATED STATE IN THE U.S. (POPULATION CURRENTLY 27 MILLION) AND IT IS ALSO THE NATION'S TOP EXPORTER. TOTAL 1988 U.S. EXPORTS TO HONG KONG THROUGH CALIFORNIA CUSTOMS' DISTRICTS WERE US\$2.423 BILLION WHILE IMPORTS FROM HONG KONG INTO CALIFORNIA THROUGH THE STATE'S CUSTOMS' DISTRICTS WERE US\$3.569 BILLION.

THE STATE ALREADY HAS OFFICES IN LONDON AND MEXICO CITY, AS WELL AS TOKYO.

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SUCCESSFUL TENDERER FOR PEAK CAFE ANNOUNCED
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THE BUILDINGS AND LANDS DEPARTMENT TODAY (WEDNESDAY) ANNOUNCED THAT FREEDRAGON LTD HAS BEEN AWARDED THE TENANCY FOR THE PEAK CAFE SITE.

GOVERNMENT LAND AGENT, MR ROGER NISSIM, SAID A TOTAL OF NINE SUBMISSIONS WERE RECEIVED FOLLOWING THE INVITATION OF TENDERS LAST SEPTEMBER.

MR NISSIM EXPRESSED SATISFACTION AT THE RESPONSE SAYING THAT OF THE NINE SUBMISSIONS, SIX WERE OF A VERY HIGH STANDARD THAT WARRANTED CAREFUL EVALUATION BEFORE A WINNER COULD BE CHOSEN.

MR NISSIM DISPELLED FEARS THAT THE HISTORIC BUILDING WAS TO BE DEMOLISHED.

"ON THE CONTRARY, THE MAIN THEME OF THE TENDER AWARD EXERCISE HAS BEEN TO DECIDE WHICH OF THE PROPOSALS PROVIDED THE BEST PACKAGE OF PRESERVATION, REFURBISHMENT AND UTILISATION OF WHAT IS AN EXCELLENT LOCATION.

"IN KEEPING WITH THIS THEME, THE ASSESSMENT PANEL WHICH WAS SET UP TO ANALYSE THE TENDERS TOOK NO ACCOUNT OF THE RENTAL FIGURE BID AND MADE THEIR RECOMMENDATIONS ENTIRELY ON THE INDIVIDUAL MERITS OF EACH SCHEME.

"IT WAS CONCLUDED THAT THE PROPOSAL BY FREEDRAGON LTD WAS THE ONE WHICH WAS IN BASIC SYMPATHY WITH THE ORIGINAL STRUCTURE, RETAINING ITS ARCHITECTURAL CHARACTER AND APPEARANCE WITH A HIGH QUALITY OF FINISH AND WELL-DESIGNED INTERNAL LAYOUT," HE SAID.

THE TENANCY AGREEMENT WHICH IS FOR FIVE YEARS RENEWABLE FOR A FURTHER TWO YEARS WILL BE EXECUTED SHORTLY.

WORK ON THE PROJECT, ESTIMATED TO COST ABOUT \$3 MILLION, IS EXPECTED TO START IN FOUR TO SIX WEEKS.

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CONSULTATION ON RIGHTS OF TAP MUN PEOPLE
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THE CITY AND NEW TERRITORIES ADMINISTRATION WILL CONSULT WITH THE VILLAGERS AND FISHERMEN OF TAP MUN AND REACH A CONSENSUS WITH THEM ON THE RIGHTS THAT THEY ARE ENTITLED TO.

THE REGIONAL SECRETARY FOR THE NEW TERRITORIES, MR ADOLF HSU, SAID THIS AT A RITUAL OF THE 19TH TAP MUN "TA CHIU" HELD ON TAP MUN CHAU (GRASS ISLAND) TODAY (WEDNESDAY).

/MR HSU

MR HSU HOPED THAT THE VILLAGERS AND FISHERMEN WOULD EXPRESS MORE VIEWS ON THE MATTER FOR THE ADMINISTRATION'S REFERENCE.

PARTICIPATING IN THE "TA CHIU" WERE KAT O, TAP MUN, KO LAU WAN, WONG WAN, SHUM WAN AND SAM MUN TSAI - SIX FISHERMEN'S VILLAGES NEAR THE TOLO HARBOUR.

ON THE "TA CHIU", MR HSU NOTED THAT THE EVENT, WHICH WAS HELD ONCE EVERY DECADE, HAD A HISTORY OF 190 YEARS AND WAS ATTACHED MUCH IMPORTANCE BY THE VILLAGERS.

THIS YEAR'S "TA CHIU" WILL LAST UNTIL APRIL 29.

THERE WILL BE CHINESE OPERA PERFORMANCES, A PROCESSION, PUPPET SHOWS AND RELIGIOUS CEREMONIES DURING THE PERIOD.

ALSO OFFICIATING AT TODAY'S RITUAL WAS THE DIRECTOR OF AGRICULTURE AND FISHERIES, DR LAWRENCE LEE.

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ASSISTANT DIRECTOR OF EDUCATION RETIRING
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AN ASSISTANT DIRECTOR OF EDUCATION, MR SO FAI-CHO, IS RETIRING AFTER 28 YEARS OF STERLING SERVICE WITH THE EDUCATION DEPARTMENT.

ON BEHALF OF STAFF IN THE DEPARTMENT, THE DIRECTOR OF EDUCATION, MR Y.T. LI, TODAY (WEDNESDAY) PRESENTED MR SO A WATCH AND A SET OF CHINESE SCREEN AS A RETIREMENT GIFT AT A PARTY WELL ATTENDED BY MR SO'S COLLEAGUES.

MR SO JOINED THE EDUCATION DEPARTMENT AS AN ASSISTANT EDUCATION OFFICER IN 1961.

HE TOOK UP A TEACHING JOB AT QUEEN'S COLLEGE BEFORE HE WAS POSTED TO THE INSPECTORATE DIVISION IN 1970. HE WAS PROMOTED TO SENIOR INSPECTOR OF SCHOOLS IN 1972 AND PRINCIPAL INSPECTOR IN 1975.

BETWEEN 1970 AND 1982 MR SO WORKED IN THE CHINESE SECTION OF THE ADVISORY INSPECTORATE AND SPENT A FOUR-MONTH ATTACHMENT WITH THE EDUCATION MINISTRY IN SINGAPORE IN 1975. HE WAS LARGELY RESPONSIBLE FOR A MAJOR REVIEW OF THE CHINESE LANGUAGE TEACHING SYLLABUS.

MR SO BECAME THE PRINCIPAL OF SIR ROBERT BLACK COLLEGE OF EDUCATION IN 1982. HE WAS INSTRUMENTAL IN STARTING A TRAINING PROGRAMME FOR TEACHERS OF SPECIAL EDUCATION AND IN EXPANDING THE COLLEGE WITH THE ADDITION OF THE SHA TIN ANNEX IN 1982-83.

MR SO WAS POSTED BACK TO THE HEADQUARTERS IN 1985 TO TAKE CHARGE OF THE SCHOOLS DIVISION.

/HE RETURNED

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HE RETURNED TO THE INSPECTORATE DIVISION AS THE ASSISTANT DIRECTOR (CHIEF INSPECTOR OF SCHOOLS) IN OCTOBER 1985.

AS HEAD OF THE INSPECTORATE DIVISION, MR SO HAS PLAYED AN ACTIVE ROLE IN STRENGTHENING MORAL, SEX AND CIVIC EDUCATION IN SCHOOLS AND RECENTLY IN RESTRUCTURING THE CURRICULUM DEVELOPMENT COMMITTEE AS A COUNCIL WITH WIDER TEACHERS' PARTICIPATION.

HE IS AN ARDENT SUPPORTER OF THE SCHOOL-BASED COMMUNITY YOUTH CLUB SCHEME, WHICH NOW HAS A MEMBERSHIP OF 270,000 STUDENTS, AND HAS BEEN CLOSELY INVOLVED IN THE ESTABLISHMENT OF THE FIRST TEACHERS CENTRE TO ADVANCE PROFESSIONALISM OF TEACHERS.

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OPENING OF ORAL HEALTH EDUCATION UNIT
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LEGISLATIVE COUNCILLOR DR LEONG CHE-HUNG WILL OFFICIATE AT THE OPENING OF THE ORAL HEALTH EDUCATION UNIT OF THE DEPARTMENT OF HEALTH TOMORROW (THURSDAY).

LOCATED IN THE ARGYLE STREET JOCKEY CLUB SCHOOL DENTAL CLINIC ADJACENT TO THE KOWLOON HOSPITAL COMPOUND, THE UNIT IS A FULL-TIME ORAL HEALTH EDUCATION CENTRE WHERE INFORMATION ON ANY ASPECT OF ORAL HEALTH COULD BE OBTAINED FROM THE PROFESSIONAL STAFF FREE OF CHARGE.

IT FEATURES, AMONG OTHER THINGS, A 150-SEATED AUDITORIUM FOR SEMINARS AND LECTURES, AN EXHIBITION HALL AND A WORKSHOP FOR DESIGNING AND PRODUCING AUDIO-VISUAL AIDS.

THE UNIT ALSO HOUSES A "PLAQUE DISCLOSING TUNNEL", AN EQUIPMENT FOR THE DIRECT VIEWING OF ONE'S PLAQUE, WHICH IS THE FIRST OF ITS KIND INSTALLED IN HONG KONG.

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NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE OPENING CEREMONY OF THE ORAL HEALTH EDUCATION UNIT TOMORROW (THURSDAY) ON THE FOURTH FLOOR OF THE ARGYLE STREET JOCKEY CLUB SCHOOL DENTAL CLINIC, 147J ARGYLE STREET (ADJACENT TO KOWLOON HOSPITAL COMPOUND), KOWLOON.

THE CEREMONY WILL BEGIN AT 3 PM.

INFORMATION OFFICERS OF THE DEPARTMENT OF HEALTH WILL BE PRESENT TO ASSIST MEDIA REPRESENTATIVES.

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WEDNESDAY, APRIL 26, 1989

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ILLEGAL STRUCTURES IN NORTH POINT TO BE CLOSED
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THE BUILDING AUTHORITY IS TO SEEK THE CLOSURE OF UNAUTHORISED BUILDING WORKS IN NORTH POINT ON HONG KONG ISLAND, SO THAT THEY CAN BE DEMOLISHED WITHOUT DANGER TO THE OCCUPIERS OR TO THE PUBLIC.

THE STRUCTURES ARE ON THE FLAT ROOFS OF FLAT A, FIRST FLOOR, 26 KAM HONG STREET, YU WAI MANSION, NORTH POINT.

THE CLOSURE IS PART OF AN EXERCISE TO ENFORCE ORDERS ISSUED UNDER THE BUILDING ORDINANCE ON AUGUST 1 LAST YEAR REQUIRING THE DEMOLITION OF THESE UNAUTHORISED BUILDING WORKS.

NOTICE OF INTENTION TO APPLY FOR A CLOSURE ORDER FROM THE HONG KONG DISTRICT COURT ON JUNE 27 WAS POSTED ON A CONSPICUOUS PART OF THE STRUCTURES TODAY (WEDNESDAY).

IT IS INTENDED THAT THE DEMOLITION WORK WILL BE CARRIED OUT ONCE THE CLOSURE ORDER IS OBTAINED.

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TENDERS INVITED FOR STORAGE SITE
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THE BUILDINGS AND LANDS DEPARTMENT IS INVITING TENDERS FOR THE SHORT TERM TENANCY OF A SITE AT CHEUNG SHA WAN RECLAMATION, KOWLOON.

THE SITE, COVERING AN AREA OF ABOUT 10,000 SQUARE METRES, IS FOR OPEN STORAGE, INCLUDING THE STORAGE AND REPAIR OF CONTAINERS.

TENANCY IS FOR ONE YEAR, RENEWABLE ON A MONTHLY BASIS.

TENDER DOCUMENTS ARE OBTAINABLE FROM AND TENDER PLAN CAN BE SEEN AT THE DISTRICT LANDS OFFICE, KOWLOON WEST, 10TH FLOOR, YAU MA TEI CARPARK BUILDING, 250 SHANGHAI STREET, KOWLOON AND THE BUILDINGS AND LANDS DEPARTMENT, 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD, HONG KONG.

THE CLOSING DATE FOR ACCEPTANCE OF TENDERS IS NOON ON MAY 12.

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TEMPORARY TRAFFIC ARRANGEMENTS IN SHAM SHUI PO

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THE TRANSPORT DEPARTMENT ANNOUNCED THAT TEMPORARY TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED IN SHAM SHUI PO FROM 10 AM ON FRIDAY (APRIL 28) FOR ABOUT 10 WEEKS FOR DRAINAGE IMPROVEMENT WORKS IN KWONG LEE ROAD.

MAN FAT STREET BETWEEN CHEUNG FAT STREET AND KWONG LEE ROAD WILL BE RE-ROUTED TO ONE-WAY NORTHBOUND.

MOTORISTS FROM EASTBOUND KWONG LEE ROAD HEADING FOR MAN FAT STREET WILL BE DIVERTED VIA CHEUNG FAT STREET.

MOREOVER, THE RIGHT-TURN FROM NORTHBOUND MAN FAT STREET ONTO EASTBOUND KWONG LEE ROAD WILL BE BANNED.

AFFECTED VEHICLES WILL BE DIVERTED VIA WESTBOUND KWONG LEE ROAD, CHEUNG FAT STREET, PO ON ROAD AND FAT TSEUNG STREET.

AT THE SAME TIME, THE SECTION OF EASTBOUND PO ON ROAD BETWEEN FAT TSEUNG STREET AND TONKIN STREET WILL BE RE-OPENED TO TRAFFIC FOLLOWING THE COMPLETION OF THE DRAINAGE IMPROVEMENT WORKS.

GREEN MINIBUS ROUTE 42 WILL RESUME ITS NORMAL ROUTEING VIA PO ON ROAD AND TONKIN STREET ON JOURNEYS TO CHAK ON ESTATE.

IN ADDITION, VEHICLES CAN TURN LEFT FROM SOUTHBOUND FAT TSEUNG STREET ONTO EASTBOUND PO ON ROAD AND TURN RIGHT FROM NORTHBOUND WING LUNG STREET ONTO EASTBOUND PO ON ROAD.

HOWEVER, THE FOLLOWING RIGHT-TURNS WILL BE BANNED FOR ABOUT SIX WEEKS BECAUSE OF DRAINAGE WORKS AT THE JUNCTION OF FAT TSEUNG STREET WITH PO ON ROAD:

- * THE RIGHT-TURN FROM FAT TSEUNG STREET SOUTHBOUND ONTO PO ON ROAD WESTBOUND. MOTORISTS FROM KWONG LEE ROAD WESTBOUND HEADING FOR PO ON ROAD WESTBOUND ARE ADVISED TO TRAVEL VIA CHEUNG FAT STREET.
- * THE RIGHT-TURN FROM PO ON ROAD WESTBOUND ONTO FAT TSEUNG STREET NORTHBOUND. AFFECTED VEHICLES WILL BE DIVERTED VIA CHEUNG FAT STREET AND KWONG LEE ROAD.

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URBAN CLEARWAYS IN SHA TIN

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THE TRANSPORT DEPARTMENT ANNOUNCED THAT FROM 10 AM ON FRIDAY (APRIL 28), THE FOLLOWING ROAD SECTIONS IN SHA TIN WILL BE DESIGNATED URBAN CLEARWAYS FROM 7 AM TO MIDNIGHT DAILY:

- (I) SHA TIN RURAL COMMITTEE ROAD BETWEEN ITS JUNCTION WITH TAI PO ROAD (SHA TIN) AND ITS JUNCTIONS WITH SHA TIN STATION CIRCUIT AND PAI TAU STREET;
- (II) SHA TIN STATION CIRCUIT WITH THE EXCEPTION OF A SECTION OF ABOUT 40 METRES FRONTING THE ENTRANCE TO KCR HOUSE;
- (III) PAI TAU STREET SOUTHBOUND BETWEEN ITS JUNCTION WITH SHA TIN RURAL COMMITTEE ROAD AND A POINT ABOUT 90 METRES SOUTH OF THE SAME JUNCTION, WITH THE EXCEPTION OF THE OFFSIDE LANE LEADING TO THE TAXI AND GREEN MINIBUS STANDS;
- (IV) PAI TAU STREET NORTHBOUND BETWEEN ITS JUNCTION WITH SHA TIN RURAL COMMITTEE ROAD AND A POINT ABOUT 260 METRES SOUTH OF THE SAME JUNCTION; AND
- (V) PAI TAU STREET BETWEEN THE JUNCTION OF THE ROAD SECTIONS MENTIONED IN (III) AND (IV) ABOVE AND A POINT ABOUT 80 METRES NORTHEAST OF THE SAME JUNCTION.

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

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URBAN CLEARWAYS IN MONG KOK, WESTERN

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THE TRANSPORT DEPARTMENT ANNOUNCED THAT FROM 10 AM ON FRIDAY (APRIL 28), TWO SECTIONS OF IVY STREET IN MONG KOK WILL BE DESIGNATED 7 AM TO 7 PM DAILY URBAN CLEARWAYS.

THEY ARE THE NORTHERN KERBSIDE LANE OF IVY STREET BETWEEN ITS JUNCTION WITH TAI KOK TSUI ROAD AND A POINT ABOUT 105 METRES EAST OF THE SAME JUNCTION; AND IVY STREET BETWEEN ITS JUNCTION WITH TAI KOK TSUI ROAD AND A POINT ABOUT 15 METRES WEST OF THE SAME JUNCTION.

AT THE SAME TIME, IN WESTERN DISTRICT, WHITTY STREET FROM ITS JUNCTION WITH CONNAUGHT ROAD WEST TO A POINT ABOUT 15 METRES SOUTH OF THE SAME JUNCTION WILL BECOME AN URBAN CLEARWAY ROUND-THE-CLOCK FOR ABOUT FOUR MONTHS FOR ROAD WORKS.

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

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WEDNESDAY, APRIL 26, 1989.

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TEMPORARY TRAFFIC ARRANGEMENTS IN WESTERN, SHAU KEI WAN
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THE TRANSPORT DEPARTMENT ANNOUNCED THAT FROM 10 AM ON FRIDAY (APRIL 28), THE SOUTHERN KERBSIDE LANE OF CONNAUGHT ROAD WEST FROM ITS JUNCTION WITH CENTRE STREET TO A POINT ABOUT 21 METRES EAST OF THE SAME JUNCTION WILL BE DESIGNATED A 7 AM TO 7 PM DAILY URBAN CLEARWAY.

THIS MEASURE WILL LAST FOR ABOUT SIX MONTHS TO FACILITATE ROAD AND DRAINAGE WORKS.

NO VEHICLES EXCEPT FRANCHISED BUSES WILL BE ALLOWED TO STOP FOR PASSENGERS OR GOODS THERE.

AT THE SAME TIME, SHAU KEI WAN MAIN STREET EAST BETWEEN ITS JUNCTION WITH KAM WA STREET AND A POINT ABOUT 40 METRES TO THE NORTH WILL CONTINUE TO BE RE-ROUTED TO ONE-WAY NORTHBOUND UNTIL MID-MAY FOR WATER WORKS.

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TRAFFIC ARRANGEMENT IN YAU MA TEI
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THE TRANSPORT DEPARTMENT ANNOUNCES THAT IN ORDER TO FACILITATE THE RECONSTRUCTION OF ARTHUR STREET, TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED FROM 10 AM ON FRIDAY (APRIL 28) FOR THREE MONTHS.

THE SECTION OF ARTHUR STREET BETWEEN MAN MING LANE AND HI LUNG LANE WILL BE CLOSED AND THE LEFT TURN FROM WESTBOUND MAN MING LANE ONTO SOUTHBOUND ARTHUR STREET WILL BE BANNED.

DURING THIS PERIOD, MOTORISTS ON WESTBOUND MAN MING LANE HEADING FOR SOUTHBOUND ARTHUR STREET ARE ADVISED TO TRAVEL VIA WESTBOUND MAN MING LANE, NORTHBOUND PORTLAND STREET, WESTBOUND WATERLOO ROAD, SOUTHBOUND SHANGHAI STREET, EASTBOUND HI LUNG LANE AND SOUTHBOUND ARTHUR STREET.

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URBAN CLEARWAYS ON CHEUNG PEI SHAN ROAD, TSUEN WAN
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THE TRANSPORT DEPARTMENT ANNOUNCED THAT FROM 10 AM ON FRIDAY (APRIL 28), TWO SECTIONS OF CHEUNG PEI SHAN ROAD WILL BE DESIGNATED 24-HOUR URBAN CLEARWAYS.

THE EASTBOUND CARRIAGEWAY OF THE SECTION OF CHEUNG PEI SHAN ROAD BETWEEN TSUEN KAM INTERCHANGE AND A POINT ABOUT 50 METRES EAST OF ITS JUNCTION WITH SHEK WAI KOK ROAD; AND THE WESTBOUND CARRIAGEWAY OF THE SECTION OF CHEUNG PEI SHAN ROAD BETWEEN ITS JUNCTIONS WITH CHEUNG SHAN ESTATE ROAD WEST AND SHEK KWAI STREET.

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

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