



# DAILY INFORMATION BULLETIN

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

WEDNESDAY, FEBRUARY 23, 1983

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FS FORECASTS BETTER EXPORT PERFORMANCE AND GDP GROWTH  
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HONG KONG'S DOMESTIC EXPORTS WILL GROW BY FIVE PER CENT THIS YEAR, AGAINST AN ESTIMATED GROWTH RATE OF MINUS THREE PER CENT IN 1982, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, FORECAST IN HIS BUDGET SPEECH TODAY.

BUT MOST OF THE RECOVERY IS LIKELY TO OCCUR IN THE SECOND HALF OF THE YEAR, GIVEN THAT RETAINED IMPORTS OF RAW MATERIALS AND SEMI-MANUFACTURES HAVE NOT YET SHOWN CLEAR SIGNS OF PICKING UP, MR BREMRIDGE SAID.

THIS IS CONSISTENT WITH THE CONSERVATIVE OUTLOOK ON EXPORT PERFORMANCE EXPRESSED BY THE CROSS-SECTION OF MANUFACTURERS WHO TOOK PART IN THE SURVEY OF BUSINESS PROSPECTS CONDUCTED BY THE CENSUS AND STATISTICS DEPARTMENT AT THE END OF LAST YEAR, HE POINTED OUT.

RE-EXPORTS ARE FORECAST TO EXPAND BY 12 PER CENT, WHILE THERE WAS NO GROWTH IN 1982, MR BREMRIDGE SAID.

THIS WOULD MEAN THAT THE FORECAST GROWTH RATE OF HONG KONG'S TOTAL EXPORTS OF GOODS WILL BE SEVEN PER CENT, COMPARED WITH MINUS TWO PER CENT IN 1982.

GOING OVER INDIVIDUAL MARKETS, MR BREMRIDGE FORECAST THAT DOMESTIC EXPORTS TO THE UNITED STATES, WHICH ACCOUNTED FOR 38 PER CENT OF HONG KONG'S TOTAL DOMESTIC EXPORTS BY VALUE IN 1982, WOULD GROW BY FIVE PER CENT, AS AGAINST A ONE PER CENT DECLINE IN 1982.

WHILE THIS GROWTH RATE IS LOW BY HISTORICAL STANDARDS, IT MIGHT WELL BE EXCEEDED IF THE U.S. ECONOMY RECOVERS SOONER THAN ASSUMED, HE ADDED.

PRESENTLY, THE U.S. ECONOMY IS EXPECTED TO RECOVER GRADUALLY IN 1983, WITH MORE RAPID GROWTH IN THE SECOND HALF OF THE YEAR.

AS THE GNP IN BRITAIN IS EXPECTED TO GROW BY ONE PER CENT IN 1983, AFTER HAVING REMAINED RELATIVELY STAGNANT IN 1982, DOMESTIC EXPORTS TO THIS MARKET ARE FORECAST TO GROW BY FIVE PER CENT, AFTER DECLINING BY 10 PER CENT IN 1982, MR BREMRIDGE SAID.

LAST YEAR, THE UK TOOK UP NINE PER CENT OF HONG KONG'S TOTAL DOMESTIC EXPORTS BY VALUE.

HE ADDED, HOWEVER, THAT SHOULD THE HONG KONG DOLLAR CONTINUE TO STRENGTHEN SUBSTANTIALLY AGAINST THE STERLING THIS YEAR, THE FORECAST GROWTH RATE MIGHT NOT BE ACHIEVED.

DOMESTIC EXPORTS TO THE FEDERAL REPUBLIC OF GERMANY, WHICH ACCOUNTED FOR EIGHT PER CENT OF HONG KONG'S DOMESTIC EXPORTS, WAS EXPECTED TO SWING FROM A FOUR PER CENT DECLINE LAST YEAR TO A FOUR PER CENT GROWTH RATE THIS YEAR.

/MR BREMRIDGE .....

MR BREMRIDGE BASED THIS FORECAST ON A SLIGHT IMPROVEMENT EXPECTED FOR THE GERMAN ECONOMY AND A SEVEN PER CENT DEPRECIATION OF THE HONG KONG DOLLAR AGAINST THE DEUTSCHE MARK IN 1982.

AS FOR THE REST OF THE WORLD, WHICH ABSORBED 45 PER CENT OF HONG KONG'S DOMESTIC EXPORTS IN 1982, PROSPECTS SHOULD BE MORE ENCOURAGING, PARTICULARLY FOR COUNTRIES WITHIN THE ASIAN REGION, HE SAID.

HE ESTIMATED THE GROWTH RATE OF HONG KONG'S DOMESTIC EXPORTS FOR THESE MARKETS COMBINED AT FIVE PER CENT, WHICH IS HIGHER THAN THE PERFORMANCE LAST YEAR.

COMBINING THE FORECASTS FOR INDIVIDUAL COMPONENTS OF EXPENDITURE, MR BREMRIDGE ANTICIPATED A FOUR PER CENT GROWTH FOR HONG KONG'S GROSS DOMESTIC PRODUCT, AN IMPROVEMENT OVER THE ESTIMATED GROWTH RATE OF 2.4 PER CENT FOR LAST YEAR.

WITH THE 1983 GROWTH RATE OF THE POPULATION ESTIMATED AT TWO PER CENT, THE PER CAPITA GDP GROWTH RATE IS FORECAST TO BE SLIGHTLY ABOVE ONE PER CENT IN REAL TERMS, ABOUT THE SAME AS THE ESTIMATED GROWTH RATE IN 1982, MR BREMRIDGE SAID.

THOUGH THE FOUR PER CENT GDP GROWTH RATE IS LOW BY HONG KONG'S HISTORICAL EXPERIENCE, IT COMPARES WELL WITH THOSE OF OTHER COUNTRIES, HE POINTED OUT.

+FURTHERMORE, SHOULD THE FORECAST BE BORNE OUT, IT WOULD IMPLY THAT THE HONG KONG ECONOMY HAD SHIFTED BACK TO EXPORT-LED GROWTH,+ HE REMARKED.

ON THIS SHIFT, MR BREMRIDGE POINTED OUT THAT FIRST, THE GROWTH RATE OF TOTAL FINAL DEMAND, EXCLUDING RE-EXPORTS, AT FOUR PER CENT, WOULD BE THE SAME AS THE GDP GROWTH RATE.

THIS MEANS IT IS UNLIKELY THAT THERE WOULD BE ANY SIGNIFICANT IMBALANCE BETWEEN AGGREGATE DEMAND AND SUPPLY, PARTICULARLY AS THERE WERE SIGNS OF SOME SPARE PRODUCTIVE CAPACITY AT THE END OF 1982, HE EXPLAINED.

NO UNDUE PRESSURE SHOULD BE GENERATED ON THE INTERNAL COST/PRICE STRUCTURE, HE ADDED.

THE GROWTH RATE OF RETAINED IMPORTS, AT FIVE PER CENT, WOULD BE SLIGHTLY FASTER THAN THE GDP GROWTH RATE, REFLECTING THE INCREASED VOLUME OF RETAINED IMPORTS OF RAW MATERIALS AND SEMI-MANUFACTURES AND OF CAPITAL GOODS ASSOCIATED WITH A RECOVERY, HE SAID.

SECOND, WITH TOTAL FINAL DEMAND, THE GROWTH RATE OF TOTAL EXPORTS AT SEVEN PER CENT AND THE GROWTH RATE OF DOMESTIC EXPORTS AT FIVE PER CENT WOULD BE HIGHER THAN THE GROWTH RATE OF DOMESTIC DEMAND AT FOUR PER CENT.

MOREOVER, UNLIKE THE SITUATION IN 1982, THE GROWTH RATE OF INVESTMENT DEMAND WOULD BE FASTER THAN THAT OF CONSUMER DEMAND.

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THIRD, WITHIN DOMESTIC DEMAND, THE GROWTH RATE OF PUBLIC SECTOR DEMAND AT NINE PER CENT WOULD BE HIGHER THAN THE GROWTH RATE OF PRIVATE SECTOR DEMAND AT THREE PER CENT.

THE PUBLIC SECTOR WOULD THUS COMMAND AN INCREASED SHARE OF AVAILABLE RESOURCES IN THE ECONOMY, FROM 12.3 PER CENT IN 1982 TO 12.9 PER CENT THIS YEAR, MR BREMRIDGE SAID.

FOURTH, AS THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE, INCLUDING THAT OF THE MTR, ON BUILDING AND CONSTRUCTION AT 15 PER CENT WOULD BE HIGHER THAN THE GROWTH RATE OF PRIVATE SECTOR EXPENDITURE AT MINUS TWO PER CENT, THE PUBLIC SECTOR'S SHARE OF THE OUTPUT OF THE BUILDING AND CONSTRUCTION SECTOR WOULD INCREASE FURTHER FROM 49 PER CENT IN 1982 TO 53 PER CENT IN 1983, HE SAID.

FIFTH, THE GROWTH RATE OF PRIVATE CONSUMPTION EXPENDITURE IN 1983, AT THREE PER CENT, WOULD BE HIGHER THAN THE 1.7 PER CENT RECORDED LAST YEAR.

THIS, MR BREMRIDGE SAID, IS CONSISTENT WITH THE EXPECTED GROWTH RATE OF FOUR PER CENT IN REAL INCOME IN 1983, COMPARED WITH THE GROWTH RATE OF 2.5 PER CENT ESTIMATED FOR 1982.

SIXTH, AS THE GROWTH RATE OF IMPORTS OF GOODS AT SEVEN PER CENT WOULD BE IN LINE WITH THAT OF TOTAL EXPORTS OF GOODS, THE VISIBLE TRADE GAP WOULD BE MUCH THE SAME AS IN 1982, HE POINTED OUT.

SEVENTH, AS THE LABOUR FORCE IS FORECAST TO GROW BY 2.5 PER CENT IN 1983, A GDP GROWTH RATE OF FOUR PER CENT IMPLIES THAT THERE MAY NOT BE ENOUGH NEW JOB OPPORTUNITIES CREATED TO REDUCE THE RATE OF UNEMPLOYMENT SIGNIFICANTLY UNLESS THE GROWTH RATE OF PRODUCTIVITY, DEFINED AS OUTPUT PER WORKER, IS LOW, HE SAID.

FINALLY, MR BREMRIDGE SAID, THERE WOULD BE LOWER RATES OF INCREASE IN PRICES, BOTH IN TERMS OF THE GDP DEFLATOR AND THE CONSUMER PRICE INDEXES.

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CLEAR COMMITMENT TO STABILITY AND PROSPERITY OF HK, FS SAYS  
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HONG KONG HAD A CLEAR COMMITMENT BY THE BRITISH AND CHINESE GOVERNMENTS, ENDORSED AT THE HIGHEST LEVEL, TO THE STABILITY OF THIS TERRITORY, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID TODAY.

THIS DID NOT SEEM TO HIM TO BE DEPRESSING, BUT THE UNCERTAINTY AND SPATE OF COMMENTARIES AND RUMOURS EXPERIENCED IN THE LAST FEW MONTHS HAD, NEVERTHELESS, HAD AN UNSETTLING EFFECT, MR BREMRIDGE SAID, IN PRESENTING HIS BUDGET AT THE LEGISLATIVE COUNCIL.

+INTERNAL AND EXTERNAL CONFIDENCE HAVE SUFFERED, AND THE CONSEQUENCES HAVE BEEN FELT IN ALL SECTORS OF THE ECONOMY,+ HE SAID.

MR BREMRIDGE SAID THAT SOME OF THE +GROUNDSWELL OF ECONOMIC COMPLAINT+ DIRECTED AT THE GOVERNMENT WAS FAIR, SOME WAS NOT.

HE SAID THAT THE REAL ESTATE PROBLEMS AND CONNECTED DIFFICULTIES THAT FACED SOME FINANCIAL INSTITUTIONS, SOME DEVELOPERS AND MANY SPECULATORS, MUST LARGELY BE LEFT TO THEIR OWN TIMELY MANAGEMENT.

+SOME PROFIT FROM RISK TAKING. OTHERS MANIFESTLY NOT,+ HE SAID.

+I WILL NOT CONVENIENTLY FORGET THE OUTSTANDING CONTRIBUTIONS OF GOOD PRIVATE SECTOR DEVELOPMENT AND ESSENTIAL ROLE THAT IT WILL CONTINUE TO PLAY IN OUR ECONOMY. BUT MY OVERRIDING CONCERN IS WITH THE INTERESTS OF HONG KONG AS A WHOLE.+

MR BREMRIDGE THANKED MANY INSTITUTIONS, HEADED BY THE NOTE-ISSUING BANKS, FOR THEIR RESPONSIBLE APPROACH TO RECENT PROBLEMS.

REFERRING TO COMPLAINTS ABOUT GOVERNMENT POLICIES AND CRITICISMS OF APPARENT MEANNESS, MR BREMRIDGE SAID THEY WERE, HOWEVER, RARELY ACCOMPANIED BY ANY SUGGESTIONS OF HOW TO GET FROM THE COMMUNITY THE ADDITIONAL REVENUES USUALLY INVOLVED - +FOR THERE ARE NO FREE LUNCHES+.

HE STRESSED THAT WHILE HONG KONG WAS NO LONGER POOR, IT WAS NOT RICH.

+WE GET NO FINANCIAL SUPPORT OR SUBSIDY FROM OUTSIDE. WE CAN ONLY HAVE WHAT WE CAN PAY FOR: THIS APPLIES BOTH TO PRIVATE AND PUBLIC SPENDING,+ HE SAID.

REFERRING TO INDUSTRY, MR BREMRIDGE SAID THAT WHILE VARIOUS PARTISAN BODIES SOUGHT INCREASED AID TO INDUSTRY, THEY DID NOT ALSO CALL FOR INCREASED PROFITS TAX.

/+BUT WHENCE .....

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+BUT WHENCE IS THE MONEY TO COME?+ HE ASKED.

THE GOVERNMENT, HE SAID, COULD NOT BE LED INTO TEMPORARY SUPPORT OF INDUSTRIES IN DISTRESS.

+IF DIRECT GOVERNMENT SUPPORT WERE TO BE GIVEN, IT SHOULD LOGICALLY GO TO BOLSTER THE EFFICIENT SECTORS OF OUR ECONOMY -- NOT TO FEATHERBED THOSE IN TROUBLE,+ HE SAID.

INSOFAR AS CLAIMS FOR GENERALISED ASSISTANCE TO INDUSTRY WERE CONCERNED, THE GOVERNMENT WOULD CONTINUE TO RELY MAINLY THOUGH NOT ENTIRELY ON THE DISCIPLINES OF THE MARKET PLACE. BUT HE REITERATED HIS COMMITMENT TO PRONOUNCED AND GROWING GOVERNMENT SUPPORT FOR THE BASIC INFRASTRUCTURE NEEDED TO SUPPORT THE CHANGING ECONOMY AND HE WOULD REMAIN OPEN TO RESPONSIBLE SUGGESTIONS FOR IMPROVEMENT, HE SAID.

INCREASING, WELL FOUNDED DEMANDS IN THE INFRASTRUCTURE AREAS WOULD CONTINUE TO BE A MAJOR CONCERN FOR THE GOVERNMENT, HE SAID.

BUT THE MAINTENANCE AND GROWTH OF SUCH SERVICES WOULD STILL DEPEND ON THE PRIOR CREATION OF WEALTH.

+NOTHING IS LESS CALCULATED TO PROMOTE HONG KONG'S LONG-TERM GROWTH AND STABILITY THAN OVER-SPENDING OR WRONG PRIORITIES OR A MIXTURE OF BOTH AND WHILE WE WILL CONTINUE STEADILY WITH ALREADY AGREED PROGRAMMES WE WILL HAVE TO BE FRUGAL WITH REGARD TO NEW ONES,+ HE SAID.

ILLUSTRATING HIS COMMENTS ABOUT GOVERNMENT SPENDING, MR BREMRIDGE REFERRED TO THE CASE FOR A REPLACEMENT AIRPORT.

IT WOULD BE DESIRABLE, IF IT COULD BE AFFORDED, TO HAVE BY 1990 OR THEREABOUTS, AN ALTERNATIVE AIRPORT CAPABLE OF GROWTH. BUT AT 1982 PRICES THE TOTAL COST POSTULATED BY AN AIRPORT AT CHEK LAP KOK WOULD BE ROUGHLY \$37 BILLION, INCLUDING AIRPORT, ROADS AND BRIDGES, LAND RESUMPTION AND CONSTRUCTION OF A NEARBY NEW TOWN ON LANTAU.

+CLEARLY WE CANNOT CONTEMPLATE SUCH EXPENDITURE IN ISOLATION UNTIL WE CAN SET OVERALL PRIORITIES FOR THE WHOLE TERRITORY FOR THE NEXT TEN YEARS OR SO AGAINST THE MAJOR SUB-REGIONAL STUDIES WHICH ARE NOW REACHING CONCLUSION.

+THIS SHOULD BE POSSIBLE BY THE END OF THIS YEAR. AND WE SHALL THEN CONSIDER NEW PROGRAMMES,+ HE SAID.

+BUT EVEN SO, MONETARY AND BUDGETARY FACTORS WOULD CONTINUE TO BE CRUCIAL,+ HE SAID.

MR BREMRIDGE SAID THAT WHILE THE GOVERNMENT WOULD CERTAINLY CONTINUE TO INVEST HEAVILY FOR THE FUTURE, IT COULD NOT DO SO FOR ALL CONCEIVABLE PROJECTS AND THE PLANNING HAD TO BE GOT RIGHT.

+IT IS IRRESPONSIBLE TO BELIEVE THAT EXPENDITURE WITHOUT WISDOM PORTRAYS CONFIDENCE. IT DOES NOT. IT SHOWS ONLY FOLLY,+ MR BREMRIDGE SAID.

PUBLIC EXPENDITURE RUNNING OUT OF CONTROL WAS A GUARANTEED RECIPE FOR INFLATION AND EVENTUAL UNEMPLOYMENT, HE SAID.

MR BREMRIDGE SAID THAT, IN ANY CASE, THERE WERE REAL ISSUES OF PRIORITY TO BE CONSIDERED.

IF IT WAS FORTHWITH DECIDED TO BUILD THE REPLACEMENT AIRPORT AT CHEK LAP KOK -- AND THE NEED FOR AN IMMEDIATE DECISION WAS NOT EVIDENT -- IT MIGHT BE NECESSARY FOR BUDGETARY REASONS TO MOVE TOWARDS REDUCING ANNUAL GOVERNMENT CAPITAL EXPENDITURE ON OTHER ITEMS BY ABOUT THREE BILLION DOLLARS WITHIN ABOUT THREE YEARS.

GIVING AN EXAMPLE, HE SAID THIS COULD RESULT IN HALVING THE LOW COST HOUSING PROGRAMME.

+WE MUST NOW ASK OURSELVES WHERE THE PROPER PRIORITIES LIE, AND WHAT ARE THE SENSIBLE ALTERNATIVES,+ MR BREMRIDGE SAID.

REFERRING TO INFRASTRUCTURAL INVESTMENT, MR BREMRIDGE ESTIMATED THAT \$5.7 BILLION WOULD BE SPENT FROM CONSOLIDATED ACCOUNT ON EDUCATION, INCLUDING \$1.3 BILLION ON THE TWO UNIVERSITIES, THE BAPTIST COLLEGE AND THE POLYTECHNIC.

THE PUBLIC WORKS PROGRAMME, EXCLUDING HOUSING AUTHORITY EXPENDITURE AND LAND ACQUISITION WOULD REQUIRE ABOUT \$7.6 BILLION.

+ALL THIS EXPENDITURE, THE IMPORTANCE AND RELEVANCE OF WHICH IS OBVIOUS, IS INFRASTRUCTURAL INVESTMENT. IT IS AN IMMENSE EFFORT,+ HE SAID.

HE ALSO SAID THAT TOTAL ESTIMATED EXPENDITURE ON SOCIAL SERVICES AS A WHOLE WOULD BE \$16.6 BILLION.

+EXPENDITURE OF THIS SIZE ILLUSTRATES MY EARLIER PROMISE OF NO PETTY-MINDED MEANNESS DESPITE BELT-TIGHTENING. I AM NOT INSENSITIVE TO THE GAP THAT EXISTS BETWEEN THE SUCCESSFUL AND THE POOR. MY TASK IS TO NARROW IT BY IMPROVING THE LOT OF THE POOR, NOT BY SQUEEZING THE RICH,+ MR BREMRIDGE SAID.

THE GOVERNMENT'S CONSISTENT AND STEADY POLICIES WOULD CONTINUE, MR BREMRIDGE SAID. THEY WERE AS SOUND IN BAD TIMES AS IN GOOD.

+IN OUR POSITION WE HAVE NO SENSIBLE ALTERNATIVE BUT TO PROMOTE ACTUAL EXPORT NOT THEORETICAL EQUITY SOLVENCY NOT SOFT-HEARTEDNESS INCENTIVES NOT IDEOLOGY -- WHILE STILL REMAINING COMPASSIONATE AND CARING PARTICULARLY IN THE CASE OF INDIVIDUAL INADEQUACIES AND SUFFERING.

+THIS IS NO EASY RESPONSIBILITY, AND IT WOULD BE FOOLISH TO PRETEND THAT THE GOVERNMENT ALWAYS GETS THE BALANCE OF PRIORITIES RIGHT. I DO NOT. BUT I SHALL CONTINUE TO DO MY BEST,+ MR BREMRIDGE SAID.

THERE MUST BE GROUND RULES TO ENSURE FAIR MARKET OPERATION  
\* \* \* \* \*

WHILE HONG KONG'S ECONOMY DEPENDS MAINLY ON MARKET FORCES, IT IS THE GOVERNMENT'S RESPONSIBILITY TO SEE THAT THERE EXIST ADEQUATE GROUND RULES TO ENSURE THAT MARKET FORCES OPERATE FAIRLY, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID IN HIS BUDGET SPEECH AT THE LEGISLATIVE COUNCIL TODAY.

MR BREMRIDGE EXPRESSED CONCERN ABOUT THE EXCESSES THAT HAD COME TO LIGHT AS A RESULT OF THE COLLAPSE OF THE PROPERTY MARKET.

THE CONDUCT OF SOME DIRECTORS OR MANAGERS IN CONTROL OF A FEW DEPOSIT-TAKING INSTITUTIONS HAD CLEARLY BEEN OPEN TO SEVERE CRITICISM, AND THIS CRITICISM MUST EXTEND ALSO TO SOME ACTIVITIES IN OTHER AREAS OF THE FINANCIAL MARKETS, HE STATED.

+I AM THEREFORE ENGAGING IN DISCUSSIONS WITH THE SECRETARY FOR MONETARY AFFAIRS, THE SECRETARY FOR ECONOMIC SERVICES, THE COMMISSIONER OF BANKING AND THE COMMISSIONER FOR SECURITIES AMONG OTHERS TO ENSURE THAT LEGISLATION IN HONG KONG IN THEIR AREAS OF RESPONSIBILITY CONTINUES TO PROVIDE AN APPROPRIATE DEGREE OF PROTECTION FOR DEPOSITORS AND INVESTORS -- AND INDEED FOR THE WHOLE COMMUNITY,+ MR BREMRIDGE SAID.

+THIS TASK RAISES DIFFICULT AND CONTENTIOUS ISSUES, BECAUSE I DO NOT PROPOSE TO REPLACE FREE MARKET MANAGEMENT WITH THAT OF CIVIL SERVANTS. NOR IS PERFECTION POSSIBLE,+ HE SAID.

HE ADDED, HOWEVER, THAT WHERE INADEQUACIES HAD BECOME APPARENT, THERE MUST BE IMPROVEMENT.

+BUT THIS MUST BE A STEADY PROCESS WITHOUT SUDDEN SHOCKS. WE ALL KNOW ANYWAY THAT FREEDOM CANNOT MEAN LICENCE,+ MR BREMRIDGE SAID.

TURNING TO OTHER MONETARY ISSUES, MR BREMRIDGE SAID THAT DESPITE HONG KONG'S KNOWN PROBLEMS, ITS POSITION AS AN INTERNATIONAL FINANCIAL CENTRE HAD REMAINED STRONG.

FOREIGN CURRENCY DEPOSITS INCREASED BY HK\$69 BILLION IN 1982, HELPED BY THE INTEREST TAX EXEMPTION INTRODUCED A YEAR AGO ON SUCH DEPOSITS, HE SAID.

WHILE THE RAPID INCREASE IN FOREIGN CURRENCY DEPOSITS MIGHT BE DUE TO A PROPORTION OF HONG KONG'S EXPORT EARNINGS BEING RETAINED IN FOREIGN CURRENCIES, HONG KONG DOLLAR DEPOSITS ALSO INCREASED, THOUGH marginally, HE SAID.

AMONG THE REASONS FOR THIS OUTCOME, HE CITED ANTICIPATION OF FURTHER ADVERSE MOVEMENTS IN THE EXCHANGE RATE AND THE 10 PER CENT INTEREST TAX ON HONG KONG DOLLAR DEPOSITS.

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THE FALL IN PROPERTY AND LAND PRICES CREATED PERSISTENT UNEASE IN THE FINANCIAL SECTOR, MR BREMRIDGE SAID.

TOWARDS THE END OF THE YEAR, A FEW REGISTERED DEPOSIT-TAKING COMPANIES EXPERIENCED LIQUIDITY PROBLEMS.

THERE HAD BEEN CLAIMS THAT FURTHER ADJUSTMENTS IN 1982 UNDER THE THREE-TIER SYSTEM REQUIRING REGISTERED DTC'S TO RUN DOWN THEIR SHORT-TERM DEPOSITS IN TWO STAGES BY THE END OF JUNE THIS YEAR EXACERBATED THESE PROBLEMS, MR BREMRIDGE NOTED.

BUT HE SAID THAT HE DID NOT BELIEVE THAT THIS FACTOR WAS CRITICAL.

+MOREOVER, I AM SURE THAT WHEN THE ADJUSTMENT IS OVER AND THE DUST IS SETTLED WE SHALL END UP WITH A STRUCTURE WHICH PROVIDES BOTH BETTER PROTECTION FOR DEPOSITORS AND A SOUNDER BANKING SYSTEM,+ HE SAID.

ON CAPITAL MOVEMENT, MR BREMRIDGE POINTED OUT THAT STATISTICS OF THE GROWTH OF TOTAL DEPOSITS IN ALL CURRENCIES HERE LAST YEAR SUGGESTED THAT THERE WAS A SUBSTANTIAL INFLOW OF MONEY INTO HONG KONG RATHER THAN AN OUTFLOW.

HE SAID THAT ON THE OTHER HAND, INVESTMENT BY HONG KONG PEOPLE ABROAD HAD CONTINUED, POSSIBLY ON LARGER SCALE THAN BEFORE.

MR BREMRIDGE ADDED THAT OUTFLOW COULD ALSO MEAN A SHIFT OUT OF HONG KONG DOLLARS INTO FOREIGN CURRENCIES, WHETHER OR NOT SUCH CURRENCIES REMAINED IN HONG KONG.

HOWEVER, FOR EVERY SELLER OF HONG KONG DOLLARS THERE MUST BE A BUYER, HE POINTED OUT.

HE EXPLAINED THAT WHEN DEMAND FOR FOREIGN CURRENCY EXCEEDED SUPPLY, THE PRICE OF FOREIGN CURRENCY WOULD INCREASE, WHICH WAS WHAT HAD HAPPENED IN HONG KONG.

+IN OTHER WORDS, THE FOREIGN EXCHANGE VALUE OF THE POOL OF HONG KONG DOLLARS, OR THE PURCHASING POWER OF THAT POOL IN TERMS OF GOODS PRICED IN FOREIGN CURRENCIES, HAD DECREASED,+ HE SAID.

SUMMING UP, MR BREMRIDGE SAID THAT GIVEN THE VERY SPECIAL CIRCUMSTANCES HONG KONG WAS FACING, DEVELOPMENTS IN THE MONETARY SECTOR HAD BEEN ENCOURAGING.

+THE MONETARY AGGREGATES ALTHOUGH DIFFICULT TO INTERPRET IN VIEW OF THE STRUCTURAL CHANGES THAT HAVE TAKEN PLACE, ALSO APPEAR TO BE BEHAVING WELL.

+THERE WAS A MARKED SLOWING DOWN DURING THE YEAR IN THE GROWTH RATE OF LOANS AND ADVANCES FOR USE IN HONG KONG.

+INFLUENCED BY THE INFLOW OF FOREIGN CURRENCY DEPOSITS, TOTAL M3 GREW RAPIDLY BY 42 PER CENT; BUT AS HK\$M3 GREW BY ONLY TWO PER CENT, I AM GENERALLY SATISFIED THAT THE MONEY SUPPLY WAS BEHAVING IN A WAY HELPFUL TO THE ECONOMY,+ MR BREMRIDGE SAID.

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1982 WAS YEAR OF ADJUSTMENT  
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LAST YEAR WAS A YEAR OF ADJUSTMENT FOR HONG KONG, AND THE ECONOMY RESPONDED IN VARIOUS WAYS TO THE MOST SEVERE WORLD RECESSION IN 50 YEARS, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID TODAY.

MOREOVER, HE SAID, DOMESTIC DEVELOPMENTS IN RECENT YEARS HAD BROUGHT ABOUT FURTHER ADJUSTMENTS.

THESE DEVELOPMENTS INCLUDED THE RAPID EXPANSION OF CREDIT, THE SHARP INCREASES AND SUBSEQUENT EVEN SHARPER FALLS IN PROPERTY PRICES, THE FLUCTUATIONS IN INTEREST AND EXCHANGE RATES AND THE GROWING IMPORTANCE OF THE TERTIARY SERVICES SECTORS.

AGAINST THE BACKGROUND OF AN UNEXPECTEDLY POOR FOURTH QUARTER, EVEN THE SHARPLY REVISED GDP GROWTH RATE OF FOUR PER CENT FOR THE CALENDAR YEAR WAS NOT ACHIEVED. THE GROWTH WAS, IN FACT, ONLY 2.4 PER CENT.

THIS RESULT ILLUSTRATED THE DEPENDENCE ON EXPORTS AND THE PARLOUS STATE OF OTHER ECONOMIES WHOSE PERFORMANCE WAS INCREASINGLY DIFFICULT TO FORECAST.

MR BREMRIDGE APOLOGISED FOR GIVING EARLIER OVER-OPTIMISTIC FIGURES, BUT SAID THE DIFFICULTIES OF FORETELLING THE ECONOMIC FUTURE HAD NEVER BEEN SO GREAT. DELIBERATE PESSIMISM WAS NOT GENERALLY A HELPFUL ALTERNATIVE COURSE, HE SAID.

DOMESTIC EXPORTS DECLINED BY THREE PER CENT IN REAL TERMS, AS CONSUMER DEMAND IN THE MAJOR EXPORT MARKETS REMAINED DEPRESSED WITH NO SIGN OF THE LONG AWAITED TURN-AROUND.

BECAUSE OF THE DECLINE IN EXPORT DEMAND, ECONOMIC GROWTH CAME LARGELY FROM DOMESTIC DEMAND, WHOSE GROWTH RATE HAD ALSO BEEN SLOWING DOWN RAPIDLY, HE SAID. PRIVATE CONSUMPTION GREW BY ONLY TWO PER CENT.

OVERALL INVESTMENT SHOWED NO CHANGE IN REAL TERMS, AND THE SIX PER CENT DECLINE IN EXPENDITURE ON PLANT AND MACHINERY WAS LARGELY OFFSET BY A TEN PER CENT INCREASE ON BUILDING AND CONSTRUCTION.

PUBLIC SECTOR EXPENDITURE ON CAPITAL WORKS INCREASED SUBSTANTIALLY, AS A RESULT OF THE CONTINUATION OF THE PUBLIC WORKS PROGRAMME, THE HOUSING PROGRAMME AND THE CONSTRUCTION OF THE ISLAND LINE OF THE MASS TRANSIT RAILWAY.

ALSO SIGNIFICANT WAS THE CONTINUED DEPRESSION OF THE PROPERTY MARKET, HE SAID.

/THE GROWTH .....

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THE GROWTH RATE OF THE VALUE OF TOTAL EXPORTS, AT FOUR PER CENT WAS SLIGHTLY FASTER THAN THAT OF IMPORTS, AT THREE PER CENT, THEREBY SLIGHTLY NARROWING THE VISIBLE TRADE GAP. THIS, MR BREMRIDGE SAID, PROBABLY CONTRIBUTED TO THE RELATIVE FIRMNESS OF THE HONG KONG DOLLAR IN THE FIRST HALF OF THE YEAR, IN TERMS OF THE TRADE WEIGHTED EXCHANGE RATE INDEX, WHICH APPRECIATED BY 4.4 PER CENT.

THE RATE OF INFLATION, IN TERMS OF CONSUMER PRICES, DECLINED FROM 12 PER CENT IN THE FIRST HALF TO NINE PER CENT IN THE SECOND.

THE INCREASE OVER THE WHOLE YEAR WAS 10.6 PER CENT, A SIGNIFICANT IMPROVEMENT OVER THE 16 PER CENT INCREASE IN 1980 AND 15 PER CENT IN 1981.

AS THE RATE OF INCREASE IN CONSUMER PRICES SLOWED DOWN, REAL WAGES OF MOST EMPLOYEES SHOWED SOME INCREASE, EXCEPT FOR THOSE IN THE MANUFACTURING SECTOR.

REFLECTING THE WEAK DOMESTIC EXPORT PERFORMANCE, EMPLOYMENT IN THE MANUFACTURING SECTOR DECLINED, BUT THIS WAS LARGELY OFFSET BY AN INCREASE IN EMPLOYMENT IN THE TERTIARY SERVICES SECTORS, RESULTING IN FAIRLY STABLE OVERALL EMPLOYMENT. THE SEASONALLY ADJUSTED UNEMPLOYMENT RATE REMAINED STEADY AT ABOUT 3.5 PER CENT IN THE FIRST HALF OF THE YEAR, AND INCREASED TO FOUR PER CENT IN THE SECOND HALF. UNDEREMPLOYMENT INCREASED TO AROUND 1.7 PER CENT OF THE LABOUR FORCE.

THE GROWTH RATE OF LABOUR PRODUCTIVITY ALSO SLOWED DOWN TO ABOUT TWO PER CENT, HE SAID.

+WE MUST NOT BE UNDULY DISCOURAGED BY ONE YEAR'S DISAPPOINTING PERFORMANCE, A PERFORMANCE STILL BETTER THAN THAT OF MOST LARGER ECONOMIES -- FOR EXAMPLE THE USA, UK AND GERMANY,+ MR BREMRIDGE SAID.

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#### FS PROPOSES BUDGET DAY IN END OF MARCH

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID HE WILL BE CONSULTING THE LEGISLATIVE COUNCIL ON HIS PROPOSAL TO DEFER BUDGET DAY TO THE LAST WEDNESDAY IN MARCH IN THE FUTURE.

MR BREMRIDGE SAID BECAUSE BUDGET DAY IS SCHEDULED FOR THE LAST WEDNESDAY IN FEBRUARY, AND BECAUSE OF THE NEED TO MEET THE PRINTER'S DEADLINE IF THE DRAFT ESTIMATES OF EXPENDITURE AND OTHER SUPPORTING DOCUMENTS ARE TO BE PRINTED IN TIME, IT IS NECESSARY FOR A CUT-OFF DATE TO BE FIXED IN EARLY DECEMBER, AFTER WHICH IT BECOMES INCREASINGLY DIFFICULT TO MAKE CHANGES.

+THUS, THE REVISED ESTIMATE IS BASED ON FIGURES OF EXPENDITURE LARGELY DETERMINED AFTER ONLY SEVEN MONTHS' PERFORMANCE UP TO THE END OF OCTOBER,+ HE SAID.

/+TO THE .....

+TO THE EXTENT THAT SIGNIFICANT CHANGES OCCUR IN THE SUBSEQUENT MONTHS OF THE FINANCIAL YEAR WHICH WERE NOT FORESEEN, THE REVISED ESTIMATE WILL BE INACCURATE.+

IN ORDER BETTER TO MEET THIS PROBLEM, MR BREMRIDGE PROPOSED TO EXAMINE THE FACTORS INVOLVED IN DEFERRING BUDGET DAY IN FUTURE TO THE LAST WEDNESDAY IN MARCH.

+THIS, COUPLED WITH IMPROVED FACILITIES FOR THE PRINTER, SHOULD ALLOW A LATER CUT-OFF DATE TO BE FIXED, SAY AT THE END OF DECEMBER, AND SO IMPROVE THE ACCURACY OF THE FORWARD PLANNING PROCESS. IN BRIEF A MORE RELIABLE BASE WILL BE AVAILABLE,+ HE SAID.

AS AN EXAMPLE OF THE DIFFICULTIES THAT NOW ARISE AS GOVERNMENT BUDGETS GROW WITH THE GROWTH OF HONG KONG, MR BREMRIDGE SAID LAST YEAR THE BUDGET FOR 1982-83 ENVISAGED A SIGNIFICANT SLOWING DOWN IN THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE.

+ON THE BASIS OF THE REVISED ESTIMATE TAKEN IN NOVEMBER 1981 OF CONSOLIDATED ACCOUNT EXPENDITURE FOR 1981-82, THE BUDGET FOR 1982-83 PROVIDED FOR A SLOWING DOWN OF THE GROWTH RATE IN REAL TERMS TO 10.7 PER CENT EXCLUDING ANY CIVIL SERVICE PAY ADJUSTMENT.+

IN THE EVENT, HE SAID, ACTUAL CONSOLIDATED ACCOUNT EXPENDITURE IN 1981-82 HAS PROVED CONSIDERABLY LOWER THAN THE REVISED ESTIMATE THEN USED, LARGELY BECAUSE THE HOUSING AUTHORITY SPENT MUCH LESS THAN EXPECTED.

+THE ACTUAL GROWTH RATE OF PUBLIC SECTOR EXPENDITURE IN 1981-82 WAS THEREFORE LOWER THAN OUR CALCULATIONS WERE BASED ON, AND IN CONSEQUENCE THE 1982-83 BUDGET MADE PROVISION MATHEMATICALLY FOR A HIGHER GROWTH RATE THAN INTENDED, WHICH I NOW EXPECT TO BE ABOUT 17 PER CENT IN REAL TERMS (PAY ADJUSTMENT INCLUDED),+ MR BREMRIDGE SAID.

+I FIND THIS OUTCOME QUITE INFURIATING,+ HE ADDED.

EARLIER, THE FINANCIAL SECRETARY SAID HE SHARED WHAT HE BELIEVED TO BE A CONSENSUS WITH MEMBERS OF THE COUNCIL THAT IT WAS OF MAXIMUM IMPORTANCE THAT PUBLIC SECTOR EXPENDITURE SHOULD BE HELD IN CHECK.

HE SAID THE GROWTH RATE IN RECENT YEARS HAD BEEN HIGHLY ENCOURAGED BY BUOYANT REVENUE, BUT THE SCENE HAD CHANGED.

+I REPEAT WHAT I SAID LAST YEAR THAT IN GENERAL TERMS WE MUST GET THE GROWTH RATE IN REAL TERMS IN PUBLIC SECTOR EXPENDITURE ON CONSOLIDATED ACCOUNT DOWN TO THE GROWTH RATE IN GDP - AND IN SOME YEARS BELOW, IF BUDGETARY REQUIREMENTS INDICATE.+

ON THE BASIS OF THE BUDGET PRESENTED TODAY, MR BREMRIDGE SAID TOTAL PUBLIC SECTOR EXPENDITURE IN 1983-84 REPRESENTED A GROWTH RATE OF ABOUT THREE PER CENT IN REAL TERMS, WHICH WAS BELOW THE EXPECTED GROWTH RATE OF THE GDP AT FOUR PER CENT AND WAS A SHARP SLOWING DOWN FROM THE PREVIOUS YEAR.

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WE WILL CARRY ON CALMLY, FS SAYS  
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HONG KONG FACED LAST YEAR AND CONTINUES TO FACE ECONOMIC AND FINANCIAL PROBLEMS MOST OF WHICH COULD NOT HAVE BEEN AVOIDED AND SOME POSSIBLY COULD, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID IN SUMMING UP HIS BUDGET SPEECH.

+NEVERTHELESS THE GOVERNMENT WILL CARRY ON CALMLY AND STEADILY WITH ITS LONG-TERM POLICIES. THESE ARE DESIGNED SIMPLY TO IMPROVE THE STANDARDS OF LIFE OF HONG KONG, AND I EMPHASISE THAT STANDARDS DO NOT REFLECT MATERIALISTIC VALUES ONLY,+ HE SAID.

+WHILE DEPENDENT ON THE DISCIPLINES DICTATED BY FREE MARKET FORCES WE WILL REMAIN ALWAYS SYMPATHETIC TO THE REASONABLE REQUIREMENTS OF THE DISADVANTAGED AND THE POOR.+

MR BREMRIDGE SAID THE GOVERNMENT CANNOT CHANGE THE LAWS OF ECONOMICS, AND IT IS PRUDENT IN HARD TIMES TO TIGHTEN OUR BELTS.

+WE CAN DO SO AND STILL CONTINUE ON OUR COURSE BECAUSE WE HAVE ENSURED THAT A FAIR PART OF THE WINDFALL REVENUES ARISING FROM THE EXTRAORDINARY ESCALATION OF REAL ESTATE PRICES IN THE PAST FIVE YEARS HAS BEEN SAVED UP IN PUBLIC FUNDS.

+THE COMMUNITY THUS HAS IN HAND FISCAL RESERVES WHICH ARE AVAILABLE FOR PRUDENT USE FOR A TIME TO COVER BUDGET DEFICITS. SUCH USE OF RESERVES MUST BE COUNTER BALANCED BY ADDITIONAL INDIRECT TAXATION DESIGNED TO MINIMISE THE IMPACT ON THE POOR.

+SOON THE ECONOMIES OF OUR TRADING PARTNERS SHOULD IMPROVE. SO THEN WILL THAT OF HONG KONG, AND WE SHALL RETURN TO MORE CONSERVATIVE BUDGETTING.+

NEVERTHELESS MR BREMRIDGE SAID HE DID NOT SEE ANY RENEWED PROSPECT OF HUGE RETURNS FROM LAND SALES, THOUGH LAND PRICES WOULD EVENTUALLY RISE WHEN THE PRESENT SITUATION OF GROSS OVERSUPPLY IN THE PROPERTY MARKET EASED.

+THE SCENARIO HAS IN FACT COMPLETELY CHANGED, AND SO MUST THE BUDGETARY PATTERN. WHETHER THIS CHANGE CAN BE ACCOMMODATED WITHOUT RESORT TO GOVERNMENT BORROWING IS PRESENTLY AN OPEN QUESTION, TO WHICH I MAY BE ABLE TO RESPOND IN MY BUDGET SPEECH NEXT YEAR+, HE ADDED.

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WEDNESDAY, FEBRUARY 23, 1983

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FS BUDGETS A DEFICIT OF \$3.2 BILLION  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, PROPOSED TO SPEND \$35 437 MILLION IN 1983/84 BUT HE EXPECTED REVENUE INCOME OF \$29 294 MILLION.

HE TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) HOWEVER THAT THE PROJECTED DEFICIT BUDGET OF \$6 143 MILLION WOULD BE REDUCED TO \$3 167 MILLION THROUGH INCREASED TAXATION.

MR BREMRIDGE ALSO SAID HE MAY LATER CONSIDER A MODERATE DEGREE OF GOVERNMENT BORROWING IF DEFICITS OF A SIZE WHICH PRUDENT USE OF THE RESERVES PLUS A FURTHER SLOWDOWN IN EXPENDITURE AND INCREASES IN TAXATION COULD NOT BE REASONABLY ELIMINATED.

+IT MAY BE OPPORTUNE THIS TIME NEXT YEAR TO CONSIDER SUCH AN APPROACH TO PRUDENT BORROWING. I DO NOT CONSIDER THAT IT IS YET NECESSARY, FOR WE CAN AT THIS JUNCTURE BALANCE TWO BAD YEARS WITH THE FRUITS OF THE PAST GOOD YEARS,+ HE SAID.

HE SAID IT WAS STILL NOT APPRECIATED HOW RECENT HAD BEEN THE GROWTH OF GOVERNMENT CAPITAL REVENUE REFLECTING LARGELY LAND SALES AT AUCTION OR BY TENDER -- CAPITAL REVENUE FROM LAND PREMIA DID NOT EXCEED \$2 BILLION UNTIL AS RECENTLY AS 1978-79.

+THEREAFTER THERE WAS A RAPID INCREASE AS THE GOVERNMENT ENSURED THAT A PROPER SHARE OF THE UNPRECEDENTED ESCALATION IN LAND VALUES WAS TRANSFERRED TO THE PUBLIC PURSE,+ HE SAID.

AS A RESULT OF JUST A FEW UNUSUAL YEARS, WHICH SEEMED UNLIKELY TO BE REPEATED, FISCAL SURPLUSES OR RESERVES ROSE TO \$22 BILLION AND FREE RESERVES TO \$16 BILLION.

+ONLY A FOOL WOULD RISK RUNNING THESE DOWN TOO LOW AS A RESULT OF SOFT BUDGETARY POLICIES; BUT CLEARLY BEFORE WE NEED TO CONSIDER OUTSIDE BORROWING, IT IS POSSIBLE AND INDEED SENSIBLE TO MAKE USE OF PART OF OUR WINDFALL SAVINGS FOR TWO YEARS ANYWAY,+ HE SAID.

BUT IN THE SHORT TERM HE INTENDED TO CONFRONT BUDGETARY DEFICITS BY A BALANCED COMBINATION OF USE OF FISCAL RESERVES, INCREASED TAXATION AND MORE TIGHTLY RESTRAINED PUBLIC SECTOR EXPENDITURE.

+CLEARLY IF THE WORLD ECONOMIC SCENE DOES NOT IMPROVE IN 1983 WE SHALL NEED TO RESTRAIN FURTHER OUR EXPENDITURE IN 1984-85, BUT I DO NOT BELIEVE THAT AT PRESENT IT IS POSSIBLE TO FORETELL WHAT WILL HAPPEN WITH ANY ACCURACY,+ HE SAID.

MR BREMRIDGE SAID A POTENTIAL DEFICIT OF \$6.2 BILLION WAS CLEARLY INTOLERABLE -- IF REPEATED IN ONE SUBSEQUENT YEAR THE FREE FISCAL RESERVES WOULD BE GONE.

/HE SAID .....

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HE SAID THERE MUST BE A DIVISION OF THE DEFICIT BETWEEN INCREASED TAXATION AND USE OF RESERVES AND THAT HE HAS DECIDED THIS YEAR TO TAP BOTH SOURCES APPROXIMATELY EQUALLY.

THE QUESTION, MR BREMRIDGE SAID, ARISES OF HOW THIS ADDITIONAL TAXATION COULD BEST BE RAISED AND, EVEN IF UNPOPULAR IT MUST BE ACCEPTED AS FAIR BY THE REASONABLE MAJORITY WHO CAN SEE THAT THERE ARE NO EASY OPTIONS.

HIS OPINION WAS THAT IT WOULD BE INOPPORTUNE NOW TO INCREASE THE TAX ON THE PROFITABILITY OF BUSINESSES AS EMPLOYMENT AND EXPORTS DEPENDED ON THE MAINTENANCE OF INVESTMENT AND REINVESTMENT.

+I BELIEVE THAT THIS VIEW IS WIDELY ACCEPTED AND I DO NOT INDEED PROPOSE ANY INCREASE IN PROFITS TAX,+ HE SAID.

AS FOR SALARIES TAX, AN OBVIOUS WAY SUBSTANTIALLY TO INCREASE THE YIELD WOULD BE TO REDUCE THE ALLOWANCE WHICH WOULD ALSO BRING INTO THE SALARIES TAX NET MANY OF THOSE WHO NOW PAID NOTHING.

HE SAID HE WAS AWARE OF THE PROBLEMS OF THE LOWER PAID AND ALSO, HE BELIEVED STRONGLY THE ECONOMIC SUCCESS OF HONG KONG OWED MUCH TO LOW DIRECT TAXATION.

WHILE ALL BENEFITTED FROM LOW TAXATION THE FACT THAT MOST WORKERS COULD POCKET THEIR WAGES PLUS POSSIBLE OVERTIME WITHOUT NEEDING TO PAY ANY DIRECT TAX IS ONE OF HONG KONG'S MOST IMPORTANT SPURS TO PRODUCTIVITY, HE POINTED OUT.

HE ALSO SAID: +THERE IS YET ANOTHER FACTOR. THE RATIO BETWEEN DIRECT AND INDIRECT TAXATION MOVED FROM 57:43 IN 1977-78 TO 64:36 IN 1981-82 AND TO 69:31 IN 1982-83. THE DRIFT INDICATES THAT THE BALANCE BETWEEN DIRECT AND INDIRECT TAXATION HAS SHIFTED AGAINST INDIRECT TAXATION.

+THIS ARISES FOR CLEAR REASONS, I.E. HIGHER PRODUCTIVITY OF DIRECT TAXATION PLUS THE LARGE SURPLUSES ACCRUED IN RECENT YEARS, WHICH HAVE MADE RAISING TAXES UNNECESSARILY. IN BRIEF OUR TAX SYSTEM HAS BECOME UNBALANCED, AND THERE IS A CASE ON THESE GROUNDS ALONE FOR INCREASING THE LEVEL OF INDIRECT TAXATION.

+THIS BRINGS WITH IT ONE OTHER ADVANTAGE. I BELIEVE THAT THERE ARE ATTRACTIONS IN SYSTEMS OF TAXATION BASED ON EXPENDITURE RATHER THAN INCOME, AND IT SEEMS TO ME AS A GENERALISATION THAT THOSE WHO CHOOSE TO SPEND ON SUCH PURSUITS AS DRINKING, SMOKING OR OWNING MOTOR CARS CAN REASONABLY EXPECT TO BE TAXED MORE HIGHLY THAN THOSE WHO DO NOT.

+THESE TAXES CAN BE AVOIDED. IF YOU DO NOT WISH TO PAY THEM YOU DO NOT NEED TO. ADMITTEDLY NOT ALL MY PROPOSALS CARRY THIS JUSTIFICATION.+

HE SAID HE HAS 11 PROPOSALS FOR INCREASING REVENUE WHICH HE ESTIMATED WOULD BRING THE NECESSARY \$3 BILLION IN 1983-84.

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10.7 PER CENT INCREASE PROPOSED FOR 1983-84 EXPENDITURE  
\* \* \* \* \*

TOTAL EXPENDITURE FOR 1983-84, TAKING TOGETHER THE GENERAL REVENUE ACCOUNT AND THE CAPITAL WORKS RESERVE FUND, IS ESTIMATED AT \$36.8 BILLION, AN INCREASE OF 10.7 PER CENT OVER 1982-83.

IN PRESENTING HIS BUDGET IN THE LEGISLATIVE COUNCIL, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID THE PRINTED DRAFT ESTIMATES PROVIDED FOR TOTAL EXPENDITURE OF \$35.5 BILLION- BUT THIS FIGURE INCLUDED A TRANSFER OF \$8 BILLION TO THE CAPITAL WORKS RESERVE FUND, WHEREAS EXPENDITURE FROM THE FUND WAS ESTIMATED AT \$9.3 BILLION.

ON RECURRENT ACCOUNT, MR BREMRIDGE SAID THE PROVISION SOUGHT OF \$23.8 BILLION REPRESENTED AN INCREASE OF \$3 BILLION, OR 14.5 PER CENT, ON THE REVISED ESTIMATE FOR 1982-83. THE ACCOUNT INCLUDES EXPENDITURE ON:

- \* PERSONAL EMOLUMENTS AT \$8.2 BILLION OR 37 PER CENT OF RECURRENT EXPENDITURE, COMPARED WITH AN AVERAGE OF NEARLY 38 PER CENT OVER THE PAST FIVE YEARS. THIS PROVISION DOES NOT MAKE ALLOWANCE FOR ANY SALARY ADJUSTMENT. IF REQUIRED THE FUNDS FOR THIS WILL HAVE TO BE FOUND FROM THE ADDITIONAL COMMITMENTS VOTE. THE PROVISION SOUGHT FOR THIS VOTE IS \$1.3 BILLION, WHICH IS FOR ALL UNFORESEEN COMMITMENTS NOT PROVIDED FOR IN THE DRAFT ESTIMATES;
- \* PERSONNEL RELATED EXPENSES AT \$1.9 BILLION OR 8.6 PER CENT OF RECURRENT EXPENDITURE COMPARED WITH AN AVERAGE OF 5.8 PER CENT OVER THE PAST FIVE YEARS. THIS INCREASE IS DUE PRINCIPALLY TO HOME PURCHASE ALLOWANCES PAYABLE TO CIVIL SERVANTS JOINING THE HOME PURCHASE SCHEME;
- \* DEPARTMENTAL EXPENSES AND OTHER CHARGES AT \$6.7 BILLION OR 30 PER CENT OF RECURRENT EXPENDITURE, WHICH IS ABOUT THE SAME AS THE AVERAGE PROPORTION OVER THE PAST FIVE YEARS; AND
- \* SUBVENTIONS AT \$5.7 BILLION OR 25 PER CENT OF RECURRENT EXPENDITURE COMPARED WITH AN AVERAGE OF 26 PER CENT OVER THE PAST FIVE YEARS.

ON CAPITAL ACCOUNT, THE PROVISION SOUGHT IS \$11.7 BILLION. THIS INCLUDES \$8 BILLION FOR TRANSFER TO THE CAPITAL WORKS RESERVE FUND BUT EXCLUDES EXPENDITURE OF \$9.3 BILLION WHICH WILL BE A CHARGE ON THE FUND. TOTAL CAPITAL EXPENDITURE FROM THE GENERAL REVENUE ACCOUNT AND THE CAPITAL WORKS RESERVE FUND TAKEN TOGETHER IS \$13 BILLION, WHICH REPRESENTS AN INCREASE OF \$545 MILLION OR 4.4 PER CENT ON THE REVISED ESTIMATE FOR 1982-83.

THE CAPITAL ACCOUNT ALSO PROVIDES \$1.8 BILLION FOR TRANSFER TO THE DEVELOPMENT LOAN FUND FOR ON-LENDING TO THE HOUSING AUTHORITY AND \$1.9 BILLION FOR ALL OTHER COMPONENTS, INCLUDING \$200 MILLION FOR ADDITIONAL COMMITMENTS.

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**\$3.7 BILLION TO BE SPENT ON PUBLIC HOUSING**  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, TODAY (WEDNESDAY) PROPOSED TO SPEND \$3.7 BILLION ON THE ACTUAL CONSTRUCTION OF PUBLIC HOUSING, INCLUDING TEMPORARY HOUSING AREAS.

MR BREMRIDGE, PRESENTING HIS BUDGET PROPOSALS AT THE LEGISLATIVE COUNCIL, SAID THE MONEY WOULD BE ABOUT THE SAME AS THE REVISED 1982-83 EXPENDITURE ESTIMATE, +TO SOME EXTENT REFLECTING A LOWER TENDER PRICE INDEX.+

HE SAID THE FORECAST OF PRODUCTION FROM 1983-84 TO 1986-87 OF 143 800 FLATS EXCEEDED PRODUCTION IN THE PREVIOUS FOUR YEARS BY 4 314 FLATS.

MR BREMRIDGE ADDED: +THESE PRODUCTION FIGURES DO NOT INCLUDE 2 602 HOUSING SOCIETY FLATS AND 17 826 PRIVATE SECTOR PARTICIPATION SCHEME AND MIDDLE INCOME HOUSING PROGRAMME FLATS EXPECTED TO COME ON-STREAM DURING THE SAME FOUR-YEAR PERIOD, ACHIEVING AN AVERAGE COMPLETION RATE OF 41 000 A YEAR OR 164 288 FLATS IN THE NEXT FOUR YEARS.

HE SAID 30 100 HOME OWNERSHIP SCHEME FLATS OUT OF A TOTAL OF ABOUT 42 100 FLATS IN THE FIRST FIVE PHASES WOULD HAVE BEEN COMPLETED BY THE END OF FISCAL 1983 AND THAT WORK WILL BE ON HAND ON THE BALANCE AND ON A FURTHER 16 800 FLATS IN PHASES VI AND VII.

MR BREMRIDGE POINTED OUT THAT THE VALUE OF LAND IS EXCLUDED FROM THE CALCULATION OF THE SELLING PRICE OF FLATS PRODUCED UNDER THE HOME OWNERSHIP AND PRIVATE SECTOR PARTICIPATION SCHEMES AND THE MIDDLE INCOME HOUSING PROGRAMME TO KEEP THEM AFFORDABLE BY THE TARGET GROUPS.

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**FS BUDGETS \$1.7 BILLION FOR MEDICAL AND HEALTH**  
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THE DRAFT ESTIMATES PROVIDE FOR EXPENDITURE BY THE MEDICAL AND HEALTH DEPARTMENT IN 1983-84 OF \$1 771.6 MILLION COMPARED WITH THE REVISED ESTIMATE FOR 1982-83 OF \$1 613 MILLION, FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID IN HIS BUDGET SPEECH AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

HE ALSO DISCLOSED THAT EXPENDITURE ON MEDICAL SUBVENTIONS AND CAPITAL WORKS WILL BE \$915.2 MILLION AND \$357 MILLION RESPECTIVELY AS COMPARED WITH THE REVISED ESTIMATE FOR 1982-83 OF \$780 MILLION AND \$201.5 MILLION.

/MR BREMRIDGE .....

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MR BREMRIDGE SAID THAT THE EXPANSION OF MEDICAL SERVICES IN ACCORDANCE WITH THE AIMS SET OUT IN THE 1974 WHITE PAPER, THE FURTHER DEVELOPMENT OF MEDICAL AND HEALTH SERVICES IN HONG KONG, IS MONITORED ANNUALLY BY THE MEDICAL DEVELOPMENT ADVISORY COMMITTEE (MDAC).

THE PROCESS OF REGIONALISATION HAS BEEN CONTINUED BY THE PROVISION OF ADDITIONAL STAFF TO STRENGTHEN THE REGIONAL OFFICES FOR HONG KONG, KOWLOON AND THE NEW TERRITORIES, MR BREMRIDGE SAID.

+IN 1983 THE EXISTING NEW TERRITORIES REGION WILL BE SPLIT INTO TWO REGIONS WITH THE EXISTING NEW TERRITORIES REGIONAL OFFICE SERVING EAST NEW TERRITORIES AND A NEW REGIONAL OFFICE FOR THE WEST NEW TERRITORIES,+ HE ADDED.

+TO DEVELOP FURTHER THE INTEGRATION OF GOVERNMENT AND SUBVENTED MEDICAL SERVICES BY ENABLING SUBVENTED HOSPITALS TO ASSUME A GREATER ROLE IN THE TREATMENT OF ACUTE HOSPITAL CASES, DEVELOPMENT PROGRAMMES ARE UNDER WAY IN THE CARITAS, POK OI AND YAN CHAI HOSPITALS AND THE RUTTONJEE SANATORIUM FOR WHICH CAPITAL SUBVENTIONS OF \$54 MILLION IN 1983-84 HAVE BEEN PROVIDED.+

THE WHITE PAPER ALSO PROPOSED THAT EACH REGION BE SERVED WITH THE APPROPRIATE GENERAL AND SPECIALIST FACILITIES.

TO THIS END, MR BREMRIDGE SAID THAT IN ADDITION TO THE CONSTRUCTION OF GENERAL AND SPECIALIST HOSPITALS, 16 NEW CLINICS AND POLYCLINICS ARE PRESENTLY INCLUDED IN THE PUBLIC WORKS PROGRAMME.

HE ALSO SAID THAT WORK ON THE KOWLOON EAST POLYCLINIC, TO KWA WAN CLINIC AND IMPROVEMENTS TO SAI YING PUN JOCKEY CLUB CLINIC ARE DUE FOR COMPLETION IN 1983-84.

AS FOR THE RATIO OF 5.5 HOSPITAL BEDS PER 1 000 POPULATION TO BE REGARDED AS A DESIRABLE STANDARD FOR LONG TERM PLANNING AS PROPOSED IN THE WHITE PAPER, MR BREMRIDGE SAID THIS FORMULA IS CONSTANTLY BEING REFINED BY THE MDAC IN TERMS OF THE ACTUAL NUMBER OF BEDS REQUIRED.

HE POINTED OUT THAT BY THE END OF 1982-83, THERE WILL BE SOME 22 100 BEDS IN GOVERNMENT, SUBVENTED AND PRIVATE HOSPITALS.

HE SAID, +THE DRAFT ESTIMATES PROVIDED FOR THE ESTABLISHMENT OF SOME 1 500 ADDITIONAL BEDS WHICH, TOGETHER WITH THE EXISTING SUPPLY, WILL MEET APPROXIMATELY 80 PER CENT OF THE ESTIMATED REQUIREMENT.

+IN ADDITION TO \$150 MILLION FOR THE COMPLETION OF THE PRINCE OF WALES HOSPITAL WITH ITS RELATED POLYCLINIC AND STAFF QUARTERS, A FURTHER \$40 MILLION WILL BE SPENT IN 1983-84 FOR A NEW HOSPITAL PROJECT IN TUEN MUN.+

AS FOR SCHOOL DENTAL SERVICE, TWO SCHOOL DENTAL CLINICS ARE CURRENTLY IN OPERATION AT THE MACLEHOSE DENTAL CENTRE AND AT ARGYLE STREET PROVIDING TREATMENT FOR CHILDREN IN PRIMARY ONE TO THREE, AND SIX OTHER CLINICS ARE PLANNED TO EXTEND THE SERVICES PROGRESSIVELY TO COVER ALL PRIMARY SCHOOL CHILDREN, MR BREMRIDGE SAID.

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INCREASED EXPENDITURE FOR SECURITY SERVICES  
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THE DRAFT ESTIMATES PROVIDE FOR TOTAL EXPENDITURE OF \$2 752 MILLION FOR LAW AND ORDER, COMPARED WITH A REVISED ESTIMATE OF \$2 411 MILLION IN 1982-83, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID IN HIS BUDGET SPEECH IN THE LEGISLATIVE COUNCIL TODAY.

THIS EXPENDITURE COVERS THE COSTS OF HONG KONG'S POLICE AND CORRECTIONAL SERVICES, TOGETHER WITH ALLIED LAW ENFORCEMENT SERVICES AND THOSE NEEDED FOR THE DETENTION OF VIETNAMESE REFUGEES.

THE LARGEST AREA OF SPENDING IS THE POLICE FORCE -- INCLUDING THE AUXILIARY POLICE FORCE -- FOR WHICH \$2 011 MILLION IS REQUIRED.

MR BREMRIDGE SAID EXPANSION OF THE POLICE FORCE IN 1983-84 WOULD BE LIMITED AND THE NUMBER OF ITS DISCIPLINED PERSONNEL WOULD INCREASE FROM 23 476 AT THE END OF 1982 TO ABOUT 24 420 BY THE END OF THIS YEAR.

THE POLICE WAS AGAIN REQUIRED TO DEPLOY CONSIDERABLE RESOURCES ON LAND AND AT SEA IN THE EFFORT TO PREVENT ILLEGAL IMMIGRATION AND TO CAPTURE ILLEGAL IMMIGRANTS, HE SAID.

THE PHASED PROGRAMME FOR THE EXPANSION OF THE MARINE POLICE FLEET FROM 1980 TO 1990 CONTINUED.

TENDERS FOR 15 ADDITIONAL VESSELS WERE INVITED IN 1982-83 AND TENDERS FOR TWO MORE WOULD BE INVITED IN THE NEXT FISCAL YEAR, MR BREMRIDGE SAID.

PLANS FOR ENHANCING THE POLICE COMMUNICATIONS SYSTEM WOULD CONTINUE IN 1983-84.

HE REPORTED THAT A TOTAL COMMITMENT OF \$14.8 MILLION FOR THE SUPPLY, INSTALLATION AND COMMISSIONS OF A CLOSED CIRCUIT TELEVISION SYSTEM FOR POLICING THE MTR ISLAND LINE HAD BEEN APPROVED AND EXPENDITURE WOULD BE SPREAD OVER THREE YEARS STARTING FROM 1983-84.

DEVELOPMENT OF THE ULTRA HIGH FREQUENCY PERSONAL BEAT RADIO SCHEME WOULD PROCEED IN 1983-84 TO COVER THE AIRPORT, SHA TIN AND TUEN MUN DIVISIONS, MR BREMRIDGE SAID.

IMPLEMENTATION OF THE JOINT MARITIME COMMUNICATIONS PROJECT AND THE UPDATING OF THE MARINE POLICE RADAR WERE PROCEEDING, AND MOST OF THE EXPENDITURE WOULD BE INCURRED IN 1983-84.

IT WAS ESTIMATED THAT \$105 MILLION WOULD BE SPENT ON NEW POLICE BUILDINGS IN 1983-84, COMPARED WITH \$466 MILLION IN 1982-83, HE REPORTED.

MR BREMRIDGE SAID IT WAS PLANNED THAT A FURTHER 21 NEIGHBOURHOOD POLICE UNITS AND REPORT CENTRES WOULD BE OPENED IN 1983-84 TO ENCOURAGE MORE REPORTING OF CRIME AND BETTER COMMUNICATIONS BETWEEN THE POLICE AND THE PUBLIC.

/AN ESTIMATED .....

AN ESTIMATED TOTAL OF \$114 MILLION WOULD BE REQUIRED IN THE NEXT FISCAL YEAR FOR CAPITAL EXPENDITURE ON CORRECTIONAL SERVICES BUILDINGS AND INSTALLATIONS, COMPARED WITH \$135 MILLION IN 1982-83.

MR BREMRIDGE ESTIMATED THAT \$280 MILLION, AS AGAINST \$142 MILLION IN 1982-83, WOULD BE SPENT ON THE JUDICIARY'S BUILDINGS AND INSTALLATIONS, NOTABLY THE NEW SUPREME COURT BUILDING AND THE DISTRICT COURT AND MAGISTRACY BUILDING ON THE WAN CHAI RECLAMATION.

THE DRAFT ESTIMATES PROVIDED FOR TOTAL EXPENDITURE OF \$270 MILLION ON IMMIGRATION IN 1983-84, COMPARED WITH THE REVISED ESTIMATE OF \$238 MILLION FOR 1982-83, MR BREMRIDGE SAID.

PREPARATIONS FOR THE PRODUCTION OF A NEW AND MORE SECURE IDENTITY CARD, THE INTRODUCTION OF A MODERN COMPUTER-BASED RECORDS SYSTEM FOR IDENTITY CARDS, AND THE REPLACEMENT OF 4.5 MILLION EXISTING CARDS OVER A FOUR-YEAR PERIOD HAD BEEN COMPLETED, HE SAID.

FURTHER IMPROVEMENTS IN IMMIGRATION CONTROLS AND FACILITIES FOR TRAVELLERS BETWEEN HONG KONG AND CHINA AND MACAU WERE PLANNED FOR THE NEXT FISCAL YEAR, MR BREMRIDGE REPORTED.

ARRANGEMENTS WERE ALSO BEING COMPLETED TO DEAL WITH THE ADDITIONAL WORK RESULTING FROM THE IMPLEMENTATION OF THE BRITISH NATIONALITY ACT 1981 AND THE CONSEQUENT CHANGES TO HONG KONG IMMIGRATION LAW ON DEFENCE, THE DRAFT ESTIMATES PROVIDED FOR TOTAL EXPENDITURE OF \$1 557 MILLION IN 1983-84, COMPARED WITH THE REVISED ESTIMATE OF \$1 408 MILLION FOR 1982-83.

MR BREMRIDGE POINTED OUT THAT THE MAIN ITEM ON DEFENCE SPENDING WAS THE DEFENCE COSTS AGREEMENT.

UNDER THIS AGREEMENT, THE BRITISH GOVERNMENT PROVIDES NAVAL, ARMY AND AIR FORCE CONTINGENTS UNDER THE UNIFIED COMMAND OF THE HEADQUARTERS BRITISH FORCES TO PRESERVE THE INTEGRITY OF HONG KONG'S BORDERS AND TO SUPPORT THE CIVIL POWER IN PRESERVING STABILITY WITHIN HONG KONG.

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**\$1.7 BILLION FOR ROAD DEVELOPMENT**  
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THE GOVERNMENT PLANS TO SPEND \$1 761 MILLION ON ROAD DEVELOPMENT FOR FISCAL 1983 COMPARED WITH THE REVISED ESTIMATE OF \$1 756 MILLION IN 1982-83, THE LEGISLATIVE COUNCIL WAS TOLD TODAY (WEDNESDAY).

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

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

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OF THE TOTAL PROPOSED SPENDING, HE SAID \$918 MILLION WOULD BE ALLOCATED TO ROADWORKS IN THE NEW TERRITORIES, \$587 MILLION ON HONG KONG ISLAND AND \$256 MILLION IN KOWLOON.

THE MAIN ROUTES AND THE PLANNED IMPROVEMENTS TO THEM UNDER PROJECTS IN THE PUBLIC WORKS PROJECTS ARE:

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

MR BREMRIDGE SAID THE TOTAL ESTIMATED COST OF IMPROVEMENTS TO THIS ROUTE WAS \$2 751 MILLION WITH EXPENDITURE UP TO THE END OF FISCAL 1982 ESTIMATED AT \$1 311 MILLION.

HE SAID THAT ALLOCATION OF \$408 MILLION IN 1983-84 WOULD BE MAINLY FOR THE SHA TIN TO NORTH TAI PO COASTAL TRUNK ROAD, SHA TIN AREA 14 AND TRUNK ROAD T1 AND TRUNK ROAD IMPROVEMENTS FROM LAM KAM ROAD TO WO HOP SHEK.

HE ADDED THAT AN ALLOCATION OF \$6 MILLION FOR THE ABERDEEN TUNNEL WAS FOR THE FINISHING STAGES OF THE PROJECT.

ROUTE 2: FROM THE CROSS HARBOUR TUNNEL WESTWARDS VIA TSUEN WAN AND TUEN MUN TO YUEN LONG AND FANLING. THE ROUTE FOLLOWS GASCOIGNE ROAD AND TONG MI ROAD INITIALLY, AND THEN PROCEEDS ALONG THE COAST THROUGH YAU MA TEI, SHAM SHUI PO AND LAI CHI KOK (THE WEST KOWLOON CORRIDOR) TO JOIN THE TSUEN WAN BY-PASS. IT THEN CONTINUES VIA THE BY-PASS, TUEN MUN HIGHWAY AND CASTLE PEAK ROAD TO TUEN MUN AND YUEN LONG. ROUTE 2 CONTINUES VIA AU TAU AND MAI PO TO JOIN ROUTE 1 AT THE SOUTHERN END OF THE FANLING BY-PASS.

TOTAL ESTIMATED COST OF IMPROVEMENTS TO THIS ROUTE IS \$2 902 MILLION WITH EXPENDITURE UP TO MARCH 31 THIS YEAR EXPECTED TO AMOUNT TO \$1 145 MILLION, MAINLY ON THE TUEN MUN HIGHWAY, THE WEST KOWLOON CORRIDOR, THE TSUEN WAN BY-PASS, AND THE YUEN LONG TO AU TAU DUAL CARRIAGEWAY.

MR BREMRIDGE SAID \$362 MILLION HAS BEEN ALLOCATED FOR FISCAL 1983, MAINLY FOR FANLING, ENGINEERING WORKS, THE TSUEN WAN BY-PASS, YUEN LONG TO AU TAU DUAL CARRIAGEWAY, THE NEW TERRITORIES CIRCULAR ROAD IMPROVEMENTS, AU TAU TO FAN KAM AND THE WEST KOWLOON CORRIDOR.

ROUTE 3: FROM THE CROSS HARBOUR TUNNEL VIA WUHU INTERCHANGE AND CHATHAM ROAD TO THE AIRPORT TUNNEL AND THEN ACROSS KOWLOON BAY RECLAMATION TO LEI YUE MUN VIA KWUN TONG ROAD.

THE TOTAL ESTIMATED COST OF IMPROVEMENTS TO THIS ROUTE WAS \$575 MILLION BUT EXPENDITURE UP TO THE END OF MARCH 31 THIS YEAR WAS EXPECTED TO BE \$499 MILLION, MAINLY FOR THE ALREADY COMPLETED AIRPORT TUNNEL AND ITS APPROACHES.

HE ADDED THAT AN ALLOCATION OF \$39 MILLION IN 1983-84 WAS MAINLY FOR THE AIRPORT TUNNEL ROAD AND ITS APPROACHES.

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

THE TOTAL ESTIMATED COST OF IMPROVEMENTS WOULD BE \$247 MILLION (EXPENDITURE UP TO MARCH 31, 1983: \$113 MILLION) AND \$49 MILLION ALLOCATED FOR THIS FISCAL 1983 WOULD BE MAINLY FOR THE ELEVATED ROAD FROM NGAU TAU KOK ROAD TO KOWLOON BAY.

ROUTE 5: THIS IS A PROPOSED ROUTE FROM SHA TIN TO TSUEN WAN FOR WHICH A FEASIBILITY STUDY HAS JUST BEEN COMPLETED. DETAILED PLANNING IS DUE TO START IN 1983-84 WITH EXPENDITURE DURING THE YEAR OF ABOUT \$10 MILLION.

ROUTE 6: FROM THE INTERCHANGE NORTH OF MEI FOO SUN CHUEN VIA CASTLE PEAK ROAD THROUGH TSUEN WAN TO JOIN ROUTE 2 AT THE EASTERN END OF TUEN MUN HIGHWAY.

THE TOTAL ESTIMATED COST OF IMPROVEMENTS WAS \$234 MILLION (EXPECTED EXPENDITURE UP TO END OF MARCH 1983: \$117 MILLION) WITH EXPENDITURE FOR 1983-84 ESTIMATED AT \$46 MILLION.

ROUTE 7: FROM ABERDEEN WESTWARDS ON RECLAMATION VIA KELLETT BAY, TELEGRAPH BAY AND SANDY BAY TO JOIN CONNAUGHT ROAD AT THE WESTERN RECLAMATION, AND THEN VIA CONNAUGHT ROAD, HARCOURT ROAD AND GLOUCESTER ROAD TO VICTORIA PARK.

ROUTE 8: FROM VICTORIA PARK TO CHAI WAN VIA THE HONG KONG ISLAND EASTERN CORRIDOR WHICH IS AT PRESENT UNDER CONSTRUCTION.

THE TOTAL ESTIMATED COST OF IMPROVEMENTS IS \$1 686 MILLION (ESTIMATED EXPENDITURE UP TO MARCH 31, 1983: \$628 MILLION) AND \$427 MILLION ALLOCATED FOR 1983-84, MAINLY FOR THE HONG KONG ISLAND EASTERN CORRIDOR.

MR BREMRIDGE SAID \$451 MILLION WOULD ALSO BE NEEDED IN 1983-84 FOR SECONDARY ROUTES, MISCELLANEOUS MINOR ROADWORKS AND ROADS WITHIN NEW TOWNS.

HE ADDED: +THE AREA TRAFFIC CONTROL SYSTEM WHICH IS DESIGNED TO INCREASE THE CAPACITY OF EXISTING ROADS BY IMPROVING TRAFFIC FLOW IS ALREADY OPERATING SUCCESSFULLY IN WEST KOWLOON AND IS BEING EXTENDED TO COVER EAST KOWLOON AND THE NORTHERN END OF HONG KONG ISLAND.+

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ABOUT \$70M INCREASE FOR SOCIAL WELFARE EXPENDITURE  
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THE GOVERNMENT IS TO SPEND AN ESTIMATED \$1 711.3 MILLION ON SOCIAL WELFARE PROGRAMMES IN 1983-84, COMPARED WITH THE REVISED ESTIMATE OF \$1 642.1 MILLION IN 1982-83.

THE ESTIMATE INCLUDES PROVISION OF \$403 MILLION FOR PUBLIC ASSISTANCE, COMPARED WITH \$309 MILLION IN 1982-83, AND \$658.8 MILLION FOR SPECIAL NEEDS ALLOWANCES (\$468 MILLION IN 1982-83), THE LATTER INCLUDING \$8.8 MILLION FOR A NON-MEANS-TESTED DEATH GRANT WHICH WILL BE INTRODUCED IN 1983-84.

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

THE ESTIMATE ALSO PROVIDES \$352 MILLION FOR RECURRENT SUBVENTIONS OF SOCIAL WELFARE SERVICES, COMPARED WITH \$312 MILLION IN 1982-83. THE MONEY WILL BE CHANNELLED TO VOLUNTARY AGENCIES UNDER THE REVISED SUBVENTION SYSTEM APPROVED IN OCTOBER 1981.

ON REHABILITATION SERVICES, A TOTAL OF \$622.91 MILLION WILL BE PROVIDED THROUGH THE EDUCATION, MEDICAL AND HEALTH AND SOCIAL WELFARE DEPARTMENTS.

AMONG THE SERVICES IDENTIFIED BY THE DEPARTMENTS ARE :

- \* PROGRAMME TO PREVENT SERIOUS DISABILITY BY DETECTION OF ABNORMALITIES IN EARLY CHILDHOOD -- FUNDS ARE PROVIDED FOR 22 FULL-TIME AND 20 PART-TIME CENTRES FOR SUCH TESTS;
- \* ADDITIONAL PLACES IN AIDED SPECIAL SCHOOLS AND PROGRAMME TO BUILD NEW SPECIAL SCHOOLS AND TO CONVERT ORDINARY SCHOOL BUILDINGS FOR USE AS SPECIAL SCHOOLS;
- \* IMPROVEMENT OF SERVICES FOR THE MENTALLY ILL, PROVISION OF MORE HOSPITAL BEDS FOR THE MENTALLY RETARDED AND THE SETTING UP OF MEDICAL REHABILITATION CENTRES SPECIFICALLY DESIGNED TO PROVIDE INTENSIVE IN-PATIENT SERVICES - THE FIRST OF THREE GOVERNMENT MEDICAL REHABILITATION CENTRES WILL BE LOCATED IN THE PRINCE OF WALES HOSPITAL, AND IN THE SUBVENTED SECTOR, THE CONSTRUCTION OF A \$26 MILLION CENTRE AT SANDY BAY BY THE HONG KONG SOCIETY FOR REHABILITATION;
- \* PROVISION OF ADDITIONAL PLACES IN DAY CHILD CARE CENTRES FOR MODERATELY DISABLED CHILDREN, ONE ADDITIONAL SPECIAL CHILD CARE CENTRE FOR 60 DISABLED CHILDREN AND FOUR ADDITIONAL SOCIAL/RECREATIONAL CENTRES FOR THE DISABLED IN THE SUBVENTED SECTOR; AND
- \* PROVISION OF 120 ADDITIONAL VOCATIONAL TRAINING PLACE FOR THE DISABLED IN BOTH GOVERNMENT AND SUBVENTED SECTORS IN 1983-84 TO BRING THE TOTAL TO 600.

3.34 MILLION PEOPLE EXPECTED TO LIVE IN  
NEW TOWNS ON FULL DEVELOPMENT  
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THE ESTIMATED POPULATION ON FULL DEVELOPMENT OF THE NEW TOWNS AND OTHER RURAL TOWNSHIPS IS EXPECTED TO BE ABOUT 3.34 MILLION, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

AND THE EXPECTED POPULATION AT THE END OF NEXT MONTH IS 1.38 MILLION WHICH MAY GROW TO 1.58 MILLION BY THE END OF MARCH 1984, HE SAID.

MR BREMRIDGE EXPLAINED THAT THE PRIME PURPOSE OF THE NEW TOWNS AT TSUEN WAN, SHA TIN, TUEN MUN, TAI PO AND FANLING, YUEN LONG AND JUNK BAY + IS TO PROVIDE HOUSING FOR THE GROWING AND GENERALLY OVERCROWDED POPULATION OF HONG KONG COMPLETE WITH EMPLOYMENT OPPORTUNITIES AND ALL THE RELATED INFRASTRUCTURE AND SUPPORTING SERVICES.+

HE ADDED THAT INCREASED EMPHASIS WILL CONTINUE TO BE PLACED ON THE PRODUCTION OF COMMUNITY FACILITIES TO CATER FOR THE NEEDS OF THE GROWING POPULATIONS OF THE NEW TOWNS.

MR BREMRIDGE PROPOSED TO SPEND \$257.3 MILLION ON SCHOOLS IN THE NEW TOWNS, COMPARED TO \$195.5 MILLION IN 1982-83. OTHER ALLOCATION PROPOSALS ARE:

* HOSPITALS AND CLINICS	\$217.3 MILLION (\$157.4 MILLION IN 1982-83)
* RECREATIONAL FACILITIES	\$240.3 MILLION (\$118.7 MILLION)
* OTHER PUBLIC BUILDINGS	\$270.3 MILLION (\$165.5 MILLION)

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PLAN TO COPE WITH FORM THREE LEAVERS  
\* \* \* \* \*

THE GOVERNMENT AIMS TO INCREASE DURING THE 1980'S THE NUMBER OF PLACES IN SCHOOLS, TECHNICAL INSTITUTES AND ADULT EDUCATION CENTRES TO MEET THE FULL DEMAND FROM FORM THREE LEAVERS WHO ARE SUITABLE FOR THE COURSES PROVIDED, IT IS INDICATED IN THE BUDGET FOR 1983-84, PRESENTED BY THE FINANCIAL SECRETARY AT THE LEGISLATIVE COUNCIL TODAY.

EXPENDITURE TOWARDS THIS AIM IS ENVISAGED TO BE \$1 889 MILLION FOR THE 1983-84 YEAR ON SECONDARY SCHOOLS AND TECHNICAL INSTITUTES, COMPARED WITH THE REVISED ESTIMATE FOR THE PREVIOUS YEAR OF \$1 742 MILLION.

/THE TOTAL .....

THE TOTAL ESTIMATE FOR THE EDUCATION PROGRAMME IN 1983-84 IS \$5 552.1 MILLION, AGAINST THE 1982-83 REVISED ESTIMATE OF \$5 161.5 MILLION.

BY SEPTEMBER THIS YEAR, SUBSIDISED FORM FOUR PLACES IN SECONDARY SCHOOLS WILL INCREASE TO 58 050 PLACES COMPARED WITH THE SEPTEMBER 1982 FIGURE OF 56 460.

AT THE FIVE TECHNICAL INSTITUTES, THE NUMBER OF FULL-TIME PLACES OF CRAFT AND DIPLOMA COURSES WILL INCREASE FROM JUST UNDER 3 800 IN OCTOBER 1982 TO 4 700 IN SEPTEMBER THIS YEAR. AND PLANS ARE FOR PART-TIME DAY COURSES TO INCREASE FROM JUST UNDER 10 600 TO 13 800.

A NUMBER OF MAJOR IMPROVEMENTS IN STANDARDS OF EDUCATION AND CHILD CARE WERE INTRODUCED IN SEPTEMBER LAST YEAR. THESE INCLUDED A SCHEME OF FEE ASSISTANCE FOR NEEDY CHILDREN ATTENDING KINDERGARTENS AND CHILD-CARE CENTRES, AND AN INCREASE IN THE TEACHER TO CLASS RATIO FROM 1.1 TO ONE TO 1.2 TO ONE.

PROVISION IS MADE FOR \$18 MILLION IN CAPITAL SUBVENTIONS FOR BUILDING AND EQUIPPING NEW PRIMARY SCHOOL BUILDINGS. IN ADDITION, \$120 MILLION WILL BE SPENT UNDER THE PUBLIC WORKS PROGRAMME FOR THE CONSTRUCTION OF 32 PRIMARY SCHOOLS.

THE GOVERNMENT IS ALSO ENGAGED IN A MAJOR SECONDARY SCHOOL BUILDING PROGRAMME WHICH WILL PRODUCE 39 NEW SCHOOLS OVER THE NEXT THREE TO FOUR YEARS.

SOME \$1 225 MILLION IS PROVIDED FOR EXPENDITURE ON UNIVERSITY AND POLYTECHNIC EDUCATION, COMPARED WITH THE REVISED ESTIMATE FOR 1982-83 OF \$1 142 MILLION.

A NEW TECHNICAL EDUCATION AND INDUSTRIAL TRAINING DEPARTMENT WAS FORMED ON APRIL 1 LAST YEAR, ADMINISTERING GRANTS TO THE VOCATIONAL TRAINING COUNCIL.

THE VTC ADVISES THE GOVERNMENT ON TECHNICAL EDUCATION AND INDUSTRIAL TRAINING AND IS RESPONSIBLE FOR OPERATING TECHNICAL INSTITUTES AND INDUSTRIAL TRAINING CENTRES.

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SMALL SURPLUS EXPECTED FOR CAPITAL WORKS RESERVE FUND  
IN 1983/84  
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THE PROVISION OF \$8 BILLION SOUGHT FOR TRANSFER TO THE CAPITAL WORKS RESERVE FUND, TOGETHER WITH AN ESTIMATED SURPLUS OF ABOUT \$1.6 BILLION IN THE FUND AT THE END OF 1982-83, ARE SUFFICIENT TO COVER THE ESTIMATED EXPENDITURE OF \$9.3 BILLION FROM THE FUND DURING 1983-84 AND TO LEAVE A SMALL SURPLUS AT THE END OF THE FINANCIAL YEAR.

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

MR BREMRIDGE SAID THE ESTIMATED EXPENDITURE FROM THE FUND IN 1983-84 ON THE PUBLIC WORKS PROGRAMME WAS \$7.6 BILLION, AN INCREASE OF \$355 MILLION OR FIVE PER CENT OVER THE REVISED ESTIMATE FOR 1982-83.

ON LAND ACQUISITION, THE ESTIMATED EXPENDITURE IS \$1.7 BILLION, THE SAME AS THE REVISED ESTIMATE FOR 1982-83.

HE SAID THE OUTSTANDING COMMITMENT (OR OVERHANG) IN RESPECT OF PROJECTS IN HAND ON APRIL 1, 1982 WAS ABOUT \$26 BILLION. THIS WAS INCREASED BY ABOUT \$3.3 BILLION AS A RESULT OF THE INJECTION OF NEW PROJECTS DURING 1982-83, BUT REDUCED BY ROUGHLY \$8.9 BILLION IN EXPENDITURE.

DURING 1983-84, THE FINANCIAL SECRETARY SAID, WORK IS SCHEDULED TO START ON NEW PROJECTS OF A TOTAL VALUE OF ABOUT \$4.6 BILLION. THE OVERHANG ON APRIL 1, 1983 WILL BE ABOUT \$25 BILLION.

AFTER ALLOWING FOR THE ESTIMATED EXPENDITURE DURING 1983-84 OF \$9.3 BILLION, THE OUTSTANDING COMMITMENT AT APRIL 1, 1984 WILL BE NO LESS THAN \$15.7 BILLION, BUT WILL CERTAINLY BE MUCH HIGHER AS FURTHER NEW WORKS ARE APPROVED DURING THE YEAR.

MR BREMRIDGE STRESSED THAT EVERY EFFORT HAD BEEN MADE TO ACCOMMODATE IN THE PROGRAMME OF WORKS FOR 1983-84 ALL LAND PRODUCTION AND TRANSPORT PROJECTS THAT WERE READY TO PROCEED.

+THE PRIORITY GIVEN TO THESE AND TO PUBLIC HOUSING IS REFLECTED IN THE BREAKDOWN OF EXPENDITURE ON CONSOLIDATED ACCOUNT,+ HE SAID. +THE ESTIMATED TOTAL EXPENDITURE ON TRANSPORT, ROADS, CIVIL ENGINEERING, AND LAND IS \$7 BILLION, WHICH IS ABOUT 16.3 PER CENT OF TOTAL CONSOLIDATED ACCOUNT EXPENDITURE, COMPARED WITH \$1.8 BILLION OR 14.7 PER CENT AS RECENTLY AS 1978-79.+

MR BREMRIDGE SAID THE SPECIAL COMMITTEE ON LAND SUPPLY CONTINUED TO RECOMMEND TARGETS FOR LAND PRODUCTION AND TO MONITOR THE ADMINISTRATION IN THE ACHIEVEMENT OF THOSE TARGETS.

+GOVERNMENT GROSS LAND PRODUCTION IN 1983-84 IS ESTIMATED TO BE 669 HECTARES AS COMPARED WITH 676 HECTARES IN 1982-83. OVER THE THREE YEARS OF THE NEW FORECAST PERIOD 1984-85 TO 1986-87 IT IS ESTIMATED TO TOTAL 2 336 HECTARES,+ HE SAID.

## \$29.3 BILLION ESTIMATED REVENUE FOR 1983-84

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THE GOVERNMENT HOPES TO COLLECT \$29.3 BILLION IN REVENUE IN 1983-84 WITH SMALL INCREASES FROM INDIRECT TAXES, MAINLY FROM THE YIELD FROM GENERAL RATE, DUTIES AND MOTOR VEHICLE TAXES, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE REVENUE ESTIMATES COMPRISE \$25.7 BILLION IN RECURRENT REVENUE AND \$3.6 BILLION IN CAPITAL REVENUE, MR BREMRIDGE SAID IN PRESENTING THE 1983-84 BUDGET.

POINTING OUT THAT THE ESTIMATED RECURRENT REVENUE WAS ONLY \$507 MILLION HIGHER THAN THE REVISED ESTIMATE FOR 1982-83, MR BREMRIDGE SAID HE EXPECTED EARNINGS AND PROFITS TAX TO YIELD \$12 BILLION -- THE SAME AS THE REVISED 1982-83 ESTIMATE.

+AT \$5.6 BILLION, INDIRECT TAXES ARE ESTIMATED TO BE \$306 MILLION HIGHER THAN THE REVISED ESTIMATES. FOR ALL OTHER RECURRENT REVENUE I AM ANTICIPATING A YIELD OF \$8.1 BILLION, OR ONLY \$236 MILLION HIGHER THAN THE REVISED ESTIMATES,+ HE SAID.

MR BREMRIDGE EXPECTS REVENUE FROM PROPERTIES AND INVESTMENTS TO BE \$437 MILLION LOWER THAN THE REVISED ESTIMATE BECAUSE OF THE DECREASE IN THE GENERAL REVENUE BALANCE, BUT +I EXPECT ALL OTHER COMPONENTS TO YIELD \$673 MILLION MORE THAN THE REVISED ESTIMATE, OF WHICH \$304 MILLION WILL COME FROM FEES AND CHARGES.+

ON FEES AND CHARGES FOR THE SERVICES PROVIDED BY THE GOVERNMENT, AND IN PARTICULAR THE PUBLIC UTILITY-TYPE UNDERTAKINGS RUNNING ON A QUASI-COMMERCIAL BASIS, HE SAID IT WAS IMPORTANT TO OBSERVE THE NO-SUBSIDY PRINCIPLE, UNLESS A POSITIVE POLICY DECISION WAS TAKEN TO SUBSIDISE.

+WE HAVE AN ON-GOING EXERCISE TO KEEP FEES AND CHARGES UP TO DATE, WHICH WILL CONTINUE DURING 1983-84. WHERE JUSTIFIED BY RISING COSTS, PROPOSALS FOR INCREASES IN FEES AND CHARGES WILL BE MADE DURING THE YEAR -- THE ESTIMATE OF TOTAL RECURRENT REVENUE DOES NOT ANTICIPATE THESE INCREASES,+ HE SAID.

MR BREMRIDGE POINTED OUT THAT THE ESTIMATE OF CAPITAL REVENUE AT \$3.6 BILLION REFLECTED THE CURRENT DEPRESSED STATE OF THE PROPERTY MARKET.

HE EXPECTED A REVENUE OF \$3 BILLION FOR 1983-84 LAND TRANSACTIONS COMPARED WITH THE REVISED 1982-83 ESTIMATE OF \$4.6 BILLION AND THE ACTUAL REVENUE OF \$9.7 BILLION FOR 1981-82.

+THE YIELD FROM LAND TRANSACTIONS HAS ALWAYS BEEN DIFFICULT TO ESTIMATE WITH ANY DEGREE OF ACCURACY. IN THE PRESENT STATE OF THE PROPERTY MARKET IT REQUIRES A CRYSTAL BALL,+ MR BREMRIDGE SAID.

/HE ADDED: .....

HE ADDED: +MY ESTIMATE OF \$3 BILLION IS BASED UPON AN ASSESSMENT OF THE PRICES LIKELY TO BE REALISED FROM THE INDIVIDUAL LOTS MAKING UP THE LAND SALES PROGRAMME FOR 1983-84. THIS VIEW IS OF NECESSITY HIGHLY SPECULATIVE, AND I BEAR IN MIND THAT I WAS WRONG LAST YEAR.+

THE 1983-84 LAND SALES PROGRAMME COMPRISES 96.7 HECTARES OF LAND, ON WHICH THE REVENUE FROM PREMIA IS ESTIMATED AT \$1.7 BILLION.

MR BREMRIDGE EXPLAINED THAT THE PROGRAMME INCLUDED 14 RELATIVELY LARGE SITES, THE REVENUE FROM WHICH WAS LIKELY TO BE MORE THAN \$550 MILLION, PROVIDED THAT THESE SITES WERE SOLD AS SCHEDULED AND THAT THE VIEW TAKEN OF THE PREMIA LIKELY TO BE REALISED TURNED OUT TO BE CORRECT.

+IN BRIEF THE MARGINS OF ERROR ARE GREAT,+ HE POINTED OUT.

BUT HE SAID THE PROGRAMME DID NOT INCLUDE FIVE WELL-KNOWN, LARGE AND VALUABLE SITES WHICH +SOME BELIEVE THAT THE MARKET MAY NOT BE ABLE TO ABSORB THEM AT ACCEPTABLE PRICES IN ONE YEAR.

+IT WILL, HOWEVER, BE A MATTER OF JUDGMENT WHEN EACH MIGHT BEST BE OFFERED FOR SALE, REMEMBERING THAT OUR OVERALL POLICY IS TO SECURE A FAIR MARKET PRICE,+ HE SAID.

MR BREMRIDGE WAS +PERSONALLY ANXIOUS+ TO PUT THEM UP FOR AUCTION OR TENDER AS SOON AS SENSIBLE FOR TWO REASONS:

- \* IT WILL DEMONSTRATE THAT THE GOVERNMENT DOES NOT HAVE A HIGH LAND PRICE POLICY ALTHOUGH LAND IS REGARDED AS A COMMUNITY BIRTHRIGHT, AND
- \* THOSE WHO WISH TO BUY LAND NOW SHOULD BE GIVEN EVERY ENCOURAGEMENT.

IT REMAINED IMPORTANT THAT SENSIBLE STARTING PRICES WERE MAINTAINED IN PUBLIC AUCTIONS AND THAT TENDERS AT PRICES SIGNIFICANTLY LOWER THAN THE RUN OF THE MARKET SHOULD NOT BE ACCEPTED, HE SAID.

HE ADDED: +LAND PRICES SEEM NOW TO BE STABILISED AND WILL IMPROVE AS CONFIDENCE RETURNS TO THE MARKET. BUT IT IS A FACT THAT POOR PLANNING BY SPECULATORS HAS LED TO CONSIDERABLE OVERSUPPLY OF ALL TYPES OF PROPERTY.+

MR BREMRIDGE ALSO EXPECTED REVENUE OF \$1 BILLION FROM PRIVATE TREATY GRANTS AND \$270 MILLION FROM MODIFICATIONS AND RE-GRANTS.

+MUCH DEPENDS, HOWEVER, ON PREMIA ANTICIPATED FROM SITES TO BE GRANTED TO THE MASS TRANSIT RAILWAY CORPORATION FOR JOINT DEVELOPMENT,+ HE SAID.

IMMEDIATE TAX INCREASES ON LIQUOR, TOBACCO,  
HYDROCARBON OILS, DRIVING AND VEHICLE LICENCES  
\* \* \*

FOUR OUT OF 11 PROPOSALS FOR INCREASING REVENUE BY ABOUT \$3 BILLION IN 1983-84 CAME INTO EFFECT TODAY (WEDNESDAY) UNDER THE REVENUE PROTECTION ORDERS SIGNED IN THE MORNING BY THE GOVERNOR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID.

IMMEDIATE INCREASES CAME INTO EFFECT FOR LIQUOR, TOBACCO, HYDROCARBON OILS, AND DRIVING AND VEHICLE LICENCES.

THE REMAINING SEVEN WILL COME INTO EFFECT ON APRIL 1, 1983, OR AS SOON AS THE NECESSARY LEGISLATION HAS BEEN ENACTED, HE EXPLAINED.

ROUGHLY DOUBLING THE DUTY ON LIQUOR, HE POINTED OUT THAT THE RATES WERE LAST REVISED IN 1975.

+SINCE THEN THE INCIDENCE OF DUTY IN RETAIL PRICES HAS FALLEN TO A POINT WHERE, IN MANY INSTANCES, IT IS HALF WHAT IT WAS AT THE LAST REVISION. I PROPOSE TO RESTORE THE INCIDENCE BY ROUGHLY DOUBLING THE DUTY RATES, EFFECTIVE FROM THIS AFTERNOON,+ HE SAID.

MR BREMRIDGE SAID IT WAS FOR THE TRADE TO DETERMINE THEIR SELLING PRICES, ASSUMING THAT THE INCREASED DUTIES WERE PASSED ON TO CONSUMERS IN FULL, THE INCREASE IN THE RETAIL PRICE OF A BOTTLE OF BRANDY MAY BE \$30, OF WHISKY ABOUT \$20, OF TABLE WINE ABOUT \$7 AND OF A CAN OF BEER 15 TO 20 CENTS, ALL DEPENDING ON THE BRAND.

THE MAIN DUTY RATES SHOULD BRING IN AN ADDITIONAL \$300 MILLION.

MR BREMRIDGE SAID THE PRESENT BASIS OF LEVYING DUTY ON LIQUOR PER MEASURE WAS OPEN TO CRITICISM EVEN THOUGH SIMPLE TO ENFORCE. THERE SEEMED NO REASON WHY PURCHASERS OF CHEAPER BRANDS IN A CLASS OF DRINKS SHOULD PAY EXACTLY THE SAME DUTY PER BOTTLE AS REQUIRED FOR AN EXPENSIVE BRAND.

HE THEREFORE WOULD CONSIDER SUBMITTING NEW LEGISLATION TO PROPOSE CHANGING THE BASIS OF LEVYING DUTY ON ALCOHOL TO AN AD VALOREM RATHER THAN THE PRESENT UNITARY SYSTEM.

HE ADDED, HOWEVER, THAT IT HAD TO BE UNDERSTOOD THAT AT PRESENT, THIS REPRESENTED NO COMMITMENT -- EXCEPT TO A STUDY.

THE INCIDENCE OF DUTY IN RETAIL PRICES FOR CIGARETTES HAD SIMILARLY DECLINED SINCE THEY WERE LAST REVISED IN 1978, HE SAID. THE PRICE OF CIGARETTES, CIGARS AND TOBACCO IN HONG KONG WAS STILL VERY LOW BY WORLD STANDARDS. HE SAID ADDITIONAL REVENUE HAD TO BE RAISED, AND HE PROPOSED NOT ONLY TO RESTORE THE INCIDENCE BUT TO LOOK FOR EVEN FURTHER REVENUE BY INCREASING THE DUTY RATES ON TOBACCO BY FOUR TIMES.

IF PASSED ON TO THE CONSUMER IN FULL, THE INCREASE IN PRICE OF AN AVERAGE PACKET OF 20 CIGARETTES MIGHT BE ABOUT \$1.50 FOR HONG KONG MADE BRANDS AND \$2 TO \$2.50 FOR IMPORTED BRANDS.

ADDITIONAL REVENUE OF ABOUT \$900 MILLION SHOULD BE OBTAINED AS A RESULT OF THESE INCREASES, EVEN ALLOWING FOR REDUCED DEMAND WHICH WAS +NO BAD THING IN ITSELF,+ HE SAID.

ON DUTY RATES FOR HYDROCARBON OILS MR BREMRIDGE SAID THEY WERE REVISED ONLY LAST MAY FOR TRANSPORT POLICY REASONS, WHEREAS THE LAST REVISION FOR FISCAL REASONS WAS MADE IN 1976.

HE POINTED OUT THAT SINCE 1976, AND IGNORING THE INCREASES OF LAST MAY, THE INCIDENCE OF THE DUTY IN RETAIL PRICES HAD DECLINED. HE THEREFORE PROPOSED TO RESTORE THE INCIDENCE AND THEN TO ADD BACK THE MAY INCREASES, INCREASING THE DUTY RATE ON MOTOR SPIRIT FROM \$1.20 TO \$2 A LITRE.

THE DUTY ON DIESEL OIL FOR ROAD VEHICLES WAS NOT ALTERED LAST MAY TO RESTORE THE ORIGINAL INCIDENCE, HE PROPOSED INCREASING THE DUTY RATE FROM 35 CENTS TO \$1 A LITRE.

HOWEVER, HE SAID THE INCREASED DUTY RATE WOULD NOT APPLY TO DIESEL OIL USED BY ENFRANCHISED PUBLIC BUSES, TO AVOID IMPOSING AN ADDITIONAL BURDEN ON PUBLIC TRANSPORT USERS WHO TEND TO BE THE LESS WELL OFF. HE EXPLAINED THAT AN ARRANGEMENT WOULD BE INTRODUCED TO REFUND THE INCREASE OF 65 CENTS A LITRE ON DIESEL OIL USED ON ENFRANCHISED PUBLIC BUSES.

THE NET ADDITIONAL REVENUE YIELD FROM THE HYDROCARBON OILS WOULD BE ABOUT \$530 MILLION.

WITH REGARD TO FEES FOR PROVISIONAL DRIVING LICENCES, ANNUAL DRIVING LICENCES AND DRIVING TESTS WERE LAST REVISED IN 1973, AND COSTS HAD INCREASED BY AT LEAST THREE TIMES SINCE THEN, MR BREMRIDGE POINTED OUT.

HE THEREFORE PROPOSED INCREASING THE FEES FOR PROVISIONAL DRIVING LICENCES FROM \$100 TO \$300 AND FOR ANNUAL DRIVING LICENCES FROM \$50 TO \$150.

FOR A DRIVING TEST HE PROPOSED DOUBLING THE FEE FROM \$150 TO \$300, EXPLAINING THAT FAILURES AT THE FIRST ATTEMPT WERE FAIRLY COMMON AND TRIPLING +WOULD FAIRLY BE REGARDED AS EXCESSIVE+.

THESE NEW FEES WOULD YIELD AN ADDITIONAL \$90 MILLION.

THE LICENCE FEES FOR THE ANNUAL REGISTRATION OF MOTOR VEHICLES WERE TAX-LOADED, AND THE LAST REVISION OF THE TAX-LOADING WAS CARRIED OUT IN 1979. BUT LAST MAY THE LICENCE FEES FOR PRIVATE CARS AND MOTOR CYCLES WERE INCREASED FOR TRANSPORT POLICY REASONS.

/HE PROPOSED .....

HE PROPOSED THAT THE 1979 FEES SHOULD BE ADJUSTED UPWARDS, IGNORING THE SELECTIVE LOADING INTRODUCED LAST MAY, TO RESTORE THE TAX VALUE AND THAT THE MAY LOADING SHOULD THEN BE ADDED BACK TO OBTAIN THE NEW FEES.

MR BREMRIDGE CALCULATED THAT THE 1979 FEES NEEDED TO BE INCREASED BY ABOUT 80 PER CENT, WHICH MEANT, FOR EXAMPLE, THAT THE LICENCE FEE FOR A SMALL CAR OF UP TO 1 500 CC WOULD BE INCREASED FROM \$1 800 TO \$2 300.

+NO LOADING WAS ADDED LAST MAY TO THE FEES FOR GOODS VEHICLES, TAXIS AND PRIVATE LIGHT BUSES. THEIR FEES WILL THUS BE INCREASED BY ROUGHLY 80 PER CENT,+ HE SAID.

THE ADDITIONAL REVENUE YIELD FROM THE INCREASED FEES FOR 1983-84 WAS ESTIMATED AT \$220 MILLION.

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URBAN AND NT GENERAL RATES TO INCREASE  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE TODAY PROPOSED TO INCREASE THE GENERAL RATE PERCENTAGE FOR THE URBAN AREAS FROM 3.5 PER CENT TO 5.5 PER CENT, MAKING A TOTAL INCLUDING THE URBAN COUNCIL RATE OF 13.5 PER CENT.

HE ALSO PROPOSED TO INCREASE THE GENERAL RATE FOR THE NEW TERRITORIES FROM 11 PER CENT TO 13.5 PER CENT TO BRING IT INTO LINE WITH THE TOTAL FOR THE URBAN AREAS WITH EFFECT FROM APRIL 1, 1983.

MR BREMRIDGE NOTED THAT THE MAINTENANCE OF A FAIR BASE ON WHICH TO ASSESS RATES HAS LONG PRESENTED DIFFICULT PROBLEMS.

HE SAID THE BASE ITSELF DOES NOT SET THE RETURN, WHICH DEPENDS ON THE RATE OF TAX OR POUNDAGE.

HE STRESSED, +THE GOVERNMENT'S ANNOUNCED INTENTION TO CONDUCT AN EXERCISE TO DETERMINE NEW RATEABLE VALUES FOR 1984-85 IS NOT DESIGNED TO INCREASE THE RETURN FROM RATES, BUT TO ENSURE THAT THE BURDEN OF THE CHARGE IS EQUITABLY SPREAD BETWEEN DIFFERENT CLASSES OF RATEPAYERS.+

THE EXISTING GENERAL RATE PERCENTAGE ARE 3.5 PER CENT IN THE URBAN AREAS AND 11 PER CENT IN THE NEW TERRITORIES. THE URBAN COUNCIL RATE IN THE URBAN AREAS IS EIGHT PER CENT.

THE PRESENT RATEABLE VALUES, TO WHICH THESE PERCENTAGES ARE APPLIED TO DETERMINE THE CHARGE TO RATES, WERE ESTABLISHED AS LONG AGO AS 1976 AND ARE NOW HOPELESSLY OUT OF DATE, MR BREMRIDGE REMARKED.

A REVALUATION EXERCISE IS BEING CARRIED OUT AND NEW VALUES WILL APPLY FROM APRIL 1, 1984.

/+WHEN THESE .....

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+WHEN THESE NEW RATEABLE VALUES HAVE BEEN DETERMINED THE POUNDAGE WILL HAVE TO BE ADJUSTED. THE ESTIMATE FOR 1983-84 OF \$777 MILLION IS LESS IN MONEY TERMS THAN IT HAS BEEN IN EACH YEAR SINCE 1978-79,+ MR BREMRIDGE SAID.

HE EXPLAINED THAT ACCORDING TO THE NEW RATES, THIS WILL MEAN A 17.4 PER CENT INCREASE IN THE RATES PAYABLE BY A RATEPAYER. THE INCREASE ON AVERAGE FOR A TYPICAL SMALL TENEMENT WILL BE ABOUT \$10 A MONTH AND FOR A LARGE FLAT ABOUT \$100 A MONTH.

MR BREMRIDGE APPRECIATED THAT THIS INCREASE WILL AFFECT MANY PEOPLE AT A DIFFICULT TIME. HOWEVER, HE POINTED OUT THAT IN PUBLIC HOUSING ESTATES THE INITIAL BURDEN WILL BE BOURNE BY THE HOUSING AUTHORITY AND RATES PAYMENTS ARE DEEMED TO BE PART OF RENT FOR PUBLIC ASSISTANCE.

AS FOR CERTAIN AREAS OF THE NEW TERRITORIES WHERE RATING IS BEING PHASED IN OVER A FIVE YEAR PERIOD, THE PERCENTAGE FOR 1983-84 WOULD HAVE BEEN NINE PER CENT. HOWEVER, MR BREMRIDGE PROPOSED TO BRING THIS TO 11 PER CENT.

THE ADDITIONAL YIELD FROM THE GENERAL RATE FOR 1983-84 WILL BE ABOUT \$300 MILLION, MR BREMRIDGE ESTIMATED.

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INCREASES IN BETTING DUTY PROPOSED  
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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, HAS PROPOSED TO RAISE BETTING DUTY FROM APRIL 1 WHICH IS ESTIMATED TO PRODUCE AN ADDITIONAL \$220 MILLION IN 1983-84.

MR BREMRIDGE SAID THAT IN THE CURRENT YEAR, HONG KONG'S PUNTERS WERE EXPECTED TO HAZARD ABOUT \$13 BILLION ON HORSE RACE BETS AND ON MARK SIX LOTTERIES, YIELDING ABOUT \$1.2 BILLION IN BETTING DUTY.

HE SAID THE YIELD FROM THIS SOURCE WAS, IN HIS OPINION, A RELATIVELY SMALL CONTRIBUTION IN THE LIGHT OF PRESENT CIRCUMSTANCES.

IN PUTTING FORWARD HIS PROPOSALS TO INCREASE BETTING DUTY, MR BREMRIDGE SAID, HE HAD BEEN CONSCIOUS OF THE NEED NOT TO DRIVE PUNTERS INTO THE ARMS OF ILLEGAL BOOKMAKERS AND HIS PROPOSALS WERE CONSEQUENTLY STRUCTURED SO AS TO AVOID THIS POSSIBILITY.

THE PRESENT RATES OF BETTING DUTY ARE 7.5 PER CENT OF THE AMOUNT OF EACH +STANDARD+ BET AND 11 PER CENT OF THE AMOUNT OF EACH SO-CALLED +EXOTIC+ BET MADE ON THE JOCKEY CLUB TOTE. THE BALANCE OF THE TOTE POOL AFTER REDUCTION OF BETTING DUTY IS ALLOCATED AS TO 90 PER CENT TO PUNTERS BY WAY OF PRIZE MONEY AND THE REMAINDER TO THE JOCKEY CLUB AS COMMISSION.

/THE PROCEEDS .....

THE PROCEEDS OF MARK SIX LOTTERIES ARE SUB-DIVIDED AS TO 25 PER CENT DUTY, 15 PER CENT TO THE LOTTERIES FUND AND TO THE JOCKEY CLUB, OF WHICH 5.75 PER CENT GOES TO THE FUND, AND THE BALANCE OF 60 PER CENT TO PRIZE WINNERS.

THE NEW RATES OF BETTING DUTY PROPOSED ARE AS FOLLOWS:

- \* THE DUTY ON STANDARD BETS WILL BE INCREASED FROM 7.5 PER CENT TO 8.5 PER CENT, BUT WITH A CORRESPONDING REDUCTION IN THE LEVEL OF COMMISSION TO THE JOCKEY CLUB -- THAT IS TO SAY NO REDUCTION IN THE SIZE OF THE PRIZE MONEY POOL;
- \* THE DUTY ON EXOTIC BETS WILL BE INCREASED FROM 11 PER CENT TO 13.5 PER CENT, WITH A REDUCTION OF ONE PER CENT IN THE LEVEL OF COMMISSION TO THE JOCKEY CLUB AND A REDUCTION OF 1.5 PER CENT FROM THE PUNTERS' SHARE -- THIS MEANS, IN EFFECT, THAT THE POOL OF PRIZE MONEY WILL BE DIMINISHED FROM 80.1 PER CENT OF TOTAL BETS PLACED TO 78.6 PER CENT; AND
- \* THE DUTY ON LOTTERIES WILL BE INCREASED BY TWO PER CENT FROM 25 PER CENT TO 27 PER CENT, WITH A CORRESPONDING REDUCTION OF TWO PER CENT IN THE LEVEL OF THE JOCKEY CLUB AND LOTTERIES FUND SHARE -- THE POOL AVAILABLE TO PRIZE WINNERS THUS REMAINS UNCHANGED.

MR BREMRIDGE SAID THAT OF THE ADDITIONAL \$220 MILLION PRODUCED, \$26 MILLION WILL COME FROM PUNTERS ON EXOTIC BETS, \$6.25 MILLION FROM THE REDUCED CONTRIBUTION TO THE LOTTERIES FUND AND THE REMAINDER BY REDUCING THE JOCKEY CLUB'S SHARE.

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#### HOTEL ACCOMMODATION AND AIRPORT TAXES

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HOTEL ACCOMMODATION TAX, WHICH YIELDS MOST OF THE ANNUAL SUBVENTION TO THE HONG KONG TOURIST ASSOCIATION, WILL BE INCREASED FROM FOUR PER CENT TO FIVE PER CENT ON APRIL 1, 1983, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE SAID IN LEGISLATIVE COUNCIL TODAY.

HE SAID THE TAX INCREASE IS ESTIMATED TO YIELD AN ADDITIONAL \$15 MILLION IN 1983-84.

MR BREMRIDGE SAID THE HKTA RECEIVES AN ANNUAL GRANT FROM THE GOVERNMENT CALCULATED ON THE BASIS OF THE YIELD FROM THE TAX PLUS AN ADDITIONAL AMOUNT MADE UP FROM GENERAL REVENUE EQUIVALENT TO A TAX YIELD OF TWO PER CENT.

HE SAID THE PROPOSED TAX INCREASE WILL REDUCE THE CONTRIBUTION FROM GENERAL REVENUE TO THE EQUIVALENT OF A TAX YIELD OF ONE PER CENT, AND FURTHER ELIMINATE THIS CONTRIBUTION OVER FOUR YEARS BY A ONE-QUARTER PERCENTAGE POINT REDUCTION EACH YEAR.

FOR 1983-84, HE SAID, THE ASSOCIATION'S SUBVENTION WILL BE EQUIVALENT TO THE TAX AT FIVE AND THREE QUARTERS PER CENT, THE TAX ITSELF PRODUCING FIVE PER CENT AND GENERAL REVENUE CONTRIBUTING THREE-QUARTERS PER CENT.

THE TOTAL SUBVENTION SHOULD STILL PROVIDE THE ASSOCIATION WITH AN INCREASE IN MONEY TERMS IN 1983-84 IN LINE WITH THE GUIDELINES HE ADOPTED FOR PUBLIC SECTOR EXPENDITURE, MR BREMRIDGE SAID.

MR BREMRIDGE ALSO PROPOSED A SPECIFIC TAX ON DEPARTING PASSENGERS AT THE AIRPORT AT \$100 FOR EACH PASSENGER, WITH A CONCESSIONARY RATE FOR CHILDREN. THE EXISTING PASSENGER SERVICE CHARGE AT \$20 FOR EACH ADULT PASSENGER WILL BE ABOLISHED.

HOWEVER, HE ADDED THAT NEW LEGISLATION WOULD BE REQUIRED AND ADMINISTRATIVE ARRANGEMENTS WITH THE AIRLINES WOULD HAVE TO BE MADE FOR THE COLLECTION OF THE TAX, WHICH IS EXPECTED TO YIELD AN ADDITIONAL REVENUE OF \$230 MILLION FOR 1983-84.

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**BANK AND BUSINESS REGISTRATION FEES INCREASED**  
**\* \* \* \* \***

THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE PROPOSED TO INCREASE BUSINESS REGISTRATION FEES, COMPANY REGISTRATION FEES, BANK LICENCES FEES AND BUOY FEES TO YIELD A TOTAL OF \$195 MILLION IN REVENUE IN 1983/84.

PRESENTING HIS BUDGET IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) HE SAID THAT THE PRESENT ANNUAL BUSINESS REGISTRATION FEE OF \$175 PAYABLE BY PERSONS CARRYING ON BUSINESS AND BY COMPANIES REGISTERED UNDER THE COMPANIES ORDINANCE WAS FIXED IN APRIL 1979.

+HAVING REGARD TO THE FACT THAT IT IS A TAX LOADED CHARGE, THERE IS CLEARLY A CASE FOR AN INCREASE SIMPLY TO TAKE ACCOUNT OF INCREASED COSTS,+ HE SAID.

MR BREMRIDGE ALSO POINTED OUT THAT MANY PEOPLE WHO CARRY ON BUSINESS HERE MAKE LITTLE OR NO OTHER CONTRIBUTION TO THE EXCHEQUER.

HE BELIEVED THAT THERE IS A GOOD CASE FOR A SUBSTANTIAL PERCENTAGE INCREASE IN BUSINESS REGISTRATION FEES. BUT BY ANY STANDARDS THE CHARGE IS MODEST, HE ADDED.

HE PROPOSED TO DOUBLE THE RATE OF THE ANNUAL BUSINESS REGISTRATION FEE FROM ITS PRESENT LEVEL OF \$175 TO \$350 PER ANNUM.

THE INCREASED FEE WILL BE EFFECTIVE FROM APRIL 1, 1983 AND IS ESTIMATED TO PRODUCE AN ADDITIONAL \$60 MILLION ANNUALLY.

/MR BREMRIDGE .....

MR BREMRIDGE ALSO PROPOSED THAT THE COMPANY REGISTRATION FEE CHARGED UNDER THE COMPANIES ORDINANCE TO BE DOUBLED FROM THE PRESENT LEVEL OF \$300 TO \$600.

THE ADDITIONAL AD VALOREM CHARGE OF \$4 FOR EVERY \$1 000 OF SHARE CAPITAL WOULD ALSO BE INCREASED, BUT ONLY TO \$6.

THE NEW FEES WILL BE EFFECTIVE FROM MIDNIGHT TONIGHT (WEDNESDAY) AND SHOULD BRING IN ADDITIONAL REVENUE OF ABOUT \$90 MILLION.

MR BREMRIDGE SAID THE LICENCE FEES FOR BANKS WERE LAST REVISED IN 1975 WHEN THEY WERE GIVEN A ROYALTY LOADING OF FOUR TIMES THE AMOUNT STRICTLY REQUIRED FOR COST RECOVERY.

HE POINTED OUT THAT THE COST OF SUPERVISION HAS DOUBLED SINCE THEN. HE PROPOSED TO INCREASE THE LICENCE FEES BY 50 PER CENT.

THIS MEANS THE ANNUAL FEE FOR A LICENCE WILL INCREASE FROM \$200 000 TO \$300 000, AND FOR EACH LOCAL BRANCH FROM \$10 000 TO \$15 000.

THE NEW BANK LICENCE FEES WILL TAKE EFFECT FROM APRIL 1, 1983, AND THE ADDITIONAL REVENUE FOR 1983-84 IS ESTIMATED AT ABOUT \$25 MILLION.

MR BREMRIDGE ADDED, +THERE ARE EQUALLY COMPELLING ARGUMENTS FOR REVISING THE FEES FOR DEPOSIT-TAKING COMPANIES, BUT FOR OBVIOUS REASONS I DO NOT PROPOSE TO DO SO AT THE PRESENT TIME, INCREASE WILL, HOWEVER, BE NECESSARY SOONER OR LATER.+

AS FOR FEES LEVIED ON SHIPS MOORING AT GOVERNMENT BUOYS, WHICH WERE LAST REVISED IN 1979 WHEN THEY WERE SET TO RECOVER COSTS AND PROVIDE TAX REVENUE, THE RATIO OF COST RECOVERY TO TAX LOADING WAS 25 : 75.

TO RESTORE THIS RATIO IN THE LIGHT OF INCREASED COSTS SINCE 1979, THE FINANCIAL SECRETARY PROPOSED TO INCREASE THE FEE FOR A CLASS A BUOY FROM \$700 TO \$1 500 A DAY, AND FOR A CLASS B BUOY FROM \$450 TO \$1 000 A DAY.

THE NEW FEES WILL TAKE EFFECT FROM APRIL 1, 1983 AND SHOULD BRING IN AN ADDITIONAL \$20 MILLION IN 1983-84.

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PROPOSALS ON SEPARATE TAXATION FOR MARRIED WOMEN

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THE FINANCIAL SECRETARY SAID TODAY THAT HE WOULD BE PROPOSING CERTAIN MEASURES LATER THIS YEAR ON TAXATION WHICH WOULD MEET THE COMPLAINTS THAT THE PRESENT LEGISLATION IS INSULTING TO WOMEN IN THAT IT RENDERS THEM SECOND CLASS CITIZENS.

+THIS NOT SURPRISINGLY CREATES DISCORD. THEY WILL THEREFORE BE ACCORDED THE LEGAL PERSONALITY WHICH THEY SEEK,+ MR BREMRIDGE SAID, IN HIS BUDGET SPEECH.

HE SAID AMENDING LEGISLATION SHOULD BE INTRODUCED, WHICH WOULD:

FIRSTLY, REPLACE THOSE PROVISIONS WHICH DEEM THE INCOME OF A WIFE TO BE THAT OF HER HUSBAND FOR THE PURPOSES SALARIES TAX AND PERSONAL ASSESSMENT, WITH NEW PROVISIONS WHICH WILL REQUIRE THE AGGREGATION OF THEIR INCOMES FOR THE PURPOSE OF CALCULATING TOTAL LIABILITY TO TAX;

SECONDLY, REMOVE THE PROVISION WHICH DEEMS A WIFE TO BE ONE AND THE SAME PERSON AS HER HUSBAND FOR THE PURPOSE OF THE PROFITS TAX (THIS WILL, IN FACT DO NO MORE THAN REGULARISE DEPARTMENTAL PRACTICE, SINCE PROFITS TAX RETURNS SUBMITTED BY WIVES WHO ARE PROPRIETORS OF BUSINESSES ARE ALREADY ACCEPTED); AND

THIRDLY CONTINUE TO REQUIRE THE HUSBAND TO RENDER RETURNS AND TO BE PRIMARILY RESPONSIBLE FOR PAYMENT OF SALARIES TAX AND PERSONAL TAX, BUT PROVIDES THAT, FOLLOWING AN ELECTION JOINTLY MADE, HUSBAND AND WIFE MAY RENDER JOINT RETURNS, EACH CERTIFYING THE ACCURACY OF THEIR RESPECTIVE STATEMENTS OF INCOME AND THE CLAIMS FOR ALLOWANCES AND EXPENSES AND EACH BEING RESPONSIBLE FOR THE PAYMENT OF HIS OR HER SHARE OF THE TOTAL TAX BILL; EACH SHARE BEING CALCULATED BY REFERENCE TO THEIR RESPECTIVE SHARES OF THE TOTAL INCOME.

MR BREMRIDGE SAID HE HAD FELT UNABLE TO RECOMMEND ANY FISCAL CHANGES LAST YEAR, BUT UNDERTOOK TO LOOK FURTHER INTO THE MATTER. HE HAD ALSO, SINCE THEN, RECEIVED A NUMBER OF REPRESENTATIONS, SOME OF THEM PERSUASIVE. NONE OF THE VARIOUS MEASURES ADOPTED IN OTHER TAX ADMINISTRATIONS HAD RECEIVED UNIVERSAL APPROVAL, THOUGH THEY ALL HAD THEIR MERITS IN THE CONTEXT OF THEIR OWN PARTICULAR ENVIRONMENT. NONE OF THEM WAS NECESSARILY RIGHT FOR HONG KONG.

MR BREMRIDGE SAID HE COULD NOT REGARD SEPARATE TAXATION AS SUITABLE FOR THIS COMMUNITY. WHETHER MANDATORY OR BY WAY OF ELECTION, IT WOULD BE EXPENSIVE. UPDATED ESTIMATES SUGGEST THAT IN THE YEAR OF IMPLEMENTATION THE COST COULD BE AS MUCH AS \$285 MILLION IN LOST SALARIES TAX AND PERSONAL TAX AND PERHAPS \$180 MILLION IN A FULL YEAR.

/MR BREMRIDGE .....

MR BREMRIDGE SAID THAT ON GROUNDS OF COST ALONE, THEREFORE, SEPARATE TAXATION WAS SIMPLY NOT POSSIBLE. THE BURDEN WOULD HAVE TO BE TRANSFERRED TO OTHERS.

+FURTHERMORE, THOUGH I AM SYMPATHETIC TO THE WOMEN'S CAUSE, MY SYMPATHY MUST NOT BE ALLOWED TO OVERSHADOW WIDER CONSIDERATIONS,+ HE SAID.

MR BREMRIDGE SAID THAT THE ADOPTION OF A SYSTEM OF COMPLETELY SEPARATE TAXATION FOR HUSBANDS AND WIVES WOULD REPRESENT A RADICAL DEPARTURE FROM THE TRADITIONAL CONCEPT OF THE FAMILY UNIT AS THE FISCAL UNIT OF CHARGE.

HONG KONG, HE SAID, REMAINS ESSENTIALLY A CHINESE COMMUNITY WHERE FILIAL PIETY AND FAMILY UNITY ARE AN INTEGRAL PART OF EXISTENCE.

+IT WOULD BE UNFORTUNATE INDEED, IF, IN OUR ENDEAVOURS TO REMOVE AN ALLEGED AFFRONT TO ONE ARGUABLY SMALL SECTOR OF OUR SOCIETY, WE SUCCEEDED IN GIVING GREATER OFFENCE TO THE COMMUNITY AT LARGE,+ HE SAID.

NEVERTHELESS, HE SAID, HE FELT FAIR CRITICISMS COULD AND SHOULD BE MET. THIS COULD BE ACHIEVED BY, ON THE ONE HAND, REMOVING THE OFFENSIVE DEEMING PROVISIONS IN THE ORDINANCE, AND ON THE OTHER BY GOING SOME WAY DOWN THE ALTERNATIVE ROUTE OF SEPARATE ELECTED ASSESSMENT.

ACCORDINGLY, HE SAID, HE PROPOSED THAT LATER THIS YEAR AMENDING LEGISLATION SHOULD BE INTRODUCED.

MR BREMRIDGE SAID, HOWEVER, THAT IT WOULD BE APPARENT THAT THE PROPOSALS WOULD NOT GIVE RISE TO ANY TAX SAVINGS IN INDIVIDUAL CASES, AND WOULD THUS HAPPILY INVOLVE NO LOSS TO REVENUE.

+NEVERTHELESS, I BELIEVE THAT THE CHANGES PROPOSED ARE NOT MERELY COSMETIC,+ HE SAID.

BECAUSE OF THE TIME IT WOULD NECESSARILY TAKE TO PREPARE THE AMENDING LEGISLATION, AND OTHER WORK INVOLVED, HE PROPOSED THAT THE AMENDING LEGISLATION SHOULD TAKE EFFECT FROM APRIL 1, 1984.

+IF THAT SEEMS SOME WAY OFF TO THOSE WHO HAVE BEEN PRESSING FOR CHANGE, I WOULD ASK THEM TO EXERCISE FURTHER PATIENCE IN THE KNOWLEDGE THAT I HAVE TODAY CONCEDED THE PRINCIPLE. AND I MUST SOUND ONE CAVEAT,+ MR BREMRIDGE SAID.

HE SAID THAT AS HE WAS TOLD THAT AN ELECTION FOR JOINT RETURNS AND SEPARATE PAYMENT MIGHT NOT FIND FAVOUR WITH CHINESE FAMILIES, HE THEREFORE, INTENDED TO OBSERVE THE COURSE OF THE SUBSEQUENT DEBATE, AND WOULD INTRODUCE AMENDING LEGISLATION WITH REGARD TO ELECTION ONLY IF THERE WAS A CLEAR CONSENSUS IN FAVOUR WITH NO MAJOR OBJECTIONS, MR BREMRIDGE SAID.

TWO TAX CONCESSIONS PROPOSED

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THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, PROPOSED TWO TAX CONCESSIONS - ONE ON BUSINESS TAXATION AND THE OTHER ON PERSONAL TAXATION.

THE FIRST CONCESSION MAKES ONCE AND FOR ALL PAYMENTS FOR THE ACQUISITION OF PATENT RIGHTS FOR USE IN THE PRODUCTION OF PROFITS CHARGEABLE TO PROFITS TAX DEDUCTIBLE EXPENDITURES.

MR BREMRIDGE SAID THIS TREATMENT WAS NOT INCONSISTENT WITH THAT ALREADY ACCORDED TO EXPENDITURE ON SCIENTIFIC RESEARCH, WITH WHICH THE ACQUISITION OF PATENTS MIGHT BE SAID TO BE SIMILAR.

HE ADDED THAT A DEDUCTION WOULD THEREFORE BE GRANTED IN THE YEAR IN WHICH THE EXPENDITURE ON ACQUISITION WAS INCURRED. IT WOULD APPLY TO BOTH FINAL PROFITS TAX ASSESSMENTS FOR 1982-83 AND PROVISIONAL PROFITS TAX ASSESSMENTS FOR 1983-84.

THE COST TO THE REVENUE OF THIS PROPOSAL WILL BE ABOUT \$8 MILLION IN 1983-84 AND \$5 MILLION IN A FULL YEAR.

THE SECOND CONCESSION IS BY WAY OF INTRODUCING A NEW ADDITIONAL DEPENDENT PARENT ALLOWANCE OF \$2 000 IN RESPECT OF EACH DEPENDENT PARENT ACTUALLY LIVING WITH THE TAXPAYER THROUGHOUT THE YEAR. THIS WILL RAISE THE DEPENDENT PARENT ALLOWANCE TO \$10 000 FOR EACH QUALIFIED DEPENDENT PARENT.

THE NEW ALLOWANCE WILL APPLY TO BOTH FINAL SALARIES TAX ASSESSMENTS FOR 1982-83 AND PROVISIONAL SALARIES TAX FOR 1983-84. THE COST TO THE REVENUE IN 1983-84 WILL BE \$16 MILLION AND \$9.5 MILLION IN A FULL YEAR AT PRESENT LEVELS OF CHARGEABLE INCOME.

MR BREMRIDGE ESTIMATED THAT SOME 20 000 TAXPAYERS OR ABOUT 70 PER CENT OF THOSE CURRENTLY CLAIMING DEPENDENT PARENT ALLOWANCES WOULD BENEFIT FROM THE NEW ADDITIONAL ALLOWANCE.

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SIGNIFICANT GROWTH FOR CD MARKET

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THERE WILL BE A LIMITED SPECIFICATION OF LOCAL CERTIFICATES OF DEPOSIT AS LIQUID ASSETS, STARTING FROM APRIL 1 THIS YEAR, THE FINANCIAL SECRETARY, THE HON JOHN BREMRIDGE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

THIS MOVE RECOGNISES THE GROWING MATURITY OF THE CD MARKET WITHOUT THREATENING ANY SIGNIFICANT DIMINUTION IN THE OVERALL QUALITY OF THE LIQUIDITY HELD BY BANKS AND DEPOSIT-TAKING COMPANIES, MR BREMRIDGE SAID IN HIS BUDGET SPEECH.

/+I INTEND .....

+I INTEND TO SPECIFY AS LIQUID ASSETS NEGOTIABLE CERTIFICATES OF DEPOSIT ISSUED IN HONG KONG BY LICENSED BANKS AND LICENSED (BUT NOT REGISTERED) DTC'S, DENOMINATED IN HONG KONG DOLLARS OR IN A FOREIGN CURRENCY WHICH IS FREELY CONVERTIBLE INTO HONG KONG DOLLARS, BEING WITHIN THREE YEARS OF FINAL MATURITY, AND BEING MARKETABLE IN A MANNER SATISFACTORY TO THE COMMISSIONER OF BANKING AND THE COMMISSIONER OF DEPOSIT-TAKING COMPANIES.

+I ALSO PROPOSE TO PROVIDE THAT NO INDIVIDUAL BANK OR DTC MAY COUNT SUCH ASSETS WITHIN ITS STATUTORY LIQUIDITY REQUIREMENT TO AN EXTENT GREATER THAN TWO PER CENT OF ITS DEPOSIT LIABILITIES AS DEFINED FOR THE CALCULATION OF THE STATUTORY RATIO,+ MR BREMRIDGE SAID.

HE ADDED THAT THE PRECISE SPECIFICATION WOULD SHORTLY BE GAZETTED.

THE VALUE OF LOCAL CD'S IN ISSUE HAS BEEN GROWING SIGNIFICANTLY SINCE THE ADVISORY COMMITTEE ON DIVERSIFICATION REPORTED IN 1979, HE POINTED OUT.

THE SECONDARY MARKET HAS ALSO BEEN INCREASINGLY ACTIVE, BUT IT STILL LACKS THE MATURITY OF ITS EQUIVALENT IN MAJOR CD CENTRES, HE SAID.

HE ADDED THAT THE GOVERNMENT BELIEVES CD'S ARE A USEFUL FORM OF TERM FUNDING FOR THE ISSUERS AND THAT THE DEVELOPMENT OF THIS MARKET IS GENERALLY BENEFICIAL TO HONG KONG'S FINANCIAL SECTOR.

MR BREMRIDGE SAID THAT THE PARAMOUNT CONSIDERATION WHEN DECIDING WHETHER TO EXTEND THE LIST OF SPECIFIED LIQUID ASSETS MUST BE THE PRUDENTIAL ONE.

+THE EVENTS OF RECENT MONTHS HAVE UNDERLINED THE IMPORTANCE OF LIQUIDITY WITHIN THE FINANCIAL SECTOR. THEY HAVE ALSO HIGHLIGHTED THE NEED, IF CREDIBILITY AND CONFIDENCE IN OUR REGULATION OF THIS SECTOR IS TO BE SUSTAINED, TO ENSURE THAT LIQUIDITY STATUS BE CONFERRED ONLY ON ASSETS OF THE HIGHEST LIQUIDITY QUALITY,+ MR BREMRIDGE STATED.

IT WAS AFTER HAVING CONSIDERED THE MATTER CAREFULLY THAT HE HAD DECIDED TO MAKE A +VERY LIMITED+ SPECIFICATION OF LOCAL CD'S AS LIQUID ASSETS, HE SAID.

+I ACKNOWLEDGE THAT THIS DECISION WILL ALLOW NET LIQUIDITY TO BE CREATED WITHIN THE MONETARY SECTOR, WHICH IS NOT POSSIBLE AT PRESENT,+ HE SAID.

+BY STATING THAT THE COMMISSIONER HAS TO BE SATISFIED AS TO THE MARKETABILITY OF THE PAPER, I INTEND TO ENSURE THAT NO CD'S DELIBERATELY ISSUED FOR THE PURPOSE OF CREATING STATUTORY LIQUIDITY ARE SUCCESSFUL IN SO DOING,+ HE ADDED.

THE COMMISSIONER WILL USUALLY BE SATISFIED IF AN ISSUE HAS, IN THE GENERALLY ACCEPTED MANNER, BEEN MARKETED BY A THIRD PARTY, HE POINTED OUT.

IN OTHER CIRCUMSTANCES, MR BREMRIDGE STATED, THE COMMISSIONER WILL REQUIRE CONVINCING AS TO THE MOTIVE FOR THE ISSUE.

TELEVISION TALK ON BUDGET

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THE FINANCIAL SECRETARY, THE HON JOHN BREMIDGE, SPOKE ON THE 1983/84 BUDGET IN A TELEVISION BROADCAST THIS (WEDNESDAY) EVENING.

THE FOLLOWING IS THE FULL TEXT OF HIS TALK:

GOOD EVENING

+I WOULD LIKE TO TALK TO YOU ABOUT THE BUDGET FOR 1983-84, WHICH I INTRODUCED INTO THE LEGISLATIVE COUNCIL THIS AFTERNOON.

+HONG KONG'S PROSPERITY DEPENDS ON OUR EXPORT TRADE. LAST YEAR WITH THE WORLD IN PROLONGED RECESSION OUR EXPORTS DID NOT DO WELL BECAUSE CONSUMERS IN OUR MAIN MARKETS EITHER COULD NOT AFFORD TO BUY MORE OR WERE RESTRAINED BY PROTECTIONISM. WE ALSO EXPERIENCED THE TERMINAL PHASES OF A PROPERTY BOOM AND BUST, RESULTING LARGELY FROM SHORT-SIGHTED SPECULATION. IN ADDITION WE WERE AFFLICTED BY POLITICAL UNCERTAINTY, WHICH PERMEATED THE FINANCIAL SECTORS.

+THUS OUR ECONOMY FARED LESS WELL THAN PREDICTED AND GDP GREW BY ONLY 2.4 PER CENT, THOUGH THIS IS MORE THAN MOST OTHER PLACES IN THE WORLD. IN PARTICULAR THE RATE OF INFLATION FELL TO 10.6 PER CENT AND WE HAD NO MAJOR UNEMPLOYMENT. I AM, HOWEVER, WELL AWARE OF THE PROBLEMS OF THE UNEMPLOYED AND UNDEREMPLOYED, AND I HOPE THAT A REVIVING ECONOMY WILL IMPROVE THEIR LOT. AT PRESENT I KNOW THEY ARE SUFFERING.

+HAVING EXPERIENCED BUDGETARY SURPLUSES FOR MANY YEARS THERE WAS A LARGE DEFICIT OF \$3.8 BILLION IN 1982-83. MY FIRST FORECAST FOR 1983-84, AFTER RESTRICTING THE GROWTH OF GOVERNMENT SPENDING, WAS AN INTOLERABLE \$6.2 BILLION. THE NEW SITUATION RESULTS FROM A SHARP FALL IN THE CAPITAL REVENUE EXPECTED FROM LAND SALES.

+WE HAVE FISCAL RESERVES (OR SAVINGS) OF ABOUT \$18 BILLION BECAUSE A FAIR PORTION OF THE ESCALATION IN LAND PRICES OVER RECENT YEARS HAS BEEN TRANSFERRED TO THE PUBLIC PURSE TO BE USED IN DIFFICULT TIMES. THOSE TIMES ARE NOW WITH US, AND I BELIEVE IT WILL BE INTELLIGENT TO USE PART OF OUR RESERVES FOR TWO YEARS ANYWAY, MEANING 1982-83 AND 1983-84. TO MEET DEFICITS WE HAVE \$11 BILLION ACTUALLY AVAILABLE, AFTER ALLOWING FOR CONTINGENCIES SUCH AS GOVERNMENT GUARANTEES.

+I THEREFORE INTEND TO MEET THE ESTIMATED DEFICIT OF \$6.2 BILLION NEXT FINANCIAL YEAR BY TAKING HALF OUT OF THE RESERVES AND BY COVERING THE OTHER HALF WITH INCREASED TAXATION. THIS SEEMS A SENSIBLE MIDDLE COURSE.

/+IT IS .....

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+IT IS ESSENTIAL TO ENCOURAGE INVESTMENT AND RE-INVESTMENT IN OUR BUSINESSES. I DO NOT THEREFORE INTEND TO INCREASE PROFITS TAX. I ALSO REGARD LOW PERSONAL TAXATION AS AN IMPORTANT FACTOR IN HONG KONG'S ECONOMY AND I AM PARTICULARLY UNWILLING TO ADD TO THE TAX NET THOSE MANY WORKERS IN HONG KONG WHO PAY NO TAX AT PRESENT, UNLESS THERE IS NO ACCEPTABLE ALTERNATIVE. CONSEQUENTLY I DO NOT PROPOSE TO CHANGE SALARIES TAX EITHER.

+I INTEND TO RAISE THE NECESSARY \$3 BILLION LARGELY BY INDIRECT TAXATION, WHICH WILL OFTEN ALLOW A CHOICE BETWEEN SPENDING AND NOT SPENDING. IF THE INCREASED COST FOR EXAMPLE OF SMOKING, DRINKING, OR OWNING A MOTOR CAR SEEMS TOO GREAT, THEN IT NEED NOT BE UNDERTAKEN. NOR CAN BETTING BE REGARDED AS ESSENTIAL EXPENDITURE. IT ALSO SEEMS FAIR THAT THOSE WITH DISPOSABLE INCOME AVAILABLE FOR SUCH PURSUITS SHOULD BE ASKED TO FACE HIGHER TAXATION WHEN THERE IS A CLEAR NEED - AS NOW.

+I THUS HAVE MADE SEVERAL PROPOSALS FOR INCREASED TAXATION WHICH WILL INVOLVE BURDENS TO MANY. THEY MUST, HOWEVER, BE CARRIED IN THE INTERESTS OF EVERYONE IN HONG KONG FOR THERE ARE NO EASY OPTIONS. AND TAXATION HERE WILL REMAIN LOW OVERALL.

+I HAVE ALSO FOUND IT POSSIBLE TO PROPOSE TWO DECREASES AND ONE REFORM. I PROPOSE FIRSTLY TO ALLOW AS A PROFIT TAX DEDUCTION THE COST OF PURCHASE OF PATENTS, WHICH WILL HELP INDUSTRIALISTS= AND SECONDLY TO INCREASE THE DEPENDENT PARENT ALLOWANCE BY \$2 000 FOR THOSE WHO ACCOMMODATE THEIR PARENTS IN THEIR OWN HOMES. THE REFORM MEASURE COVERS THE MUCH PUBLICISED PROBLEM OF SEPARATE TAXATION FOR WOMEN.

+WITH THESE CHANGES I BELIEVE THAT THE DEFICIT FOR 1983-84 WILL BE A MORE MANAGEABLE \$3.2 BILLION. CLEARLY EVEN THIS WILL REQUIRE SOME BELT TIGHTENING, BUT YOUR GOVERNMENT WILL CONTINUE CALMLY AND STEADILY WITH AGREED PROGRAMMES. TOWARDS THE END OF THIS YEAR I SHALL BE CONSIDERING WITH MY ADVISERS WHETHER WE NEED TO RESORT TO BORROWING. AT PRESENT THE HONG KONG GOVERNMENT IS FORTUNATE IN HAVING ALMOST NO DEBT, AND ALL OF US WOULD PREFER THIS SITUATION TO CONTINUE AS LONG AS POSSIBLE.

+I NOW TURN TO WHERE OUR ECONOMY SEEMS LIKELY TO GO IN 1983. WE ARE MUCH DEPENDENT ON THE STATE OF THE U.S. ECONOMY WHOSE EXPECTED UPTURN HAS BEEN LONG DELAYED. IF THE U.S. ECONOMY GROWS BY A CONSERVATIVE 2.5 PER CENT WE CAN EXPECT A REAL GROWTH IN HONG KONG OF FOUR PER CENT. OF COURSE IF THE AMERICAN RECOVERY IS SHARPER, WE SHALL DO BETTER ALSO. I WAS TOO OPTIMISTIC LAST YEAR AND I DO NOT INTEND TO BE SO AGAIN. BUT IF THESE BROAD FIGURES ARE ACHIEVED REAL WAGES SHOULD RISE; THE RATE OF INFLATION FALL TO ABOUT NINE PER CENT; AND JOB OPPORTUNITIES IMPROVE.+

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NEW STAR FERRY FARE STRUCTURE  
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STAR FERRY PASSENGERS TRAVELLING BETWEEN TSIM SHA TSUI AND CENTRAL WILL STILL BE ABLE TO CHOOSE BETWEEN 1ST CLASS AND 2ND CLASS WHEN SOME OF THE COMPANY'S FARES GO UP BY 10 CENTS ON MARCH 1.

A NEW FARE STRUCTURE WAS APPROVED BY THE GOVERNOR-IN-COUNCIL AFTER SEVERAL UNSUCCESSFUL ATTEMPTS BY THE STAR FERRY COMPANY OVER THE PAST YEAR TO RAISE ITS FARES.

SOME CONSIDERATION WAS GIVEN TO A PROPOSAL FOR THE ABOLITION OF THE TWO-TIER FARE STRUCTURE ON THE SERVICE BETWEEN KOWLOON POINT AND EDINBURGH PLACE, BUT THIS WAS NOT ACCEPTED ON THE BASIS OF THE DIFFERENCE IN THE STANDARD OF EACH DECK.

THE GOVERNMENT ACCEPTS, HOWEVER, THAT THE COMPANY WILL EXPERIENCE A DEFICIT IN 1983 IF FARES ARE NOT INCREASED NOW. THIS IS DUE TO HIGHER OPERATING COSTS AND A REDUCTION IN PATRONAGE, ESPECIALLY IN THE CASE OF THE COMPANY'S MAIN CROSS-HARBOUR SERVICE WHERE PASSENGER LEVELS HAVE BEEN DECLINING SINCE 1980.

EXISTING STAR FERRY FARES HAVE REMAINED UNCHANGED SINCE JULY 1, 1981.

THE NEW ADULT FARE FOR THE ONE-CLASS HUNG HOM SERVICE AND FOR 1ST CLASS OF THE KOWLOON POINT SERVICE WILL BE 70 CENTS. ADULTS TRAVELLING 2ND CLASS ON THE KOWLOON POINT SERVICE WILL PAY 50 CENTS.

CHILD AND STUDENT FARES FOR BOTH SERVICES WILL NOT BE INCREASED.

CHILD MONTHLY TICKETS WILL BE ABOLISHED BECAUSE OF THE VERY LOW DEMAND FOR THEM. ONLY ABOUT 10 TICKETS ARE SOLD EACH MONTH AND THE COST OF PROVIDING THE SERVICE HAS GROWN OUT OF PROPORTION TO THE REVENUE COLLECTED.

A GOVERNMENT SPOKESMAN SAID THE NEW STAR FERRY FARES STILL COMPARED VERY FAVOURABLY WITH ALL OTHER MODES OF CROSS-HARBOUR TRANSPORT.

CONSULTATIVE PROCESS NEEDS MORE WOMEN

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GREATER PARTICIPATION BY WOMEN IN HONG KONG'S CONSULTATIVE PROCESS WAS TODAY URGED BY THE DISTRICT OFFICER OF CENTRAL AND WESTERN AND WAN CHAI, MR TONY COOPER.

SPEAKING AT A LUNCHEON MEETING OF THE ZONTA CLUB OF HONG KONG, HE NOTED THAT HONG KONG, LIKE ALL MODERN SOCIETIES, APPRECIATED THAT WOMEN HAD AN IMPORTANT SOCIAL AND POLITICAL ROLE BEYOND THEIR TRADITIONAL FUNCTION IN SOCIETY.

BESIDES SUCH FORUMS AS THE URBAN COUNCIL AND DISTRICT BOARDS, MR COOPER SAID HIS TWO DISTRICTS HAD A BROAD SPECTRUM OF CONSULTATIVE COMMITTEES AND ASSOCIATIONS FOR WOMEN TO FULFILL THIS ROLE, AND THE GOVERNMENT WISHED TO ENCOURAGE THIS.

+THEY PROVIDE WOMEN A WIDE VARIETY OF PLATFORMS ON WHICH TO PURSUE THEIR INTEREST IN SOCIAL AND POLITICAL AFFAIRS, AND THERE ARE CERTAINLY MANY OPPORTUNITIES FOR PARTICIPATION,+ HE SAID.

AND THE FORTHCOMING URBAN COUNCIL ELECTIONS ON MARCH 8 WHICH IS ALSO THE INTERNATIONAL WOMEN'S DAY WOULD GIVE LOCAL WOMEN AN OPPORTUNITY TO DEMONSTRATE THAT THEY WERE PLAYING A MORE PROMINENT ROLE IN SOCIETY, HE ADDED.

MR COOPER CONTINUED THAT THE ADMINISTRATION OF THE TWO DISTRICTS WAS VERY INTERESTING AND VERY DEMANDING.

+THIS IS WHERE THE URBAN COUNCIL, DISTRICT BOARDS AND DISTRICT CONSULTATIVE COMMITTEES BECOME IMPORTANT,+ HE SAID.

+THEIR VITAL ROLE IS TO HELP GOVERNMENT MONITOR THIS CHANGE, ENSURE THAT RESIDENTS ARE AWARE OF WHAT IS GOING ON, THAT THEIR PROBLEMS ARISING FROM THESE CHANGES ARE LISTENED TO AND SWIFTLY ACTED ON, AND THAT THE VIEWS OF DISTRICT RESIDENTS ARE TAKEN INTO ACCOUNT IN THE OVERALL PLANNING AND DEVELOPMENT OF THE DISTRICT.

+AN ADDITIONAL, AND VERY IMPORTANT OBJECTIVE, IS TO CREATE A SENSE OF DISTRICT IDENTITY. IT SEEMS TO ME ONLY RIGHT THAT WOMEN SHOULD HAVE A SAY IN ALL THIS AND THE CONSULTATIVE COMMITTEES WHERE THESE OBJECTIVES ARE TACKLED ARE, I FEEL, A GOOD FORUM.+

IN CENTRAL AND WESTERN AND WAN CHAI, THERE ARE 13 AREA COMMITTEES, OVER 400 MUTUAL AID COMMITTEES AND OWNERS' CORPORATIONS, A YIN NGAI SOCIETY AND A NUMBER OF CULTURAL AND RECREATIONAL ASSOCIATIONS, WOMEN COMMITTEES AND ASSOCIATIONS.

/MR COOPER .....

MR COOPER SAID HE HAD JUST STARTED A REVIEW OF THIS NETWORK OF CONSULTATIVE COMMITTEES.

+TWO THINGS HAVE ALREADY BECOME CLEAR - THERE IS CONSIDERABLE SCOPE FOR BRINGING THESE COMMITTEES CLOSER TO THE DISTRICT BOARDS; AND THE REPRESENTATION OF WOMEN SHOULD BE INCREASED.+

HE EMPHASISED THAT THERE WAS SCOPE FOR MORE WOMEN TO BE REPRESENTED ON NOT ONLY THOSE COMMITTEES, BUT ALSO OTHER DISTRICT BASED COMMITTEES CONCERNED WITH SPORTS AND CULTURE SOMETHING WHICH HE WOULD BE ACTIVELY ENCOURAGING.

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GOVERNOR ATTENDS TSUEN WAN ARTS FESTIVAL CONCERT

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THE GOVERNOR, SIR EDWARD YOUDE, AND LADY YOUDE, ATTENDED A CONCERT BY THE SCOTTISH CHAMBER ORCHESTRA AT THE TSUEN WAN TOWN HALL TONIGHT (WEDNESDAY), AND MET MEMBERS OF THE LOCAL DISTRICT BOARD AND ITS COMMITTEES AT A COCKTAIL PARTY DURING INTERMISSION.

THE CONCERT IS ONE OF 70 EVENTS IN THE MONTH-LONG FIFTH TSUEN WAN ARTS FESTIVAL NOW BEING HELD. IN ADDITION, MORE THAN 40 LOCAL AND OVERSEAS PERFORMING GROUPS TOOK PART IN THE FESTIVAL WHICH BEGAN ON FEBRUARY 4.

EARLIER, THE GOVERNOR AND LADY YOUDE DINED WITH THE MEMBERS AND WERE BRIEFED ON THE DISTRICT'S DEVELOPMENT PLANS.

ALSO PRESENT WERE THE REGIONAL SECRETARY FOR THE NEW TERRITORIES, MR IAN MACPHERSON, THE ACTING TSUEN WAN DISTRICT COMMISSIONER, MISS ELAINE CHUNG, AND THE DIRECTOR OF CULTURAL SERVICES, MR DARWIN CHEN.

TUEN MUN TO HOLD SIXTH DB MEETING

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A REPORT BY A WORKING GROUP TO PROMOTE TOURISM IN TUEN MUN WILL BE DISCUSSED AT THE DISTRICT BOARD MEETING ON FRIDAY (FEBRUARY 25).

THE TUEN MUN NEW TOWN DEVELOPMENT PROGRAMME 1982 EDITION, PREPARED BY THE NEW TERRITORIES DEVELOPMENT DEPARTMENT, WILL ALSO BE TABLED FOR DISCUSSION.

OTHER ITEMS ON THE AGENDA WILL INCLUDE REPORTS ON THE PROVISION OF TEMPORARY CAR PARKS IN THE DISTRICT, AND THE DEVELOPMENT OF TWO SITES TOTALLING 23 HECTARES.

IN THE AFTERNOON, AT THE EASTERN DISTRICT BOARD MEETING 10 SEATS HAVE BEEN RESERVED FOR THE PUBLIC.

SEATS WILL BE ALLOCATED ON A FIRST-COME-FIRST-SERVED BASIS, AND PEOPLE WISHING TO ATTEND SHOULD TELEPHONE MRS LANA MOK OF THE EASTERN DISTRICT OFFICE AT 5-630181 EXTENSION 30.

AT THE MEETING, MEMBERS WILL DISCUSS THE USE OF A SITE AT WHARF ROAD, LICENSING GUIDELINES FOR AMUSEMENT GAMES CENTRES, +MEET THE PUBLIC+ SESSIONS, AND THE FREQUENCY OF DB MEETINGS.

INFORMATION PAPERS ON URBAN COUNCIL FACILITIES AND SERVICES IN THE DISTRICT, THE PROVISION OF STUDY ROOMS, THE PROPOSED EASTERN DISTRICT HOSPITAL AND A REVIEW ON PEDESTRIAN PROBLEM SPOTS WILL ALSO BE TABLED.

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NOTE TO EDITORS:  
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MEDIA REPRESENTATIVES ARE INVITED TO ATTEND THE TWO MEETINGS:

- (I) THE TUEN MUN DISTRICT BOARD MEETING AT 9.30 AM ON FRIDAY (FEBRUARY 25) ON THE 9TH FLOOR OF FOO YICK COMMERCIAL BUILDING, SAN ON CIRCUIT. A GOVERNMENT VEHICLE WILL LEAVE KOWLOON PUBLIC PIER AT 8.15 AM TAKING PRESS MEMBERS TO AND BACK FROM TUEN MUN; AND
- (II) THE EASTERN DISTRICT BOARD MEETING AT 2.30 PM ON FRIDAY (FEBRUARY 25) IN THE SCHOOL HALL OF NORTH POINT WELSEY COLLEGE, 19 FORTRESS HILL ROAD IN NORTH POINT.