



DAILY INFORMATION BULLETIN

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WEDNESDAY, MARCH 3, 1993

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STATEMENT TO LEGCO ON FRIDAY

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THE GOVERNMENT HAS MADE CONTACT WITH THE PRESIDENT OF THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON WITH THE CONTINGENT POSSIBILITY OF THE GOVERNOR MAKING A STATEMENT ON POLITICAL DEVELOPMENT TO THE COUNCIL ON FRIDAY.

SPEAKING TO REPORTERS AFTER VISITING YAU TSIM DISTRICT, THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN SAID: "I SAID THAT I INTENDED MAKING THINGS A LITTLE CLEARER THIS WEEK TO THE COMMUNITY AND I INTEND TO STICK TO THAT OBJECTIVE."

ASKED IF HIS REMARKS YESTERDAY MEANT HE HAD GIVEN UP HIS POLITICAL PROPOSALS, THE GOVERNOR SAID: "WHAT I SAID YESTERDAY WAS VERY SIMILAR TO WHAT I'VE SAID ON A NUMBER OF OTHER OCCASIONS, FOR EXAMPLE, WHEN I CAME BACK FROM MY VISIT TO PEKING ON 24 OCTOBER.

"SO WHAT I SAID YESTERDAY DOESN'T REPRESENT ANY CHANGE. IT REPRESENTS A REPETITION OF WHAT HAS BEEN HONG KONG'S POSITION EVER SINCE 7 OCTOBER LAST YEAR."

COMMENTING ON THE BUDGET RELEASED BY THE FINANCIAL SECRETARY TODAY, THE GOVERNOR DESCRIBED IT AS A TRIBUTE TO THE HARD WORK AND SUCCESS OF THE PEOPLE OF HONG KONG AND ALSO A MARK OF THE PRUDENT AND SENSIBLE MANAGEMENT OF HONG KONG'S ECONOMY AND FINANCIAL AFFAIRS IN THE LAST FEW YEARS.

"IT'S A BUDGET WHICH MANAGES TO CUT TAXES FOR NINE OUT OF 10 OF HONG KONG'S TAXPAYERS," HE SAID.

"IT PROVIDES MORE ASSISTANCE FOR THE DISADVANTAGED AND IT PUTS MORE INVESTMENTS INTO SOME OF THE MOST IMPORTANT PROJECTS WHICH WILL HELP TO SECURE OUR ECONOMY AND OUR PROSPERITY AND STABILITY IN THE FUTURE.

"IT MAKES PROVISION FOR A LARGER SURPLUS BY 1997. SO, IT IS A REMARKABLE BUDGET AND, I AM SURE, WILL BE RECOGNISED AS SUCH BY THE COMMUNITY.

"IT, OF COURSE, REFLECTS DISCUSSIONS WHICH THE FINANCIAL SECRETARY HAS BEEN HAVING WITH MEMBERS OF THE LEGISLATIVE COUNCIL, WITH BUSINESSMEN, AND WITH OTHERS OVER THE LAST FEW MONTHS.

"I AM PARTICULARLY PLEASED THAT THE FINANCIAL SECRETARY HAS BEEN ABLE TO MAKE IT CLEAR THAT THE PROMISES THAT I MADE IN MY LEGISLATIVE COUNCIL SPEECH LAST OCTOBER, ARE ALL BEING CARRIED OUT AND WE ARE ABLE TO GO RATHER FURTHER IN A NUMBER OF WELFARE AREAS THAN WE INTENDED.

"I AM ALSO DELIGHTED AT THE ADDITIONAL HELP WHICH HAS BEEN ANNOUNCED FOR ONE OF THE NEEDIEST GROUPS AND THE COMMUNITY GROUP WHICH REALLY DESERVE GREATER SUPPORT, AND THAT IS THE HEMOPHILIACS."

/ASKED ABOUT

ASKED ABOUT A DEFICIT BUDGET PROPOSED BY THE FINANCIAL SECRETARY IN THE FOLLOWING YEARS, THE GOVERNOR SAID: "WE ARE FORECASTING A VERY SMALL DEFICIT NEXT YEAR, THOUGH IN PRACTICE THAT MAY NOT MATERIALISE BECAUSE IT IS QUITE DIFFICULT SOMETIME AS WE DISCOVERED THIS YEAR TO SPEND OUR CAPITAL PROGRAMME AS RAPIDLY AS WE WOULD LIKE.

"WHAT WE ARE DOING IS INVESTING AS PARTS OF THE PROCEEDS OF OUR GROWTH IN THE FUTURE INFRASTRUCTURE OF HONG KONG.

"THAT IS VERY IMPORTANT TOO. WE ARE DOING THAT WHILE RETAINING SUBSTANTIAL SURPLUSES IN CASE THERE IS A RAINY DAY.

"IN ORDER TO HAVE A VERY BIG RESERVE FOR THE FUTURE, WE ARE PREDICTING AS YOU WILL HAVE SEEN BIGGER RESERVES FOR 1997 THIS YEAR THAN WE PREDICTED LAST YEAR. AND, WE ARE ALSO, OF COURSE, LOOKING TO THE SUBSTANTIAL FUNDS WHICH ARE IN THE EXCHANGE FUND AND THERE IS A LOT OF MONEY AS WELL IN THE LAND FUND."

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GOVERNOR TO CURTAIL JAPAN VISIT

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A GOVERNMENT SPOKESMAN SAID TODAY (WEDNESDAY) THAT THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, HAD DECIDED TO CURTAIL HIS FORTHCOMING VISIT TO JAPAN WHICH HAD BEEN PLANNED FOR MARCH 4 TO 8.

MR PATTEN WILL NOW TRAVEL TO JAPAN ON FRIDAY (MARCH 5) OR SATURDAY (MARCH 6) AND RETURN ON SUNDAY (MARCH 7) AFTER ADDRESSING THE JAPAN-UNITED KINGDOM 2000 GROUP CONFERENCE AT AWASHIMA.

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GOVERNOR VISITS YAU TSIM DISTRICT

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THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, VISITED YAU TSIM DISTRICT TODAY (WEDNESDAY).

FROM THE ROOFTOP OF A TOWERING BLOCK AT PROSPEROUS GARDEN IN YAU MA TEI, MR PATTEN HAD A PANORAMIC VIEW OF THE WEST KOWLOON RECLAMATION PROJECT WHILE HE WAS BEING BRIEFED ON ITS PROGRESS.

THE MAMMOTH RECLAMATION WILL CREATE MORE THAN 340 HECTARES OF LAND FOR MAJOR TRANSPORT INFRASTRUCTURE PROJECTS AND ASSORTED DEVELOPMENTS.

WHILE AT PROSPEROUS GARDEN - A HOUSING SOCIETY RESIDENTIAL ESTATE - MR PATTEN WAS ALSO GIVEN AN UPDATE ON THE SOCIETY'S PLAN ON THE REDEVELOPMENT OF THE "SIX STREETS" IN YAU MA TEI. THIS WAS FOLLOWED BY A VISIT TO AN ELDERLY DAY ACTIVITY CENTRE IN THE ESTATE.

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EARLIER, HE ALSO TOURED THE JADE HAWKERS BAZAAR IN KANSU STREET.

BEFORE CONCLUDING HIS VISIT, MR PATTEN MET DISTRICT BOARD MEMBERS AND LOCAL PERSONALITIES AT A TEA RECEPTION.

MR PATTEN WAS ACCOMPANIED ON THE VISIT BY THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON, MR PAUL WONG; YAU TSIM DISTRICT OFFICER, MR BARTON IRELAND; AND THE DISTRICT BOARD CHAIRMAN, MR YIP WAH.

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NEWLY ANNOUNCED SENIOR POSTINGS NECESSARY: CS

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THE CHIEF SECRETARY, SIR DAVID FORD, SAID THIS (WEDNESDAY) MORNING THAT THE SENIOR POSTINGS ANNOUNCED YESTERDAY WERE NECESSARY AND WERE CONSEQUENCE ON MR JOHN CHAN'S RETIREMENT AND MR BARRIE WIGGHAM'S POSTING TO THE UNITED STATES.

SPEAKING TO REPORTERS AT THE CENTRAL GOVERNMENT OFFICES, SIR DAVID SAID MR CHAN'S DEPARTURE WAS NOT SUDDEN.

"WE'VE KNOWN ABOUT IT FOR SOME TIME. HE LET US KNOW HE INTENDED TO RETIRE WHEN HE REACHED RETIREMENT AGE AT THE AGE OF 50," HE SAID.

"HE WANTED TO DO SO FOR PERSONAL REASONS. WE'VE CERTAINLY NOT IN ANY WAY LOST CONFIDENCE IN HIM.

"WE WERE VERY SORRY TO SEE HIM GO. BUT I THINK IT'S NOT UP TO THE GOVERNMENT TO EXPLAIN HIS PERSONAL REASONS. THAT'S A MATTER FOR THE OFFICER CONCERNED."

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ENGINEERS URGED TO NARROW TECHNOLOGY GAP

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THE DIRECTOR OF ELECTRICAL AND MECHANICAL SERVICES, MR KWOK PING-KI, THIS (WEDNESDAY) MORNING ENCOURAGED ENGINEERS TO ACTIVELY STUDY THE APPLICATION OF CONTROL, AUTOMATION AND INSTRUMENTATION ENGINEERING FOR HONG KONG'S MANUFACTURING INDUSTRY.

MR KWOK WAS SPEAKING AT THE OPENING CEREMONY FOR THE CONTROL AUTOMATION AND INSTRUMENTATION SYMPOSIUM '93 ORGANISED BY THE HONG KONG INSTITUTION OF ENGINEERS AT THE HONG KONG CONVENTION AND EXHIBITION CENTRE.

HE SAID HONG KONG'S MANUFACTURING INDUSTRY WHICH EMPHASISED ON HI-TECH DEVELOPMENT AND ON QUALITY AND PRODUCTIVITY INCREASE, REQUIRED THE SUPPORT OF CONTROL, AUTOMATION, AND INSTRUMENTATION ENGINEERING.

/HE SAID

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HE SAID ONE WOULD REALISE THE IMPORTANCE OF CONTROL, AUTOMATION AND INSTRUMENTATION IN MANUFACTURING BY LOOKING AT SOME OF THE DOCUMENTARIES OF THE JAPANESE CAR INDUSTRY SHOWING THE ROBOTS WORKING PRECISELY AND UNTIRINGLY.

FOR HONG KONG TO CATCH UP AND TO NARROW THAT TECHNOLOGY GAP, MR KWOK SAID, IT REQUIRED TREMENDOUS EFFORT FROM ALL MEMBERS OF THE CONTROL AUTOMATION AND INSTRUMENTATION DISCIPLINE.

"INDEED, IN OTHER DEVELOPED COUNTRIES, THE DAYS OF FULLY AUTOMATIC FACTORIES ARE JUST AROUND THE CORNER, AND WE CANNOT AFFORD TO BE COMPLACENT IF HONG KONG IS TO STAY COMPETITIVE," HE SAID.

HE ALSO SAID IN DAILY LIFE ONE COULD HARDLY PASS A DAY WITHOUT BENEFITING FROM THE TECHNOLOGY OF CONTROL, AUTOMATION AND INSTRUMENTATION.

"POWER GENERATION, MASS TRANSIT SYSTEMS, LIFTS, AIR-CONDITIONING, BREWERY, WATER SUPPLY, FOOD PROCESSING, ALL USE VARIOUS TYPES OF CONTROLS SYSTEMS AND AUTOMATION SYSTEMS FOR OPTIMISATION OF PERFORMANCE, FOR AUTOMATIC PROTECTION, AND FOR SAFETY OPERATION," HE ADDED.

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CALL FOR COMMUNITY SUPPORT TO WELFARE SERVICES

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THE DIRECTOR OF SOCIAL WELFARE, MR IAN STRACHAN, TODAY (WEDNESDAY) CALLED ON THE COMMUNITY TO CONTINUE TO SUPPORT ALL SOCIAL WELFARE SERVICES, ESPECIALLY ELDERLY SERVICES.

ADDRESSING IN CANTONESE THE OPENING OF YUEN LONG TOWN HALL MRS LEUNG HOK CHIU SOCIAL CENTRE FOR THE ELDERLY, HE SAID THE GENEROUS DONATION BY MR LEUNG HOK-CHIU TOWARDS THE CAPITAL COSTS OF THE CENTRE WAS A GOOD EXAMPLE OF COMMUNITY SUPPORT.

"THE OPENING OF THIS CENTRE MEETS THE NEEDS OF THE ELDERLY IN THE NEW TOWN OF TIN SHUI WAI," HE SAID, ADDING THAT THE CENTRE WOULD ALSO WIDEN THE SOCIAL CIRCLE OF SENIOR CITIZENS IN THE DISTRICT.

THE YUEN LONG TOWN HALL HAS, SINCE 1965, EXPANDED ITS SOCIAL WELFARE SERVICES TO MEET THE CHANGING NEEDS OF THE LOCAL RESIDENTS.

MR STRACHAN PAID TRIBUTE TO THE DIRECTORS OF YUEN LONG TOWN HALL FOR THEIR ENTHUSIASM IN SETTING UP THE SOCIAL CENTRE.

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CONTROLLED USE OF PYROTECHNICS APPROVED

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THE GOVERNOR IN COUNCIL HAS APPROVED THAT PYROTECHNICS MAY BE USED FOR THE PRODUCTION OF MOTION PICTURES AND TELEVISION PROGRAMMES AND FOR THEATRICAL PERFORMANCES, A SPOKESMAN FOR THE RECREATION AND CULTURE BRANCH SAID TODAY (WEDNESDAY).

THE SECRETARY FOR RECREATION AND CULTURE HAS ESTABLISHED EARLIER AN INTER-DEPARTMENTAL WORKING GROUP TO EXAMINE THE FEASIBILITY OF ALLOWING CONTROLLED USE OF PYROTECHNICS AND TO WORK OUT A REGULATORY FRAMEWORK.

TWO SETS OF GUIDELINES HAVE NOW BEEN DRAWN UP, ONE FOR MOTION PICTURE AND TELEVISION COMPANIES AND THE OTHER FOR THE THEATRICAL PERFORMANCE COMPANIES, AFTER EXTENSIVE CONSULTATION WITH THE RELEVANT INDUSTRIES.

THESE GUIDELINES ARE DRAWN UP HAVING REGARD TO THE NEED OF THE INDUSTRIES CONCERNED AS WELL AS PUBLIC SAFETY AND SAFETY OF THE FILMING CREW AND PERFORMERS.

UNDER THE GUIDELINES, APPLICATIONS FROM REGISTERED TV, FILMING COMPANIES, PROFESSIONAL PERFORMANCE INSTITUTES OR PROFESSIONAL PERFORMANCE GROUPS WILL BE CONSIDERED.

THE SECRETARY FOR RECREATION AND CULTURE IS RESPONSIBLE FOR ISSUING PERMITS FOR THE DISCHARGE OF PYROTECHNICS ON LAND, WHILE THE DIRECTOR OF MARINE IS THE PERMIT ISSUING AUTHORITY FOR PYROTECHNICS DISCHARGED ON OR OVER THE WATERS OF HONG KONG.

DISCHARGE OF PYROTECHNICS WILL BE ALLOWED SUBJECT TO ANY CONDITIONS WHICH MAY BE SPECIFIED BY THE AUTHORITY, UPON CONSULTATION WITH THE COMMISSIONER OF POLICE, DIRECTOR OF FIRE SERVICES AND COMMISSIONER OF MINES.

APPLICATION TO USE PYROTECHNICS MAY BE APPROVED IF THE LICENSING AUTHORITY IS SATISFIED, AMONG OTHER THINGS, THAT THERE ARE ADEQUATE PRECAUTIONARY MEASURES TAKEN AGAINST ANY POSSIBLE FIRE HAZARD, THAT THERE IS NO DISTURBANCE OR INCONVENIENCE TO THE PUBLIC AND THAT ADEQUATE INSURANCE COVERAGE IS TAKEN OUT.

THE PYROTECHNICS MUST BE DISCHARGED BY A PYROTECHNICIAN REGISTERED WITH THE COMMISSIONER OF MINES.

FOR REGISTRATION, THE PYROTECHNICIAN WILL BE REQUIRED TO DEMONSTRATE THAT HE POSSESSES PROVEN RELEVANT EXPERIENCE IN THE PRODUCTION OF PYROTECHNIC EFFECTS, KNOWLEDGE OF THE TECHNOLOGY AND THE USAGE OF PYROTECHNICS AND KNOWLEDGE OF LOCAL REGULATIONS ON DANGEROUS GOODS.

PERMITS WILL ALSO BE REQUIRED FROM THE COMMISSIONER OF MINES FOR THE STORAGE AND CONVEYANCE OF THE PYROTECHNICS.

/"TELEVISION AND

"TELEVISION AND MOTION PICTURE COMPANIES AND PERFORMING ARTS GROUPS WILL SHORTLY BE INFORMED OF THE DETAILED ARRANGEMENTS OF THE LICENSING SYSTEM," THE SPOKESMAN SAID.

"MEMBERS OF THE PUBLIC ARE REMINDED THAT INDIVIDUAL LETTING OFF OF FIREWORKS OR FIRECRACKERS IS STILL PROHIBITED," HE ADDED.

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS
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	\$ MILLION

OPENING BALANCE IN THE ACCOUNT	2,150
REVERSAL OF LAF	NIL
BALANCE AFTER REVERSAL OF LAF	2,150
NET INJECTION/WITHDRAWAL TODAY	NIL
EFFECT OF LAF TODAY	-850
CLOSING BALANCE IN THE ACCOUNT	1,300
LAF RATE 2.00 BID/4.00 OFFER TWI 113.7	*-0.5* 3.3.93

HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS			HONG KONG GOVERNMENT BONDS			
TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	2.13 PCT	15 MONTHS	2405	5.50	102.41	3.47
1 MONTH	2.57 PCT	18 MONTHS	2408	5.50	101.22	3.54
3 MONTHS	2.86 PCT	21 MONTHS	2411	4.375	101.56	3.70
6 MONTHS	3.03 PCT	24 MONTHS	2502	4.625	101.64	3.91
12 MONTHS	3.37 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 12,469 MN

CLOSED MARCH 3, 1993

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MORTGAGE LOAN RATIO TO STAY

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THE GOVERNMENT STRONGLY BELIEVES THAT BANKS SHOULD CONTINUE TO BE CAUTIOUS IN THEIR RESIDENTIAL MORTGAGE LENDING ACTIVITIES AND THE 70 PER CENT LOAN-TO-VALUATION RATIO SHOULD BE KEPT INTACT.

THIS WAS STATED BY THE SECRETARY FOR MONETARY AFFAIRS, MR MICHAEL CARTLAND, IN A WRITTEN REPLY TO A QUESTION BY THE HON DAVID LI AT THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

ASSURING THE COUNCIL THAT THE SITUATION WOULD BE KEPT UNDER CONSTANT MONITORING AND REVIEW, THE SECRETARY SAID RELAXATION SHOULD BE CONSIDERED ONLY WHEN THERE COULD BE SOME CONFIDENCE THAT THIS WOULD NOT LEAD TO A FRESH ROUND OF SPECULATION.

"MOREOVER, IT CAN BE SAFELY ASSUMED THAT RELAXATION IN FUTURE, IF ANY, WILL BE CAUTIOUSLY CONTROLLED AND WILL AIM ONLY AT HELPING GENUINE END-USERS, AND FIRST-TIME BUYERS IN PARTICULAR," HE SAID.

THE 70 PER CENT LOAN RATE GUIDELINE WAS VOLUNTARILY ADOPTED BY THE BANKING INDUSTRY IN NOVEMBER 1991, IN THE WAKE OF EXCESSIVE SPECULATIVE ACTIVITY AND FOR THE PURPOSE OF SAFEGUARDING THE BANKS' OWN INTERESTS.

MR CARTLAND SAID THE GOVERNMENT WELCOMED THIS MEASURE AND HAD SINCE BEEN URGING ALL AUTHORISED INSTITUTIONS TO ADHERE TO THE GUIDELINE.

"WE WILL CONTINUE TO ENCOURAGE BANKS TO TAKE A CAUTIOUS STAND WITH REGARD TO RESIDENTIAL MORTGAGES."

"THE GUIDELINE HAS EVIDENTLY BEEN SUCCESSFUL. THE MARKET HAS BEEN COOLING DOWN IN THE PAST SIX MONTHS. TRANSACTION VOLUME HAS SHRUNK. PRICES HAVE CORRECTED HEALTHILY. EXCESSIVE SPECULATION HAS BEEN CURBED," HE SAID.

HOWEVER, DESPITE THE SLOWING DOWN, BANK MORTGAGE LENDING HAS CONTINUED TO EXPAND AND INDEED HAS SLIGHTLY INCREASED ITS SHARE OF TOTAL LOANS FOR USE IN HONG KONG LAST YEAR, HE SAID.

PROPERTY PRICES IN JANUARY THIS YEAR WERE STILL SOME 14 PER CENT HIGHER THAN IN NOVEMBER 1991, HE ADDED.

MR CARTLAND SAID THE MARKET WAS VERY DIFFICULT TO READ AT THE MOMENT.

"ITS CURRENT STATE MAY WELL ALSO OWE SOMETHING TO THE POLITICAL SITUATION AND TO SEASONAL FACTORS.

"GIVEN THAT INTEREST RATES ARE STILL AT LOW LEVELS IN COMPARISON WITH CURRENT INFLATION, ANOTHER OUTBURST OF SPECULATIVE ACTIVITY ON RELAXATION OF THE GUIDELINE CANNOT BE RULED OUT, PARTICULARLY IF THE POLITICAL SITUATION IMPROVES OR BECOMES LESS OF A FACTOR IN PEOPLE'S MINDS," HE SAID.

MR CARTLAND SAID IT WAS IMPORTANT THAT THE POSITIVE EFFECTS OF THE MEASURE WERE NOT EASILY THROWN AWAY BY PREMATURE RELAXATION.

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MEASURES AGAINST ILLEGAL CAR RACING

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THE POLICE USE TRAFFIC PATROLS, RADAR SPEED DETECTORS AND ROAD BLOCKS, AS WELL AS SPECIAL UNDERCOVER, SURVEILLANCE OPERATIONS AND OTHER SPECIAL OPERATIONS TO COUNTER ILLEGAL CAR RACING.

THIS WAS STATED BY THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, IN A WRITTEN REPLY TO A QUESTION BY DR THE HON CONRAD LAM KUI-SHING IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SINCE JANUARY 1990, THE POLICE HAVE MADE 143 ARRESTS FOR THE OFFENCE OF MOTOR RACING UNDER SECTION 55 OF THE ROAD TRAFFIC ORDINANCE, MR ASPREY SAID.

HE SAID A TOTAL OF 38 PEOPLE HAD BEEN CONVICTED UNDER THIS SECTION WITH PENALTIES RANGING FROM A FINE OF \$1,500 TO IMPRISONMENT OF SEVEN MONTHS.

"ARISING FROM THESE ARRESTS, THERE HAVE ALSO BEEN PROSECUTIONS AND CONVICTIONS FOR RECKLESS DRIVING AND DRIVING IN EXCESS OF THE SPEED LIMIT," HE ADDED.

HE SAID THE GOVERNMENT DID NOT KEEP STATISTICS SPECIFICALLY RELATED TO TRAFFIC ACCIDENTS, OR DEATHS OR CASUALTIES CAUSED BY ILLEGAL CAR RACING.

"EXCESS SPEED HAS BEEN A FACTOR IN SOME 13 PER CENT OF ALL TRAFFIC ACCIDENTS INVOLVING INJURIES OVER THE PAST THREE YEARS.

"HOWEVER, WE BELIEVE ONLY A SMALL PROPORTION OF SUCH ACCIDENTS HAVE INVOLVED CAR RACING," MR ASPREY SAID.

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GOVT ENCOURAGES CHINA EXCHANGE VISITS

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THE GOVERNMENT WILL CONTINUE TO ENCOURAGE EXCHANGE VISITS BETWEEN OFFICIALS OF THE GOVERNMENTS OF CHINA AND HONG KONG, THE SECRETARY FOR CONSTITUTIONAL AFFAIRS, MR MICHAEL SZE, SAID TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON MARTIN BARROW IN THE LEGISLATIVE COUNCIL, MR SZE SAID THE GOVERNMENT DID NOT PRESCRIBE THE NUMBER OF VISITS THAT TOOK PLACE EACH YEAR, AS MUCH DEPENDED ON THE NEEDS OF INDIVIDUAL DEPARTMENTS.

"HOWEVER, WE EXPECT THE NUMBER OF VISITS IN 1993 TO BE BROADLY COMPARABLE TO THE NUMBER IN 1992," HE SAID.

LAST YEAR, 354 GROUPS OF HONG KONG OFFICIALS VISITED CHINA AND 136 GROUPS OF CHINESE OFFICIALS VISITED HONG KONG.

IT IS DIFFICULT TO DISTINGUISH BETWEEN PURE EXCHANGE VISITS AND BUSINESS TRIPS: FOR EXAMPLE, CROSS-BORDER LIAISON MEETINGS ARE SOMETIMES ACCOMPANIED BY EXCHANGE VISITS AND VICE-VERSA, MR SZE SAID.

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WAYS ON HAND TO CURB ILLEGAL IMMIGRATION

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THE GOVERNMENT HAS PLANS TO PREVENT ILLEGAL IMMIGRATION, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, SAID TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON MRS PEGGY LAM AT THE LEGISLATIVE COUNCIL, MR ASPREY SAID THESE INCLUDED:

- * SEEKING TO PREVENT ILLEGAL IMMIGRANTS (II) FROM CROSSING THE BORDER;
- * MAKING IT DIFFICULT FOR THEM TO FIND WORK HERE BY IMPOSING PENALTIES FOR WORKING ILLEGALLY HERE OR EMPLOYING ILLEGAL IMMIGRANTS. THE GOVERNMENT IS ASKING THE COURT OF APPEAL TO SET A HIGHER PENALTY FOR THOSE CONVICTED OF EMPLOYING ILLEGAL IMMIGRANTS;
- * STEPPING UP MEASURES, WITH THE HOUSING AUTHORITY'S CO-OPERATION, ON CONTRACTORS CAUGHT EMPLOYING ILLEGAL IMMIGRANTS;
- * THE POLICE AND THE IMMIGRATION AND LABOUR DEPARTMENTS ARE STEPPING UP THEIR INTELLIGENCE GATHERING AND OPERATIONS. THE POLICE, IN ADDITION TO ENHANCE BORDER AND MARINE OPERATIONS, HAVE SET UP A SPECIAL QUICK REACTION FORCE TO DEAL WITH SITUATIONS WHEN REPORTS OF SUSPECTED II'S ARE RECEIVED;
- * REGULAR OPERATIONS TO SEARCH FOR ILLEGAL IMMIGRANTS ARE CONDUCTED AT KNOWN BLACK SPOTS, SUCH AS CONSTRUCTION SITES, FARMS AND FACTORIES; AND
- * EXPRESSING CONCERN ABOUT THIS PROBLEM AT THE RECENT ANNUAL BORDER LIAISON REVIEW MEETING WITH THE GUANGDONG AUTHORITIES.

MR ASPREY SAID LIAISON AND CO-OPERATION WITH THE CHINESE AUTHORITIES WAS GOOD, ADDING THAT THE GOVERNMENT INTENDED TO RAISE ITS CONCERN WITH THE CHINESE SIDE AT A HIGHER LEVEL, CITING THE MOST RECENT INCREASE IN ILLEGAL IMMIGRATION.

THE POLICE ALSO HAVE REGULAR MEETINGS WITH THEIR COUNTERPARTS IN CHINA ON CRIME RELATED ISSUES AND ILLEGAL IMMIGRATION IS ONE OF THE MAJOR TOPICS ON THE AGENDA.

ON PUBLICITY, MR ASPREY SAID TWO NEW ANTI-II EMPLOYMENT ANNOUNCEMENTS IN THE PUBLIC INTEREST, AIMING AT RECRUITING MORE SUPPORT FROM EMPLOYERS AND EMPLOYEES, WERE BEING SHOWN ON TELEVISION FROM THIS WEEK.

POSTERS AND HAND-OUTS WERE ALSO PROVIDED ON CONSTRUCTION SITES, WHERE THE LARGEST NUMBER OF RECENT II'S WERE FOUND, HE SAID.

THE POLICE WOULD ALSO STEP UP THEIR ACTION TO CATCH THOSE INVOLVED IN SUCH SYNDICATED EMPLOYMENT OF II'S, MR ASPREY ADDED.

MEASURES TO IMPROVE DEMOLITION PRACTICE

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THE BUILDING AUTHORITY HAS ADOPTED A NUMBER OF MEASURES TO IMPROVE DEMOLITION PRACTICE FOLLOWING THE INVESTIGATION OF THE BUILDING COLLAPSE AT WING ON STREET.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION BY DR THE HON HUANG CHEN-YA IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR EASON SAID THESE MEASURES INCLUDED ACCORDING HIGH PRIORITY TO DEMOLITION AND TREATING THEM AS A MATTER OF URGENCY AND ADVISING OTHER PARTIES INVOLVED AT THE EARLIEST POSSIBLE TIME REGARDING THE NEED FOR PRECAUTIONARY AND PREPARATORY WORK.

THE GOVERNMENT CONTRACTOR WOULD ALSO BE GIVEN SPECIFIC INSTRUCTIONS REGARDING DATES FOR COMMENCING AND COMPLETING DEMOLITION WORKS, AND BUILDINGS CLOSED UNDER CLOSURE ORDERS WOULD BE KEPT UNDER SURVEILLANCE.

MOREOVER, THE EFFECT OF WORK AT CONSTRUCTION SITES ON NEARBY DANGEROUS BUILDINGS WOULD BE CONSIDERED EXPEDITIOUSLY AND GREATER EMPHASIS WOULD BE PLACED ON BUILDING OWNERS' STATUTORY DUTIES AND LEGAL LIABILITY IN ENSURING BUILDING SAFETY, HE SAID

"THE BUILDINGS ORDINANCE OFFICE IS ALSO CONSIDERING FURTHER MEASURES TO ENSURE THE SAFETY OF PASSERS-BY, SUCH AS STREET CLOSURE DURING THE DEMOLITION PROCESS," HE SAID.

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FEEES CHARGED BY MEDICAL PRACTITIONERS MONITORED

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THE GOVERNMENT MONITORS THE LEVEL OF FEES CHARGED BY PRIVATE PRACTITIONERS THROUGH VARIOUS MEANS, THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SHE SAID THERE WAS NO INDICATION THAT THE COMMUNITY AS A WHOLE WAS BEING DENIED ADEQUATE MEDICAL CARE BECAUSE OF EXORBITANT SURGICAL FEES IN THE PRIVATE SECTOR.

"IF, HOWEVER, THERE WAS CLEAR INDICATION THAT CONSUMER INTERESTS WERE BLATANTLY IGNORED BY THE OPERATION OF THE PRIVATE SECTOR, GOVERNMENT INTERVENTION WOULD BE JUSTIFIED," MRS WONG SAID IN A WRITTEN REPLY TO A QUESTION BY THE HON CHIM PUI-CHUNG.

"ANY UNTOWARD GOVERNMENT INTERVENTION MIGHT CREATE MORE ANOMALIES THAN SUCH INTERVENTION SOUGHT TO REMOVE."

UNLIKE PUBLIC SECTOR CHARGES WHICH ARE STANDARDISED, MRS WONG SAID THE FEES CHARGED BY PRIVATE SURGEONS DEPEND ON MANY FACTORS, SUCH AS THEIR EXPERIENCE AND KNOWLEDGE IN A PARTICULAR SPECIALTY, AND THE COMPLEXITY OF THE PROCEDURE PERFORMED.

THERE ARE NO FIXED CHARGING CRITERIA AND THE FEES ARE A REFLECTION OF WHAT PATIENTS ARE WILLING TO PAY.

IT WOULD ALSO NOT BE MEANINGFUL TO COMPARE THESE WITH DOCTORS' CHARGES IN OTHER COUNTRIES DUE TO DIFFERENCES IN GROSS NATIONAL PRODUCT, STANDARD OF LIVING, INCOME, HEALTH SYSTEM AND OTHER SOCIAL FACTORS.

AS REGARDS THE 10 COMPLAINTS OF DISSATISFACTION RECORDED BY THE CONSUMER COUNCIL OVER MEDICAL CHARGES QUOTED BY MEDICAL PRACTITIONERS, THE SECRETARY SAID HIGH CHARGES IN THEMSELVES DID NOT CONSTITUTE GROUNDS FOR PROFESSIONAL MISCONDUCT.

"IF A PATIENT IS QUOTED A FEE FOR A SURGICAL PROCEDURE IN ADVANCE, IT IS UP TO THE PATIENT TO ACCEPT OR REJECT THE FEES," SHE SAID.

"HOWEVER, IF THE DOCTOR DOES NOT DISCLOSE A FEE TO HIS PATIENT ON REQUEST, THE MATTER SHOULD BE REFERRED TO THE HONG KONG MEDICAL ASSOCIATION OR TO THE MEDICAL COUNCIL OF HONG KONG FOR ARBITRATION OR INVESTIGATION, RESPECTIVELY.

"IF THE DOCTOR CHARGES A FEE OTHER THAN THE ONE QUOTED AND AGREED ON WITHOUT GOOD REASON, SUCH AS A CHANGE IN THE PATIENT'S MEDICAL CONDITION, THERE MAY BE GROUNDS FOR COMPLAINT OR LEGAL ACTION."

MRS WONG SAID THE HONG KONG MEDICAL ASSOCIATION HAD PRODUCED A POSTER FOR PRIVATE MEDICAL PRACTITIONERS TO PUT UP IN THEIR CLINICS TO REMIND PATIENTS OF THEIR RIGHT TO KNOW THE FEES.

THE GOVERNMENT ALSO PUBLISHES A SCHEDULE OF FEES FOR PUBLIC HOSPITALS AND CLINICS INFORMATION AND FOR REFERENCE.

IN ADDITION, THE MEDICAL INSURANCE ASSOCIATION OF HONG KONG AND THE HONG KONG MEDICAL ASSOCIATION HAVE PUBLISHED THE RESULTS OF THEIR SURVEYS ON DOCTORS' FEES AND PRIVATE HOSPITALS AND PRIVATE DOCTORS HAVE BEEN ENCOURAGED TO DO LIKEWISE.

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SHA EXPLAINS POLICY ON KARAOKES

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AS MOST KARAOKE ESTABLISHMENTS ARE RUN EITHER AS PART OF A RESTAURANT OR AS A CLUB, THE GOVERNMENT'S POLICY IS TO CONTROL THEM THROUGH EXISTING LICENSING REGIMES.

THIS WAS STATED BY THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, IN A WRITTEN REPLY TO A QUESTION BY THE HON MAN SAI-CHEONG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

RESTAURANTS ARE LICENSED BY THE URBAN COUNCIL OR THE REGIONAL COUNCIL UNDER THE PUBLIC HEALTH AND MUNICIPAL SERVICES ORDINANCE IN WHICH FIRE SAFETY REQUIREMENTS ARE IMPOSED AS PART OF THE LICENSING CONDITIONS.

BUT CLUBS ARE LICENSED BY THE SECRETARY FOR HOME AFFAIRS UNDER THE CLUBS (SAFETY OF PREMISES) ORDINANCE IN THE INTERESTS OF FIRE AND BUILDING SAFETY.

MR SUEN SAID IF OBSTRUCTIONS TO FIRE ESCAPES OR ANY IRREGULARITIES WERE IDENTIFIED BY THE FIRE SERVICES DEPARTMENT, EITHER THROUGH INSPECTIONS OR IN RESPONSE TO COMPLAINTS, FIRE HAZARD ABATEMENT ACTION OR PROSECUTION WOULD BE TAKEN, AS APPROPRIATE, UNDER THE FIRE SERVICES ORDINANCE.

AS FOR KARAOKES, MR SUEN SAID ALTHOUGH THERE WERE NO INDICATIONS THAT THEY WERE NOT COMPLYING WITH REGULATIONS ON FIRE ESCAPES, THESE ESTABLISHMENTS HAVE TO COMPLY WITH THE RELEVANT FIRE REGULATIONS BEFORE THEY CAN BE LICENSED.

ON TRIAD ACTIVITIES, MR SUEN SAID IT WAS BELIEVED THAT TRIADS SOUGHT TO EXTORT MONEY FROM KARAOKE ESTABLISHMENTS IN RETURN FOR PROTECTION IN A MANNER SIMILAR TO THEIR ACTIVITIES IN OTHER PLACES OF PUBLIC ENTERTAINMENT.

IN 1991, THERE WERE SIX CASES INVOLVING OFFENCES OF UNLAWFUL SOCIETIES (MAINLY TRIAD SOCIETIES), TWO CASES OF PROCUREMENT OF WOMEN FOR IMMORAL PURPOSES, AND TWO MINOR DRUG OFFENCES IN KARAOKE ESTABLISHMENTS.

LAST YEAR, THERE WERE 23 CASES RELATING TO UNLAWFUL SOCIETIES, ONE CASE ON PROCUREMENT OF WOMEN FOR IMMORAL PURPOSES, ONE CASE OF POSSESSION OF DRUGS FOR TRAFFICKING AND THREE MINOR DRUG CASES.

TO TACKLE THESE PROBLEMS, THE POLICE HAVE DEPLOYED CONSIDERABLE MANPOWER TO MOUNT OPERATIONS AGAINST ILLEGAL ACTIVITIES IN THESE PLACES AND CLOSE LIAISON WAS MAINTAINED WITH THE OPERATORS OF THESE ESTABLISHMENTS, MR SUEN SAID.

AS FOR NOISE EMANATED FROM KARAOKES, MR SUEN POINTED OUT THAT IF THIS CAUSED NUISANCE TO NEARBY RESIDENTS, STAFF OF THE ENVIRONMENTAL PROTECTION DEPARTMENT WOULD ADVISE AND WARN THE OPERATORS.

"IF NECESSARY, NOISE ABATEMENT NOTICES WILL BE ISSUED TO THE OFFENDING ESTABLISHMENTS," HE SAID.

IN 1990, 1991 AND 1992, THE ENVIRONMENTAL PROTECTION DEPARTMENT RECEIVED 88, 33 AND 27 SUCH NOISE COMPLAINTS RESPECTIVELY.

COMPASSIONATE REHOUSING QUOTA UNDER REGULAR REVIEW

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THE QUOTA FOR COMPASSIONATE REHOUSING IS SUBJECT TO REGULAR REVIEW AND MONITORING AND THE HOUSING AUTHORITY IS PREPARED TO ADJUST IT TO MEET DEMAND IF NECESSARY.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION BY THE HON LAU CHIN-SHEK IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR EASON EXPLAINED THAT COMPASSIONATE REHOUSING WAS OFFERED TO APPLICANTS ON THE RECOMMENDATIONS OF THE SOCIAL WELFARE DEPARTMENT AFTER CAREFUL CONSIDERATION OF THE INDIVIDUAL CIRCUMSTANCES AND HAVING REGARD TO A SET OF QUALIFYING CRITERIA SUCH AS INCOME LEVEL, PROPERTY OWNERSHIP AND MEDICAL OR SOCIAL NEEDS.

ALL CASES WERE SUBJECT TO THE USUAL VETTING SUCH AS DUPLICATION CHECKS AND PRE-LETTING INTERVIEWS, HE SAID.

"ON AVERAGE, IT TAKES ABOUT THREE WEEKS TO COMPLETE THE FORMALITIES AND ALLOCATE A FLAT, BUT CASES CAN SOMETIMES TAKE UP TO EIGHT MONTHS TO PROCESS IF THE APPLICANT REPEATEDLY TURNS DOWN REHOUSING OFFERS FOR ONE REASON OR ANOTHER," MR EASON SAID.

HE NOTED THAT THE QUOTA FOR COMPASSIONATE REHOUSING REMAINED AT 1,200 RENTAL FLATS EACH YEAR IN THE PAST THREE YEARS AND EXPERIENCE HAD SHOWN THAT THE QUOTA WAS ADEQUATE.

"SINCE 1991, A SUB-QUOTA OF 100 HAS BEEN SET ASIDE FOR DIVORCEES WHO HAVE BEEN GRANTED CUSTODY OF THEIR CHILDREN," HE ADDED.

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TEACHER WASTAGE RATES

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THE OVERALL WASTAGE RATE FOR PRIMARY SCHOOL TEACHERS FOR THE SCHOOL YEAR 1990/91 WAS 8.6 PER CENT, COMPARED WITH 8.8 PER CENT FOR 1989/90, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

AS REGARDS SECONDARY SCHOOL TEACHERS, THE WASTAGE RATES FOR 1990/91 AND 1989/90 WERE 10.9 PER CENT AND 11.5 PER CENT RESPECTIVELY.

IN HIS WRITTEN REPLY TO A QUESTION BY THE HON TIK CHI-YUEN, MR CHAN SAID THE WASTAGE RATES WERE FOR VARIOUS RANKS OF TEACHERS INCLUDING CERTIFICATED MASTERS, ASSISTANT MASTERS, SENIOR ASSISTANT MASTERS, PRINCIPAL ASSISTANT MASTERS AND GRADUATE TEACHERS OF ALL RANKS.

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Wastage Rates for various ranks of teachers
in primary and secondary school

<u>Years of Service*</u>	<u>Wastage Rate(%)</u>			
	<u>Primary</u>		<u>Secondary</u>	
	<u>1989/90</u>	<u>1990/91</u>	<u>1989/90</u>	<u>1990/91</u>
(i) Certificated Master (CM)				
0 - 4	9.65	11.1	11.43	13.62
5 - 9	7.68	6.88	9.91	9.59
10 - 14	7.61	5.99	6.60	7.21
15 - 19	8.33	7.83	5.75	7.14
20 - 24	9.36	9.37	5.65	9.16
25 - 29	15.75	12.21	13.79	10.91
30 or above	18.52	26.46	5.56	26.32
(ii) Assistant Master (AM)				
0 - 4	4.65	4.33	5.00	4.44
5 - 9	8.29	5.23	6.55	4.67
10 - 14	6.64	6.43	5.41	3.80
15 - 19	11.43	6.96	6.52	7.07
20 - 24	10.53	5.41	4.76	2.27
25 - 29	3.03	15.38	6.25	4.35
30 or above	8.00	10.00	25.00	37.50
(iii) Senior Assistant Masters (SAM)				
0 - 4	3.39	9.09	5.46	3.47
5 - 9	7.41	11.86	7.14	7.14
10 - 14	9.09	8.33	4.24	11.21
15 - 19	-	16.67	10.71	14.93
20 - 24	-	-	5.71	9.09
25 - 29	-	-	17.24	4.76
30 or above	33.33	-	25.00	9.09
(iv) Principal Assistant Masters (PAM)				
0 - 4	8.33	7.06	-	-
5 - 9	12.90	10.29	-	-
10 - 14	22.22	30.00	-	-
15 - 19	11.11	25.00	-	-
20 - 24	-	-	-	-
25 - 29	-	50.00	-	-
30 or above	-	-	-	-
(v) Graduate Teachers of all ranks				
0 - 4	-	-	18.63	16.39
5 - 9	-	-	8.33	8.70
10 - 14	-	-	7.30	7.55
15 - 19	-	-	7.86	6.70
20 - 24	-	-	9.21	10.44
25 - 29	-	-	8.81	9.18
30 or above	-	-	25.00	13.04

* Years of Services refers to the length of service in that particular rank.

Wastage Rate for primary and secondary school teachers by districtWastage Rate

<u>District</u>	<u>Primary</u>		<u>Secondary</u>	
	<u>1989/90</u>	<u>1990/91</u>	<u>1989/90</u>	<u>1990/91</u>
Central & Western	13.33%	8.57%	12.28%	9.79%
Wanchai	9.78%	10.07%	12.00%	13.49%
Eastern	10.07%	8.83%	10.11%	11.63%
Southern	9.42%	11.50%	14.11%	13.37%
Sham Shui Po	9.38%	7.90%	10.59%	8.76%
Mong Kok	9.67%	9.83%	8.23%	12.17%
Yau Tsim	8.66%	10.59%	13.09%	11.38%
Kowloon City	10.29%	11.59%	13.55%	12.60%
Wong Tai Sin	8.24%	7.57%	10.73%	9.38%
Kwun Tong	8.61%	7.63%	12.73%	11.03%
Tsuen Wan	7.46%	7.47%	10.52%	8.90%
Tuen Mun	8.47%	7.71%	9.78%	10.21%
Yuen Long	8.10%	7.58%	12.57%	11.67%
North	6.48%	7.90%	10.16%	10.99%
Tai Po	8.15%	10.02%	11.82%	12.56%
Sha Tin	8.84	8.01%	10.07%	9.80%
Sai Kung	8.20%	10.26%	12.45%	11.70%
Islands	12.13%	9.33%	9.80%	9.52%
Kwai Tsing	<u>7.38%</u>	<u>7.95%</u>	<u>11.45%</u>	<u>9.59%</u>
Overall	8.82%	8.62%	11.52%	10.88%

3,000 PUBLIC RENTAL FLATS ALLOCATED AT TIN SHUI WAI
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ABOUT 3,000 PUBLIC RENTAL FLATS AT TIN SHUI WAI HAD BEEN ALLOCATED TO WAITING LIST APPLICANTS BY THE END OF JANUARY THIS YEAR.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION BY THE HON MRS ELSIE TU IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR EASON SAID THE FIRST RENTAL FLATS AT TIN SHUI WAI WERE READY FOR ALLOCATION IN APRIL 1992.

THE NUMBER OF PUBLIC RENTAL UNITS PRODUCED BY THE HOUSING AUTHORITY IN 1989/90, 1990/91 AND 1991/92 WERE 33,900, 32,600 AND 21,400 RESPECTIVELY.

"HOWEVER, THE NUMBERS OF FLATS ALLOCATED WERE HIGHER BECAUSE FLATS RECOVERED FROM SITTING TENANTS ALSO BECAME AVAILABLE," MR EASON SAID.

THE NUMBER OF FLATS ALLOCATED IN THE THREE YEARS WERE 46,700, 43,700 AND 42,300.

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MEASURES TO DETECT FRAUD IN HOS APPLICATIONS
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THE HOUSING AUTHORITY CONSIDERS THE EXISTING MEASURES TO DETECT THE SUBMISSION OF FALSE INFORMATION IN CONNECTION WITH APPLICATIONS FOR HOME OWNERSHIP/PRIVATE SECTOR PARTICIPATION SCHEMES FLATS TO BE EFFICIENT AND EFFECTIVE BUT WILL KEEP THEM UNDER REVIEW.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION BY THE HON GILBERT LEUNG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR EASON SAID SOME CASES CAME TO LIGHT ON RECEIPT OF COMPLAINTS BUT THE MAJORITY WERE DETECTED BY THE HOUSING DEPARTMENT THROUGH DUPLICATION CHECKS ON PROPERTY OWNERSHIP WITH THE LAND REGISTRY.

HE SAID UNDER-REPORTING OF INCOME WAS NORMALLY VERIFIED THROUGH THE APPLICANT'S EMPLOYER AND OTHER RELEVANT SOURCES.

"THE ADMINISTRATIVE COST INVOLVED IN DETECTION IS ABOUT \$600,000 A YEAR (AT 1992 PRICES)," HE SAID.

MR EASON POINTED OUT THAT UNDER THE HOUSING ORDINANCE, THOSE CONVICTED OF KNOWINGLY GIVING FALSE STATEMENTS IN CONNECTION WITH AN APPLICATION FOR ASSISTED HOUSING WERE LIABLE TO A FINE OF \$200,000 AND IMPRISONMENT FOR ONE YEAR.

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IN ADDITION, HE NOTED THAT THE COURT MIGHT ORDER THE OFFENDER TO SELL THE FLAT BACK TO THE AUTHORITY OR TO PAY AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE MARKET VALUE OF THE FLAT AND ITS ORIGINAL PRICE.

THE PENALTY PROVISION WAS CONSIDERED ADEQUATE, HE SAID, ADDING THAT 33 CASES OF SUBMITTING FALSE INFORMATION WERE DETECTED BETWEEN 1988/89 AND 1992/93.

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SHORTFALL PROJECTED IN KWAI CHUNG PRIMARY SCHOOL PLACES
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IT WILL NOT BE POSSIBLE FOR ALL THE PRESENT BI-SESSIONAL PRIMARY SCHOOLS IN KWAI CHUNG TO TURN WHOLE-DAY NOW BECAUSE OF A SHORTFALL OF PRIMARY SCHOOL PLACES, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN HIS WRITTEN REPLY TO A QUESTION BY THE HON LEE WING-TAT, MR CHAN EXPLAINED THAT FOR THE NEXT SEVEN YEARS, THE PRIMARY SCHOOL AGE GROUP IN THE DISTRICT WAS PROJECTED TO INCREASE TO 21,500.

BUT THE AVAILABILITY OF PLACES IS EXPECTED TO DROP TO 19,950 DUE TO SMALLER CLASS SIZES AND SOME SCHOOLS IN OLDER ESTATES CLOSING DOWN, THUS GIVING A SHORTFALL OF 4,420 PLACES.

"HOWEVER, INDIVIDUAL SCHOOLS IN LOCALITIES WITH NO SUPPLY OF PLACES PROBLEMS OVER THE PLANNING PERIOD ARE WELCOME TO CONSULT THE EDUCATION DEPARTMENT ON THE FEASIBILITY OF OPERATING ON A WHOLE-DAY BASIS," MR CHAN SAID.

"UNDER EXISTING POLICY, NEW PRIMARY SCHOOLS TO BE BUILT FOR KWAI CHUNG WILL, AS FAR AS POSSIBLE, BE OPERATED IN THE WHOLE-DAY MODE," HE ADDED.

LAST YEAR, THERE WAS A THEORETICAL SURPLUS OF 12,350 PRIMARY SCHOOL PLACES IN KWAI CHUNG.

THIS WAS BECAUSE THE 24 PRIMARY SCHOOLS IN THE DISTRICT HAD A TOTAL POTENTIAL CAPACITY FOR 28,050 PLACES, AGAINST THE ACTUAL DEMAND OF 15,700 CHILDREN OF PRIMARY SCHOOL AGE.

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APPOINTMENT OF VISITING TEACHERS WORLD PRACTICE

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IT IS A COMMON PRACTICE INTERNATIONALLY FOR HIGHER INSTITUTIONS TO APPOINT VISITING TEACHING STAFF ON LEAVE FROM THEIR OWN INSTITUTIONS TO PROMOTE EXCHANGE OF IDEAS AND EXPERTISE, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, INFORMED THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON EMILY LAU WAI-HING, MR CHAN SAID THE DESIRABILITY OR ACCEPTABILITY OF APPOINTING ACADEMIC STAFF WHO WERE ON SABBATICAL LEAVE FROM OVERSEAS INSTITUTIONS WAS NOT A POLICY MATTER FOR THE GOVERNMENT.

"OUR UNIVERSITIES ARE ESTABLISHED BY STATUE AND ENJOY FULL AUTONOMY IN THE MANAGEMENT OF THEIR ACADEMIC AFFAIRS, INCLUDING THE SELECTION AND APPOINTMENT OF ACADEMIC STAFF," HE SAID.

AS AT THE BEGINNING OF THE 1992/93 ACADEMIC YEAR, TWO OF THE 58 SENIOR TEACHING STAFF AT THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY WERE ON SABBATICAL LEAVE FROM OVERSEAS ACADEMIC INSTITUTIONS.

THIS COMPARES WITH TWO OR THREE OF THE 312 SENIOR ACADEMIC STAFF AT THE UNIVERSITY OF HONG KONG AND FIVE OF THE 257 AT THE CHINESE UNIVERSITY OF HONG KONG.

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TRAINING AND JOB OPPORTUNITIES FOR VISUALLY-IMPAIRED

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THE VOCATIONAL TRAINING COUNCIL PROVIDES TRAINING FOR ALL CATEGORIES OF DISABLED PERSONS, INCLUDING VISUALLY-IMPAIRED, IN ITS SKILLS CENTRES FOR THE DISABLED, TECHNICAL INSTITUTES AND INDUSTRIAL TRAINING CENTRES, THE SECRETARY FOR HEALTH AND WELFARE, MRS ELIZABETH WONG, SAID.

IN A WRITTEN REPLY TO A QUESTION BY THE HON TAM YIU-CHUNG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), MRS WONG SAID VISUALLY-IMPAIRED PERSONS COULD TAKE COURSES SPECIALLY DESIGNED FOR THEM OR COURSES OPEN TO PERSONS WITH VARIOUS DISABILITIES IN THE SKILLS CENTRES.

SHE SAID: "FOR THOSE WHO ARE CAPABLE OF FOLLOWING CRAFT AND TECHNICIAN LEVEL COURSES, SPECIAL SUPPORT SERVICES ARE PROVIDED TO ENABLE THEM TO FOLLOW THE MAINSTREAM TRAINING IN TECHNICAL INSTITUTES AND INDUSTRIAL TRAINING CENTRES.

"THESE COURSES ENABLE VISUALLY-IMPAIRED PERSONS TO ACQUIRE MARKETABLE SKILLS SO THAT THEY ARE BETTER EQUIPPED FOR SEEKING EMPLOYMENT."

ON EMPLOYMENT, MRS WONG SAID THE SELECTIVE PLACEMENT DIVISION OF THE LABOUR DEPARTMENT PROVIDED JOB PLACEMENT SERVICE FOR DISABLED PERSONS LOOKING FOR EMPLOYMENT IN THE OPEN MARKET AS WELL AS POST-PLACEMENT FOLLOW-UP SERVICE TO HELP DISABLED PERSONS SETTLE IN THEIR JOBS.

IN 1992, THE DIVISION DEALT WITH 2,705 REGISTRATIONS, OF WHICH 164 WERE FROM VISUALLY-IMPAIRED PERSONS.

OUT OF THE 1,366 WHO WERE SUCCESSFULLY PLACED INTO JOBS COMPATIBLE WITH THEIR ABILITY AND APTITUDE, 33 WERE VISUALLY-IMPAIRED.

MRS WONG ALSO SAID ACCORDING TO THE CENTRAL REGISTRY FOR REHABILITATION, THERE WERE SOME 5,170 VISUALLY-IMPAIRED PERSONS AGED BETWEEN 18 AND 65 AS AT THE END OF 1992.

AND BASED ON THE EMPLOYMENT STATISTICS FROM TWO LEADING NON-GOVERNMENTAL ORGANISATIONS SERVING VISUALLY-IMPAIRED PERSONS, IT IS ESTIMATED THAT ABOUT HALF OF THEM ARE IN EMPLOYMENT, SHE ADDED.

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OFFICE SET UP TO MONITOR WEST KOWLOON RECLAMATION

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AN ENVIRONMENTAL PROJECT OFFICE HAS BEEN SET UP TO MONITOR AND ADVISE ON ENVIRONMENTAL MATTERS FOR THE WEST KOWLOON RECLAMATION PROJECT.

THIS WAS STATED BY THE SECRETARY FOR WORKS, MR JAMES BLAKE, IN A WRITTEN REPLY TO A QUESTION BY THE HON JAMES TO IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR BLAKE SAID WITH STRICT ENFORCEMENT OF THE CURRENT ENVIRONMENTAL LEGISLATION AND CLOSE SITE SUPERVISION, IT WAS EXPECTED THAT MITIGATION MEASURES TAKEN WOULD GREATLY ABATE ENVIRONMENTAL POLLUTION DURING CONSTRUCTION.

THESE MEASURES INCLUDED THE USE OF QUIET PLANT AND NOISE BARRIERS, AND CONTROL MEASURES SUCH AS WATERING OF EXPOSED SITE SURFACES, USE OF WHEEL AND VEHICLE BODY WASHING, COVERING OF SPOIL VEHICLES TO REDUCE DUST LEVEL.

MR BLAKE SAID THERE WAS NO DETERIORATING SEWERAGE PROBLEM IN THE WEST KOWLOON WHILE RECLAMATION WORKS WERE IN PROGRESS. INSTEAD, WATER QUALITY IN THE WATER RECEPTION AREA THERE WAS IMPROVING.

THE WATER QUALITY WOULD BE FURTHER IMPROVED WITH THE COMPLETION OF TWO DRY WEATHER FLOW (DWF) INTERCEPTORS BY THE END OF THIS YEAR AND A FURTHER 10 DWF INTERCEPTORS BY THE END OF 1994.

"THE REMAINING POLLUTANT LOAD IN THE STORM DRAINS WILL BE DEALT WITH BY THE REMOVAL OF ALL EXPEDIENT CONNECTIONS IN THE AREA, AND WHEN CONTROL UNDER THE WATER POLLUTION CONTROL ORDINANCE IS EXTENDED TO THE VICTORIA HARBOUR WATER CONTROL ZONE AFTER 1995," HE ADDED.

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PRESENT DRIVING ARRANGEMENTS WORK WELL

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THE PRESENT DRIVING ARRANGEMENTS IN HONG KONG WORK SATISFACTORILY IN PRACTICE AND THERE ARE NO PLANS TO CHANGE FROM THE RIGHT-HAND DRIVE SYSTEM TO LEFT-HAND DRIVE.

THIS WAS STATED BY THE SECRETARY FOR TRANSPORT, MR MICHAEL LEUNG, IN A WRITTEN REPLY TO A QUESTION BY THE HON STEVEN POON IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR LEUNG SAID MORE THAN 20,000 VEHICLES CROSSED THE BORDER EACH DAY AND THEY WERE ABLE TO COPE WITH THE DIFFERENT DRIVING SYSTEMS ON EITHER SIDE WITHOUT SERIOUS DIFFICULTY.

"IF WE WERE TO CHANGE THE SYSTEM IN HONG KONG, THIS WOULD BE ENORMOUSLY EXPENSIVE AND INCONVENIENT TO THE PUBLIC. MAJOR ALTERATIONS WOULD BE NEEDED TO OUR ROAD INFRASTRUCTURE AND THERE WOULD INEVITABLY BE ROAD SAFETY IMPLICATIONS," HE SAID.

MR LEUNG POINTED OUT THAT THE DIFFERENCE IN DRIVING SYSTEMS BETWEEN HONG KONG AND CHINA WAS NOT UNIQUE.

"FOR EXAMPLE, THERE IS A SUBSTANTIAL MOVEMENT OF VEHICLES BETWEEN THE UK AND CONTINENTAL EUROPE, WHICH WILL INCREASE SIGNIFICANTLY WITH THE OPENING OF THE CHANNEL TUNNEL, BUT THERE ARE NO PLANS TO STANDARDISE DRIVING SYSTEMS," HE SAID.

"THE FACT IS THAT WITH CARE AND COMMON SENSE ON THE PART OF THE MOTORISTS, THE TWO DRIVING SYSTEMS CAN CO-EXIST SATISFACTORILY," HE SAID.

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SEASONAL RISE IN CRIME ON LANTAU

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THE INFLUX OF VISITORS TO LANTAU ISLAND DURING THE SUMMER MONTHS ACCOUNTS FOR THE INCREASE IN THE MONTHLY AVERAGE REPORTED CRIME BETWEEN JULY AND SEPTEMBER, COMPARED TO THE FIRST SIX MONTHS OF LAST YEAR.

THIS WAS STATED TODAY (WEDNESDAY) BY THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, IN A WRITTEN REPLY TO A QUESTION BY THE HON ALBERT CHAN WAI-YIP IN THE LEGISLATIVE COUNCIL.

MR ASPREY SAID THE INCREASE WAS AN EXPECTED SEASONAL FLUCTUATION.

"POLICE STRENGTH ON THE ISLAND IS INCREASED DURING THE SUMMER MONTHS TO COPE WITH THE INCREASE IN POPULATION," HE SAID.

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AIRLINES PROMPTLY REMOVE INADMISSIBLE PERSONS

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IMMIGRATION OFFICERS ARE FLEXIBLE WHEN AIRLINES HAVE DIFFICULTIES IN CARRYING THOSE REFUSED ENTRY OUT OF HONG KONG ON THE NEXT AVAILABLE FLIGHT, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, SAID.

THEY LIAISE WITH THE AIRLINES AND DO NOT REQUIRE THEM TO REMOVE ORDINARY PASSENGERS IN ORDER TO FIND SEATS FOR THE REMOVAL OF INADMISSIBLE PERSONS, HE ADDED.

IN A WRITTEN REPLY TO A QUESTION BY THE HON HOWARD YOUNG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), MR ASPREY SAID WHEN THAT DAY'S DIRECT FLIGHTS WERE FULLY BOOKED, ALTERNATIVE ARRANGEMENTS WOULD BE MADE.

"WE SEEK TO MINIMISE THE PROLONGED DETENTION OF AN INADMISSIBLE PERSON AND THE EXPENSES INCURRED IN MAINTAINING HIM HERE," HE SAID.

THESE EXPENSES ARE BORNE BY THE AIRLINE WHICH BROUGHT THE INADMISSIBLE PERSON TO HONG KONG.

AIRLINES SEEK TO AVOID THE EXPENSE OF LOOKING AFTER PASSENGERS REFUSED LANDING AND GENERALLY HAVE ENOUGH FLEXIBILITY, IN TERMS OF STAND-BY OR STAFF PASSENGERS TO ENABLE THEM TO REMOVE INADMISSIBLE PERSONS WITHOUT INCONVENIENCING NORMAL PASSENGERS, MR ASPREY SAID.

UNDER THE IMMIGRATION ORDINANCE, ANY PERSON WHO CONTRAVENES THE DIRECTION OF AN IMMIGRATION OFFICER FOR THE REMOVAL OF AN INADMISSIBLE PERSON SHALL BE LIABLE ON CONVICTION TO A FINE OF \$20,000.

MR ASPREY SAID NO AIRLINE HAD BEEN PROSECUTED FOR CONTRAVENING SUCH A DIRECTION.

"IMMIGRATION OFFICERS APPRECIATE THE DIFFICULTIES FACED BY AIRLINES AND DO NOT ISSUE A DIRECTION LIGHTLY," HE SAID.

IN EXERCISING THESE POWERS, IMMIGRATION OFFICERS FOLLOW STANDARDS AND PRACTICES RECOMMENDED BY THE CONVENTION ON INTERNATIONAL CIVIL AVIATION.

PROMPT REMOVAL OF AN INADMISSIBLE PERSON AVOIDS THE PROLONGED DETENTION OF THE PERSON CONCERNED AND THE RISK OF HIS BEING REJECTED BY HIS POINT OF ORIGIN BECAUSE OF A TIME LAPSE, MR ASPREY SAID.

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WEDNESDAY, MARCH 3, 1993

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EDUCATION DEPARTMENT EMBARKS ON 16 RESEARCH PROJECTS

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THE EDUCATION DEPARTMENT HAS EMBARKED ON 16 TEACHING AND LEARNING-RELATED RESEARCH PROJECTS SINCE 1988, THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, SAID.

IN A WRITTEN REPLY TO A QUESTION BY THE HON CHEUNG MAN-KWONG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), MR CHAN SAID THE REPORTS ON THE COMPLETED RESEARCH PROJECTS COULD BE MADE AVAILABLE TO PARTIES WHICH HAD A LEGITIMATE INTEREST IN THEM.

"THESE REPORTS ARE NOT INTENDED FOR RELEASE TO THE GENERAL PUBLIC BECAUSE THEY WERE CARRIED OUT TO MEET DEPARTMENTAL NEEDS," HE SAID.

HE ALSO EXPLAINED THAT THERE HAD BEEN LITTLE PUBLIC INTEREST IN THE FINDINGS OF THESE PROJECTS TO WARRANT WIDE PUBLICATION.

ON THE COSTS OF THE PROJECTS, MR CHAN SAID A CLEAR APPORTIONMENT WAS NOT POSSIBLE BECAUSE THE PROJECTS WERE CARRIED OUT BY DEPARTMENTAL STAFF.

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REMEDIAL CLASSES FOR STUDENTS WITH STUDY PROBLEMS

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UNLESS THERE ARE SPECIAL CIRCUMSTANCES SUCH AS PROTRACTED ILL HEALTH, THE EDUCATION DEPARTMENT CONSIDERS PRIVATE TUITION TO BE UNNECESSARY.

THIS WAS STATED BY THE SECRETARY FOR EDUCATION AND MANPOWER, MR JOHN CHAN, IN A WRITTEN REPLY TO A QUESTION BY THE HON ERIC LI IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

ASKED WHETHER THE GOVERNMENT WOULD CONDUCT A SURVEY ON PRIVATE TUITION, MR CHAN SAID: "SCHOOLS OPERATE REMEDIAL CLASSES FOR THOSE WHO HAVE PROBLEMS WITH THEIR WORK AND ADDITIONAL TEACHERS ARE PROVIDED FOR THIS PURPOSE.

"FOR THIS REASON, THE DEPARTMENT HAS NO PLANS TO CONDUCT ANY SURVEY ON THE SUBJECT."

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DAILY INFORMATION BULLETIN

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

SUPPLEMENT - BUDGET

WEDNESDAY, MARCH 3, 1993

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WEDNESDAY, MARCH 3, 1993

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BUDGET WILL FURTHER INCREASE PEOPLE'S WELLBEING: FS

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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT THIS YEAR'S BUDGET WOULD FURTHER INCREASE THE WELLBEING OF THE PEOPLE OF HONG KONG.

MOVING THE SECOND READING OF THE APPROPRIATION BILL 1993, MR MACLEOD SAID THE GOVERNMENT WOULD IMPROVE THE LIVELIHOOD OF THE COMMUNITY, AS WELL AS THE RANGE AND QUALITY OF SOCIAL SERVICES AND OTHER PROGRAMMES IN LINE WITH THE MEASURES OUTLINED BY THE GOVERNOR IN HIS POLICY ADDRESS.

"BUT, IN ADDITION, WE WILL BE ABLE TO MAKE FURTHER IMPROVEMENTS IN KEY PROGRAMME AREAS.

"THERE WILL ALSO BE LOWER TAXES FOR THE GREAT MAJORITY OF TAX-PAYING FAMILIES," HE SAID.

IN PREPARING THIS YEAR'S BUDGET AGAINST A BACKGROUND OF RAPID POLITICAL AS WELL AS ECONOMIC CHANGE, BOTH HERE AND ABROAD, MR MACLEOD SAID HE HAD BEEN VERY CONSCIOUS OF THE GOVERNMENT'S FUNDAMENTAL OBJECTIVES IN MANAGING ITS FINANCIAL AND ECONOMIC AFFAIRS:

- * THE BUSINESS ENVIRONMENT SHOULD BE AS POSITIVE AS POSSIBLE, WITH MINIMUM GOVERNMENT INTERFERENCE AND MAXIMUM SUPPORT.
- * THE GOVERNMENT'S POLICIES AND PROGRAMMES SHOULD BALANCE ECONOMIC REALITIES AND THE PUBLIC'S ASPIRATIONS.
- * FUNDING FOR EXPANDED GOVERNMENT PROGRAMMES SHOULD NORMALLY COME FROM THE REVENUE GENERATED BY ECONOMIC GROWTH RATHER THAN HIGHER TAXES.
- * ECONOMIC GROWTH SHOULD IMPROVE THE QUALITY OF LIFE FOR THE WHOLE COMMUNITY.
- * THE FUTURE SPECIAL ADMINISTRATIVE REGION GOVERNMENT (SARG) SHOULD GET OFF TO THE BEST POSSIBLE START IN 1997, WITH A FLOURISHING ECONOMY, ADEQUATE FINANCE AND AN INFRASTRUCTURE FIT FOR THE NEXT CENTURY.

"THIS YEAR'S BUDGET IS A BUDGET WHICH BUILDS ON SUCCESS.

"I HAVE BEEN ABLE TO PURSUE THESE AIMS WITH CONSIDERABLE CONFIDENCE IN THIS MY SECOND BUDGET BECAUSE OF OUR ROBUST ECONOMIC PERFORMANCE," HE SAID.

HE EXPLAINED THAT THIS HAD BEEN BASED ON:

- * THE CONTINUED IMPRESSIVE GROWTH OF CHINA'S ECONOMY, AND
- * THE ABILITY OF HONG KONG BUSINESSMEN TO LOOK BEYOND PRESENT POLITICAL CONTROVERSIES TO THE LONG-TERM PROSPECTS FOR SUSTAINED GROWTH THROUGHOUT THE HONG KONG ECONOMY.

/"BUT THE

"BUT THE GOVERNMENT CANNOT ACHIEVE THIS ON ITS OWN," HE SAID.

THE GOVERNMENT HAS TO WORK TOGETHER IN PARTNERSHIP WITH OTHERS:

- * IN PARTNERSHIP WITH THE LEGISLATIVE COUNCIL, WHICH MEANS, FOR EXAMPLE, FRANK AND EARLY CONSULTATIONS WITH MEMBERS ON BUDGET PRIORITIES,
- * IN PARTNERSHIP WITH THE BUSINESS COMMUNITY, TO MAINTAIN HONG KONG'S COMPETITIVENESS, AND TO MAXIMISE PRIVATE INVESTMENT IN OUR INFRASTRUCTURE, AND
- * IN PARTNERSHIP WITH THE COMMUNITY WE ALL SERVE, SO AS TO ENSURE THAT ITS NEEDS ARE MET AND ITS CRITICISMS HEEDED.

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HK CONTINUES TO FLOURISH

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HONG KONG HAS CONTINUED TO FLOURISH, DESPITE FOREBODINGS ABOUT HONG KONG'S ABILITY TO WEATHER NEW POLITICAL STORMS AND IN THE FACE OF RECESSIONARY CONDITIONS IN MANY OF ITS LEADING EXPORT MARKETS, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"IN PRESENTING MY FIRST BUDGET LAST YEAR, I SAID THAT MY OVERRIDING DUTY AS FINANCIAL SECRETARY WAS TO SEE THAT HONG KONG'S RECORD OF ECONOMIC SUCCESS CONTINUED INTO THE FUTURE.

"FOR IT IS FROM THIS ECONOMIC SUCCESS THAT ALL ELSE FLOWS," MR MACLEOD SAID IN HIS BUDGET FOR 1993/94.

"I THINK WE CAN FAIRLY SAY THAT OVER THE LAST YEAR, HONG KONG HAS CONFOUNDED THE SCEPTICS YET AGAIN," HE SAID, NOTING THAT:

- * GDP GREW 5% IN REAL TERMS, WELL UP FROM THE GROWTH RATE IN PRECEDING YEARS. GDP PER HEAD INCREASED TO OVER U.S.\$16,000.
- * TOTAL EXPORTS GREW 19%.
- * IN EFFECT HONG KONG HAS FULL EMPLOYMENT. THE UNEMPLOYMENT RATE HAS REMAINED AMONG THE LOWEST IN THE WORLD.
- * INFLATION FELL BACK, ALTHOUGH NOT NEARLY ENOUGH FOR COMFORT.

"IT IS A MARK OF OUR SUCCESS THAT NOWADAYS WE CAN COMPARE OURSELVES WITH THE MAJOR ECONOMIES OF THE WORLD, AND INCREASINGLY THE COMPARISONS IN MANY RESPECTS COME OUT IN OUR FAVOUR."

AFTER ANOTHER YEAR OF ECONOMIC SUCCESS:

- * HONG KONG HAS ALMOST CAUGHT UP WITH THE DEVELOPED ECONOMIES OF UK AND AUSTRALIA, AND HAS ALREADY OVERTAKEN SPAIN AND NEW ZEALAND, IN TERMS OF GDP PER HEAD, A CRUDE BUT USEFUL YARDSTICK OF ECONOMIC WELLBEING.
- * HONG KONG IS THE 10TH LARGEST TRADING ECONOMY IN THE WORLD IN TERMS OF INTERNATIONAL TRADE.
- * HONG KONG IS THE 12TH LARGEST IN THE WORLD IN TERMS OF FOREIGN CURRENCY RESERVES.

IT IS NOT SIMPLY THAT HONG KONG HAS GOT ITS POLICIES RIGHT, THOUGH THIS HAS BEEN CRUCIAL, HE SAID.

"IT IS NOT ONLY THAT OUR COMMUNITY POSSESSES TALENT IN ABUNDANCE.

"IT IS ALSO THAT WE ARE FORTUNATE ENOUGH TO BE IN THE FASTEST GROWING REGION IN THE WORLD - AND THAT WE ARE FLEXIBLE AND EFFICIENT ENOUGH TO TAKE FULL ADVANTAGE OF THE OPPORTUNITIES THIS PRESENTS."

THUS HONG KONG'S REGIONAL TRADE EXPANDED BY 23% IN 1992, AND TRADE WITH CHINA IN PARTICULAR BY 25%.

OVER THE LAST DECADE, THE INCREASE IN IMPORTANCE OF CHINA TRADE, IN BOTH ABSOLUTE AND RELATIVE TERMS, HAS BEEN STAGGERING, HE SAID.

"WE ARE BENEFITING HANDSOMELY FROM THE ASTONISHING GROWTH RATES RECORDED BY GUANGDONG AND OTHER PARTS OF CHINA.

"AND WE HAVE ALSO CONTRIBUTED HANDSOMELY TO CHINA'S SUCCESS, THROUGH OUR INVESTMENT IN THAT COUNTRY'S MANUFACTURING, COMMUNICATIONS AND SERVICES," THE FINANCIAL SECRETARY SAID.

THANKS LARGELY TO THE MARKET-ORIENTED ECONOMIC POLICIES ADOPTED BY THE CHINESE GOVERNMENT OVER THE LAST DECADE, HONG KONG HAS BECOME PART OF THE FASTEST-GROWING ECONOMIC REGION IN THE WORLD.

"WE ARE PART OF WHAT I BELIEVE HISTORY WILL RECOGNISE AS AN ECONOMIC MIRACLE TO RIVAL THE MUCH-VAUNTED POST-WAR RECORD OF JAPAN AND GERMANY," HE ADDED.

ECONOMIC PROSPECTS FOR 1993 VERY ENCOURAGING: FS
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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY) THAT HONG KONG'S ECONOMIC PROSPECTS FOR 1993 WERE EXTREMELY GOOD.

PRESENTING HIS SECOND BUDGET TO THE LEGISLATIVE COUNCIL, MR MACLEOD SAID HE WAS CONFIDENT THAT THE TERRITORY SHOULD CONTINUE TO FLOURISH AS IT APPROACHED THE "ASIAN CENTURY".

"BUT WE CAN NEVER TAKE SUCCESS FOR GRANTED. IT IS FAR FROM INEVITABLE," HE SAID.

HONG KONG'S CONTINUED PROSPERITY DEPENDS ON MAINTAINING THE RIGHT ENVIRONMENT FOR BUSINESS GROWTH.

"ON THIS SCORE, OUR PROSPECTS FOR 1993 ARE VERY ENCOURAGING, ALTHOUGH WE CANNOT IGNORE SOME POTENTIAL CLOUDS, PARTICULARLY ON THE TRADE HORIZON," HE SAID.

MR MACLEOD SAID HE WAS ENCOURAGED, FOR EXAMPLE, BY THE VIGOUR OF INVESTMENT IN MACHINERY AND EQUIPMENT, WHICH WAS LAYING A FIRM BASIS FOR FURTHER INCREASES IN PRODUCTIVITY.

HE EXPECTED ECONOMIC GROWTH IN 1993 TO BE SOMEWHAT GREATER THAN LAST YEAR:

- * ALTHOUGH WESTERN EUROPE AND JAPAN ARE LIKELY TO REMAIN SLUGGISH, CHINA AND THE PACIFIC REGION ARE SET TO CONTINUE THEIR RECORD GROWTH. AND PROSPECTS FOR THE UNITED STATES, STILL HONG KONG'S MAJOR MARKET, SEEM BRIGHTER THAN LAST YEAR.
- * PROVIDED THAT MFN STATUS FOR CHINA IS RENEWED, TOTAL EXPORTS WILL GROW BY 18.5% IN REAL TERMS, WITH RE-EXPORTS GROWING BY 25%. IMPORTS WILL ALSO GROW BY 19%.
- * GROWTH IN FOREIGN TRADE WILL TRANSLATE INTO HIGHER PERSONAL INCOMES AND INCREASED CONSUMER DEMAND. CONSUMER SPENDING WILL GROW BY 7.5% IN REAL TERMS.
- * GROWTH IN FOREIGN TRADE, BACKED BY RISING CONSUMER DEMAND, WILL ALSO CREATE A FAVOURABLE INVESTMENT CLIMATE. PRIVATE SECTOR SPENDING ON MACHINERY AND EQUIPMENT WILL GROW BY 15% IN REAL TERMS.

MR MACLEOD SAID THIS "BENIGN CYCLE" OF FOREIGN TRADE, INVESTMENT AND GDP GROWTH, WHICH WAS TRANSFORMING LIVING STANDARDS THROUGHOUT MUCH OF ASIA, MEANT THAT HONG KONG WOULD CONTINUE TO CLIMB HIGHER UP THE WORLD ECONOMIC RANKINGS.

"GDP WILL GROW BY 5.5% IN REAL TERMS, AND GDP PER HEAD WILL AMOUNT TO \$146,700 (U.S.\$18,800).

"WE HAVE EVERY CHANCE OF OVERTAKING THE GDP PER HEAD OF THE UK AND AUSTRALIA AND OF APPROACHING ITALY AND THE NETHERLANDS," HE SAID.

INFLATION - A COST OF GROWTH

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HONG KONG'S PRIORITIES MUST CONTINUE TO BE ECONOMIC EXPANSION, REAL GROWTH IN BOTH PROFITS AND PERSONAL INCOMES, AND A HIGH LEVEL OF EMPLOYMENT, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY).

PRESENTING HIS BUDGET FOR 1993/94, MR MACLEOD SAID PURSUIT OF THESE GOALS MADE IT DIFFICULT TO ESCAPE FROM PRESSURE ON PRICES.

"BUT I BELIEVE THAT OUR COMMUNITY WOULD PREFER TO FACE THE PROBLEM OF CONTAINING INFLATION RATHER THAN THE THREAT OF BANKRUPTCIES, UNEMPLOYMENT AND STAGNANT INCOMES.

"INDEED, HONG KONG'S RECORD IN SUCCESSFULLY AVOIDING THE MISERY OF UNEMPLOYMENT IS OUTSTANDING," HE SAID.

HE SAID IN COMMON WITH MOST OF ITS ASIAN NEIGHBOURS, HONG KONG PUT GROWTH FIRST.

THE FINANCIAL SECRETARY SHARED THE SAME BASIC OBJECTIVES AS ECONOMIC POLICY-MAKERS ALL OVER THE WORLD: LOW INFLATION, HIGH GROWTH AND FULL EMPLOYMENT.

BUT HE ADDED THAT POLICY-MAKERS AROUND THE WORLD ALSO KNOW TO THEIR COST THAT THERE WAS NO CERTAIN RECIPE FOR ACHIEVING THIS.

"IN MANY WESTERN ECONOMIES, PRICE STABILITY HAS BEEN ACHIEVED, BUT ONLY AT THE COST OF LOW ECONOMIC GROWTH AND HIGH UNEMPLOYMENT," HE SAID.

DESCRIBING INFLATION AS ONE OF THE TWO CHALLENGES TO ECONOMIC PROSPECTS, MR MACLEOD SAID ALTHOUGH, AT 9.4% LAST YEAR, INFLATION HAD FALLEN SUBSTANTIALLY FROM ITS PEAK OF 13.9%, IT WOULD REMAIN UNCOMFORTABLY HIGH, WITH THE CPI(A) LIKELY TO STAY CLOSE TO 9.5% THIS YEAR.

"THE LEVEL IN INDIVIDUAL MONTHS MAY PROVE SOME WHAT HIGHER BECAUSE OF SEASONAL FACTORS. BUT THE OVERALL TREND SHOULD BE FOR SINGLE-DIGIT INFLATION.

"I ACCEPT THAT THIS, THOUGH BETTER THAN IN PREVIOUS YEARS, IS STILL NOT SATISFACTORY," HE SAID.

NONETHELESS, INFLATION IS AN ISSUE ON WHICH NO ONE CAN AFFORD TO BE COMPLACENT, IN THE GOVERNMENT, IN BUSINESS OR IN THE COMMUNITY.

"THE SUDDEN SPURT IN CONSUMER PRICES IN JANUARY WAS A REMINDER THAT COMPLACENCY HAS NO PLACE IN OUR THINKING.

"I SHOULD ADD THAT I AM CONFIDENT THAT JANUARY WAS AN EXCEPTION WHICH WILL BE OFFSET OVER THE YEAR AS A WHOLE."

AT THE SAME TIME, IF THERE WERE ANY QUICK SOLUTION, OTHER THAN ECONOMIC STAGNATION AND ALL THE SOCIAL MISERY THAT IT BRINGS, HONG KONG WOULD HAVE FOUND IT, HE SAID.

"THE TRUTH IS THAT VERY FEW PLACES IN THE WORLD HAVE FOUND A LOW-COST, SURE-FIRE REMEDY FOR INFLATION.

"BUT GIVEN THE CONSTRAINTS UNDER WHICH WE OPERATE, HONG KONG HAS PROBABLY COME AS CLOSE TO FINDING AS MUCH RELIEF FROM INFLATION AS WE CAN PRESENTLY REALISTICALLY EXPECT," MR MACLEOD SAID.

LABOUR REMAINS HONG KONG'S BIGGEST CONSTRAINT.

"WITH A LIMITED WORKFORCE, OUR FIRST PRIORITY MUST BE MAXIMUM EFFICIENCY.

"LAST YEAR, LABOUR PRODUCTIVITY INCREASED BY 5.4% IN REAL TERMS.

"IN PARTNERSHIP WITH THE PRIVATE SECTOR, WE WILL CONTINUE TO IMPROVE THE EFFICIENCY OF OUR LABOUR FORCE THROUGH EDUCATION AND TRAINING PROGRAMMES."

THE INJECTION LAST NOVEMBER OF \$300 MILLION INTO THE EMPLOYEES RETRAINING FUND WILL MAKE IT POSSIBLE TO RETRAIN SOME 10,000 WORKERS IN 1993.

THIS IS, OF COURSE, ADDITIONAL TO THE \$1 BILLION WHICH WILL BE SPENT IN 1993/94 ON VOCATIONAL TRAINING BY THE VOCATIONAL TRAINING COUNCIL.

"HOWEVER, THERE IS NO DOUBT THAT WE WILL STILL FACE A SERIOUS SHORTAGE OF LABOUR IN CERTAIN SECTORS, AND THAT WE HAVE NOT YET FOUND A SATISFACTORY SOLUTION TO THIS PROBLEM," HE SAID.

LAND IS ALSO A SERIOUS CONSTRAINT, ONE WHICH MANY FAMILIES FEEL THROUGH THE HIGH COST OF ACCOMMODATION.

"WE HAVE GONE SOME WAY TOWARDS MITIGATING THE IMPACT OF SPECULATIVE PRESSURES ON THE PRICE OF HOUSING.

"IN PARTICULAR, THE STAMP DUTY MEASURES INTRODUCED IN LATE 1991, TOGETHER WITH THE LIMIT ON BANK MORTGAGE LENDING, HAVE HELPED TO STABILISE THE PRICE OF HOMES.

INDEED, RESIDENTIAL FLAT PRICES HAVE NOW COME SOMEWHAT OFF THEIR PEAK.

HOWEVER, THEY ARE STILL VERY HIGH; FOR EXAMPLE, THEY ARE NOT FAR OFF DOUBLE THEIR PRICE IN JANUARY 1991.

"I BELIEVE WE MUST BE VERY CAUTIOUS ABOUT PROPOSALS TO EASE LENDING LIMITS AND THE LIKE IF WE ARE TO AVOID ANOTHER PRICE SPIRAL."

INDIVIDUAL BUYERS ALSO NEED TO BEAR IN MIND THEIR VULNERABILITY TO POSSIBLE HIGHER INTEREST RATES, ESPECIALLY IF THEY BORROW A VERY HIGH PERCENTAGE OF THE PRICE OF A PROPERTY - CLEARLY THE MORE THEY BORROW TOWARDS A FLAT, THE MORE EXPOSED THEY ARE.

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"BUT WHEN THE TIME DOES COME TO EASE OFF, I HAVE SOME SYMPATHY FOR SUGGESTIONS INSIDE AND OUTSIDE THIS CHAMBER THAT, IF POSSIBLE, PRIORITY SHOULD BE GIVEN TO FIRST-TIME HOME BUYERS," HE SAID.

MR MACLEOD SAID INDUSTRY HAD SOUGHT SOLUTIONS OF ITS OWN TO HIGHER PRODUCTION COSTS, PARTICULARLY THROUGH RELOCATION OF ALL OR PART OF PRODUCTION TO THE RELATIVELY LOW-COST ENVIRONMENT OF SOUTHERN CHINA.

"THIS HAS HELPED US MAINTAIN COMPETITIVE EXPORT PRICES DESPITE DOMESTIC INFLATION. EXPORT PRICES ROSE LAST YEAR BY ONLY 1%."

HE SAID THE OTHER RESPONSE TO INFLATION WAS TO PROTECT THE VULNERABLE MEMBERS OF THE COMMUNITY AGAINST THE IMPACT OF RISING PRICES.

"WE SHALL CONTINUE TO MAINTAIN THE REAL VALUE OF SOCIAL SECURITY PAYMENTS THROUGH INCREASING THE LEVEL OF BENEFITS IN LINE WITH INFLATION."

THIS IS IN ADDITION TO THE REAL INCREASE IN BENEFITS ANNOUNCED IN THE GOVERNOR'S POLICY ADDRESS, WHICH WILL TAKE EFFECT THIS SUMMER, HE SAID.

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TRADE RESTRICTIONS WILL REMAIN AN ANXIETY: FS
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TRADE RESTRICTIONS, PARTICULARLY CHINA'S MFN STATUS IN THE U.S. MARKET, WILL REMAIN AN ANXIETY, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY).

PRESENTING HIS BUDGET FOR 1993/94 IN THE LEGISLATIVE COUNCIL, MR MACLEOD SAID CHINA AND THE UNITED STATES TOGETHER ACCOUNT FOR NEARLY HALF OF HONG KONG'S TOTAL FOREIGN TRADE.

"WE CLEARLY HAVE A MAJOR INTEREST IN TRADE ISSUES BETWEEN THESE TWO GIANTS BEING SENSIBLY RESOLVED."

MFN STATUS IS ACTUALLY THE NORMAL TREATMENT FOR THE VAST MAJORITY OF THE UNITED STATES' TRADING PARTNERS.

"WITHDRAWAL OF MFN STATUS IS A VERY SERIOUS STEP. IT INVOLVES PENAL TARIFF RATES ON MANY GOODS," HE SAID.

FOR EXAMPLE, IN CERTAIN TOYS AND APPAREL PRODUCTS, THE NON-MFN TARIFF RATES ARE MORE THAN 10 TIMES THE MFN RATES.

"I BELIEVE IT IS CLEARLY IN THE INTEREST OF ALL TO FIND A MORE CONSTRUCTIVE BASIS FOR SUCH A KEY RELATIONSHIP."

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OVER THE NEXT FEW MONTHS, THE NEW UNITED STATES ADMINISTRATION WILL HAVE TO DECIDE WHETHER TO RENEW CHINA'S MFN STATUS.

"WE IN HONG KONG SHALL HAVE TO USE EVERY OPPORTUNITY TO EXPLAIN OUR CONCERNS IN WASHINGTON.

"THE CASE WE SHALL BE MAKING TO THE AMERICAN ADMINISTRATION, AS STRENUOUSLY AS POSSIBLE, IN DEFENCE OF HONG KONG'S ECONOMIC WELLBEING AND THE PRINCIPLES OF FREE TRADE CAN BE SIMPLY PUT."

THE CASE IS :

- * IT IS ESTIMATED THAT LOSS OF MFN STATUS BY CHINA WOULD COST HONG KONG UP TO 70,000 JOBS AND UP TO THREE PERCENTAGE POINTS OF OUR ANNUAL GDP GROWTH.
- * IT IS UNREASONABLE AND UNDESIRABLE TO INFLICT ECONOMIC DAMAGE ON HONG KONG AS A RESULT OF DISPUTES BETWEEN WASHINGTON AND PEKING.
- * IT IS A MISTAKE TO UNDERESTIMATE THE PROGRESS WHICH CHINA HAS ALREADY MADE IN AREAS OF CONCERN IN THE COURSE OF ECONOMIC LIBERALISATION.
- * IT IS IMPOSSIBLE TO SEE HOW THOSE CLAIMING TO PROTECT OR HELP HONG KONG CAN DO SO BY DAMAGING OUR TRADE.
- * HONG KONG WOULD NOT BE THE ONLY CASUALTY. ONE ESTIMATE IS THAT WITHDRAWAL OF MFN WOULD COST AMERICAN CONSUMERS U.S.\$14 BILLION BECAUSE OF HIGHER IMPORT PRICES, WHILE RETALIATION BY CHINA WOULD PUT AT RISK OVER 150,000 AMERICAN JOBS AND U.S.\$6 BILLION WORTH OF INVESTMENT IN UNITED STATES EXPORTS TO CHINA.

MR MACLEOD SAID THE GOVERNOR WAS LOOKING FORWARD TO TRAVELLING TO WASHINGTON AT AN APPROPRIATE TIME LATER IN THE YEAR TO PUT FORWARD SOME OF THESE ARGUMENTS IN PERSON.

ALTHOUGH MFN IS THE MOST IMMEDIATE THREAT TO HONG KONG'S EXPORT GROWTH, THE FINANCIAL SECRETARY SAID THE FAILURE TO BRING THE URUGUAY ROUND TO A SUCCESSFUL CONCLUSION WAS ALSO A CONSIDERABLE DISAPPOINTMENT.

"THERE IS MUCH AT STAKE IN THESE TALKS, FOR HONG KONG AND FOR THE WORLD."

FOR HONG KONG, THE URUGUAY ROUND WOULD HELP TO BRING A SIGNIFICANT REDUCTION IN THE LEVEL OF DISCRIMINATION AGAINST HONG KONG'S EXPORTS OF SERVICES AS WELL AS GOODS.

FOR THE INTERNATIONAL ECONOMY, THE ROUND OFFERS AN OPPORTUNITY TO EXTEND TO NEW AREAS THE TRADE LIBERALISATION WHICH HAS PRODUCED IN ASIA THE DRAMATIC PROGRESS FROM POVERTY OVER THE PAST 20 YEARS, HE SAID.

HK IS A PREDOMINANTLY SERVICE ECONOMY

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HONG KONG IS NOW A PREDOMINANTLY SERVICE ECONOMY, WITH CHINA AND THE REST OF THE REGION AS THE MAIN MARKET AND SOURCE OF GROWTH, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY).

IN 1991, 73% OF HONG KONG'S GDP CAME FROM THE SERVICE SECTOR, WHICH NOW EMPLOYS 66% OF THE WORK FORCE, MR MACLEOD SAID IN HIS BUDGET FOR 1993/94.

"THIS STRATEGIC SHIFT IN THE BALANCE OF OUR ECONOMIC ACTIVITIES HAS CREATED NEW CHALLENGES, ESPECIALLY IN TERMS OF THE GOVERNMENT'S RESPONSIBILITIES."

A GOOD EXAMPLE OF HONG KONG'S POSITIVE RESPONSE TO THESE NEW CHALLENGES WAS THE DECISION LAST YEAR TO GO INTO PARTNERSHIP WITH THE PRIVATE SECTOR IN THE NEW FIELD OF ELECTRONIC DATA INTERCHANGE, OR EDI.

"AS A RESULT, WE WILL BE SIGNIFICANTLY IMPROVING THE EFFICIENCY OF OUR TRADE AND BUSINESS SECTORS," HE SAID.

THE FINANCIAL SECRETARY SAID ONE OF HONG KONG'S GREATEST ASSETS WAS AN ABILITY TO ADAPT TO NEW ECONOMIC REALITIES, THROUGH THE WORKING OF THE MARKET MECHANISM, NOT THROUGH GOVERNMENT EDICT.

OVER THE PAST DECADE, HONG KONG'S ECONOMY HAS BEEN TRANSFORMED AS IT HAD EMERGED AS ONE OF THE BUSINESS CAPITALS OF ASIA.

IN 1981, 23% OF GDP CAME FROM THE MANUFACTURING SECTOR. IN 1991, MANUFACTURING - WHILE STILL IMPORTANT - ACCOUNTED FOR ONLY 16%.

MR MACLEOD SAID IF THE SERVICES SECTOR WAS AT PRESENT THE PREDOMINANT SECTOR OF HONG KONG'S ECONOMY, THERE WAS NO MORE IMPORTANT COMPONENT OF IT THAN THE FINANCIAL SERVICES.

HONG KONG OWES A GREAT DEAL TO ITS FINANCIAL SERVICES SECTOR.

"IT HAS BEEN THE FLAGSHIP OF OUR ECONOMIC TRANSFORMATION IN RECENT YEARS. I SHOULD LIKE TO PAY A SPECIAL TRIBUTE THIS AFTERNOON TO DAVID NENDICK WHO, AS SECRETARY FOR MONETARY AFFAIRS UNTIL A FEW WEEKS AGO, DID SO MUCH TO ENCOURAGE THIS PROCESS," HE SAID.

THE SUCCESS OF THE FINANCIAL SERVICES INDUSTRY IS BASED ON A PARTNERSHIP WITH THE GOVERNMENT.

THE GOVERNMENT'S MAIN ROLE HAS BEEN TO SECURE:

- * A STABLE EXCHANGE RATE AND SOLID PUBLIC CONFIDENCE IN THE CURRENCY, AND
- * THE STABILITY AND INTEGRITY OF THE MONETARY AND FINANCIAL MARKETS THROUGH A STRENGTHENED REGULATORY FRAMEWORK.

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"FOR THE AVOIDANCE OF ANY DOUBT, LET ME REPEAT HERE THE ASSURANCE THAT I GAVE LAST YEAR, THAT I REMAIN COMMITTED TO THE EXISTING LINKED EXCHANGE RATE," HE SAID.

IN A FIELD WHICH IS EVOLVING AS RAPIDLY AND DRAMATICALLY AS FINANCIAL SERVICES, THE GOVERNMENT HAS A SPECIAL RESPONSIBILITY TO KEEP ABREAST OF CHANGE.

"I CONSIDER IT PARTICULARLY IMPORTANT THAT THE GOVERNMENT SHOULD RESPOND QUICKLY AND POSITIVELY TO ENABLE OUR FINANCIAL SERVICES TO TAKE FULL ADVANTAGE OF CHANGING CIRCUMSTANCES.

"WE ARE DOING JUST THAT."

IN THE PAST YEAR, MAJOR DEVELOPMENTS WERE SEEN:

- * IMPORTANT STEPS TAKEN TO ENABLE THE ESTABLISHMENT OF THE HONG KONG MONETARY AUTHORITY, THANKS TO THE UNANIMOUS SUPPORT OF THE LEGISLATIVE COUNCIL,
- * FURTHER MONETARY REFORM THROUGH THE ESTABLISHMENT OF THE LIQUIDITY ADJUSTMENT FACILITY, HONG KONG'S VERSION OF A DISCOUNT WINDOW,
- * THE LAUNCHING OF A NEW SECURITIES CENTRAL CLEARING AND SETTLEMENT SYSTEM, THANKS TO THE EFFORTS OF THE SECURITIES AND FUTURES COMMISSION AND THE HONG KONG STOCK EXCHANGE, AND
- * THE DECISION BY THE CHINESE GOVERNMENT TO CONSIDER THE LISTING OF NINE STATE-OWNED COMPANIES ON THE STOCK MARKET, ANNOUNCED IN OCTOBER 1992.

THESE WERE IMPORTANT AND USEFUL STEPS, HE SAID, ADDING THAT THERE WAS MORE THE GOVERNMENT COULD DO.

"WE ARE CONSIDERING STEPS TO IMPROVE THE LIQUIDITY OF SECURITIES ISSUED BY STATUTORY CORPORATIONS (SUCH AS THE AIRPORT AUTHORITY AND THE MASS TRANSIT RAILWAY CORPORATION) THROUGH EXTENDING TO THEM THE MARKET MAKING ARRANGEMENTS FOR EXCHANGE FUND BILLS AND BONDS.

"WE ARE DESIGNING A CENTRAL CUSTODY SYSTEM FOR HONG KONG DOLLAR DEBT INSTRUMENTS IN PAPERLESS FORM.

"WE SHALL CONVERT THE LAND AND COMPANIES REGISTRIES INTO NEW STYLE TRADING FUND DEPARTMENTS TO ENABLE THEM TO SERVE THEIR CLIENTS BETTER," HE SAID.

HE SAID THERE WAS AN IMPORTANT TECHNICAL POINT WHICH HE SHOULD LIKE TO CLARIFY.

IN 1991/92, THE GOVERNMENT STARTED TO ISSUE TWO-TO-THREE YEAR GOVERNMENT BONDS, WHICH HAVE ENHANCED THE DEVELOPMENT OF THE HONG KONG DOLLAR DEBT MARKET.

THIS PROGRAMME IS GOING WELL, HE SAID.

/"BECAUSE THESE

"BECAUSE THESE BONDS ARE NOW PRIMARILY AIMED AT MARKET DEVELOPMENT - CLEARLY WITH OUR PRESENT STRONG FISCAL POSITION, WE CURRENTLY HAVE NO NEED TO BORROW FOR CAPITAL EXPENDITURE PURPOSES.

"I BELIEVE THAT IT IS DESIRABLE FOR THE NEW HONG KONG MONETARY AUTHORITY TO TAKE OVER RESPONSIBILITY FOR THE FINANCIAL ACCOUNTING, AND HAVE THE PROCEEDS OF THE BOND ISSUES TAKEN INTO THE EXCHANGE FUND RATHER THAN THE CAPITAL WORKS RESERVE FUND."

HE SAID CONSIDERATION WAS BEING GIVEN TO HOW THIS COULD BEST BE ACHIEVED WITHOUT AFFECTING THE BOND PROGRAMME.

"BUT FOR THE PURPOSES OF THE MEDIUM RANGE FORECAST (AND THE 1993/94 ESTIMATES), I HAVE ASSUMED THAT SUCH REVISED ARRANGEMENTS WILL APPLY IN 1993/94."

ON PROTECTING THE PUBLIC, A KEY ISSUE FOR BOTH THE GOVERNMENT AND THE FINANCIAL SERVICES INDUSTRY IS HOW TO STRIKE THE RIGHT BALANCE BETWEEN MARKET FORCES AND THE PROTECTION OF THE CONSUMER.

"WE HAVE TRADITIONALLY RELIED IN MANY AREAS ON SELF-REGULATION AS THE BEST WAY TO PROTECT THE PUBLIC WITHOUT EXCESSIVE GOVERNMENT INTERFERENCE. BUT LEGISLATION HAS ITS PART TO PLAY IN ACHIEVING THE RIGHT BALANCE."

OVER THE NEXT YEAR, MR MACLEOD SAID THE GOVERNMENT SHOULD BE TAKING TWO IMPORTANT STEPS TO ENHANCE CONSUMER PROTECTION:

FIRST, TO STRENGTHEN THE INSURANCE AUTHORITY, THE GOVERNMENT WILL PRESENT LEGISLATION WHICH, AMONG OTHER THINGS, WILL PROVIDE EARLIER WARNING OF POTENTIAL DIFFICULTIES AND IMPOSE TIGHTER CAPITAL REQUIREMENTS ON THE INDUSTRY.

SECONDLY, TO REGULATE VOLUNTARY RETIREMENT SCHEMES, THE GOVERNMENT WILL BRING INTO EFFECT THE OCCUPATIONAL RETIREMENT SCHEMES ORDINANCE BY THE MIDDLE OF THIS YEAR.

THIS WILL PROVIDE GREATER PROTECTION FOR EMPLOYEES WHO ARE MEMBERS OF SUCH SCHEMES, HE SAID.

"THESE MEASURES HAVE BEEN CAREFULLY JUDGED TO GIVE PROTECTION TO THE PUBLIC WITHOUT IMPAIRING BUSINESS GROWTH."

IN FACT, THE MEASURES WILL ENHANCE THE QUALITY OF THE PRODUCTS AND EXPAND THEIR MARKET, HE ADDED.

MR MACLEOD SAID THE DEVELOPMENT OF A MORE EFFECTIVE REGULATORY FRAMEWORK FOR THOSE WHO BOUGHT INSURANCE POLICIES AND CONTRIBUTE TO RETIREMENT SCHEMES WOULD ENCOURAGE THE COMMUNITY TO HAVE GREATER CONFIDENCE IN THE INTEGRITY OF THESE PRODUCTS.

ON MARKET FORCES, HE EMPHASISED THAT THE GOVERNMENT, LIKE THE COMMUNITY AT LARGE, CONTINUED TO BELIEVE THAT COMPETITION AND THE MARKET WERE THE BEST ALLIES OF THE CONSUMER, AND THE BEST WAYS TO MAXIMISE EFFICIENCY AND AVOID UNFAIR PRICING.

"I BELIEVE THAT WE SHOULD INTERVENE TO SUPERVISE MARKETS ONLY WHEN ESSENTIAL TO PROTECT THE CONSUMER."

WHENEVER POSSIBLE, SELF-REGULATION IS PREFERABLE TO GOVERNMENT INTERVENTION, HE SAID.

"EVEN WHERE GOVERNMENT CONTROLS PROVE TO BE UNAVOIDABLE, WE ARE DETERMINED TO EXPLOIT ALL POSSIBLE OPPORTUNITIES TO PROMOTE COMPETITION.

"WE HAVE DEMONSTRATED THIS IN THE LAST YEAR BY ENCOURAGING COMPETITION IN TELECOMMUNICATIONS, PUBLIC TRANSPORT AND TELEVISION."

HE SAID IT WAS NO LESS TRUE OF THE FINANCIAL SERVICES, WHERE INTENSE RIVALRY EXISTS BETWEEN MAJOR INSTITUTIONS, BOTH LOCAL AND FROM OVERSEAS, COMBINED WITH A SYSTEM OF SUPERVISION WHICH MATCHED THE STANDARDS ACHIEVED IN OTHER MAJOR INTERNATIONAL FINANCIAL CENTRES.

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FS OUTLINES BUDGET STRATEGY

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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY) THAT HE REMAINED COMMITTED TO THE PRINCIPLES OF SOUND FINANCIAL MANAGEMENT WHICH HAD GUIDED THE GOVERNMENT'S BUDGETARY POLICY OVER THE YEARS.

"THESE PRINCIPLES HAVE SERVED US WELL," MR MACLEOD SAID, WHEN PRESENTING HIS SECOND BUDGET TO THE LEGISLATIVE COUNCIL.

TWO IN PARTICULAR DESERVE TO BE RESTATED, HE SAID.

* PUBLIC SPENDING MUST NOT GROW FASTER THAN THE ECONOMY, AND

* THE RESERVES MUST PROVIDE AN ADEQUATE CUSHION TO MEET KNOWN COMMITMENTS AND FUTURE UNCERTAINTIES.

THESE PRINCIPLES CANNOT BE APPLIED MECHANICALLY ON A YEAR-BY-YEAR BASIS.

TO DO SO WOULD BE TO APPLY UNNECESSARILY RIGID CONSTRAINTS, PARTICULARLY TO CAPITAL EXPENDITURE.

"MAJOR PROJECTS TEND TO BE UNEVEN IN THEIR EXPENDITURE FLOWS. THIS MEANS THAT, IN SOME YEARS, THE BUDGET WILL SHOW A SURPLUS; IN OTHER YEARS, WE WILL HAVE A DEFICIT," HE SAID.

THE KEY IS TO MAINTAIN A REASONABLE LEVEL OF RESERVES TO AVOID THE DISRUPTION OF "STOP-GO" POLICIES.

"THIS YEAR, OUR FINANCES ARE IN A VERY HEALTHY CONDITION."

/HE SAID

HE SAID THE MEDIUM RANGE FORECAST TO 1996/97 DEMONSTRATED THAT THE PLANS FOR THE FUTURE WERE WELL WITHIN THE GOVERNMENT'S MEANS.

HONG KONG CAN COMFORTABLY AFFORD:

- * THE FAR-REACHING TARGETS IN KEY PROGRAMME AREAS ANNOUNCED BY THE GOVERNOR IN HIS POLICY ADDRESS, AND
- * VERY SUBSTANTIAL PROGRAMMES OF CAPITAL SPENDING ON THE PHYSICAL INFRASTRUCTURE, INCLUDING THE AIRPORT CORE PROGRAMME.

HE SAID THE FORECAST ALSO DEMONSTRATED THAT THE GOVERNMENT COULD AFFORD TO BE EVEN MORE AMBITIOUS AND UNDERTAKE FURTHER IMPROVEMENTS TO SERVICES IN KEY PROGRAMME AREAS, NEW INITIATIVES, AND MAJOR TAX CONCESSIONS.

HE SAID THIS BUDGET CONTAINED FAR-REACHING PROPOSALS FOR NEW EXPENDITURE, MADE POSSIBLE BY THE EXCELLENT STATE OF THE PUBLIC FINANCES.

"THEY REPRESENT WHAT I REGARD AS IMAGINATIVE YET PRUDENT USE OF RECORD BUDGET SURPLUSES TO PRODUCE LASTING ECONOMIC AND SOCIAL BENEFITS, WITHOUT MORTGAGING OUR FUTURE."

IN PARTICULAR, HE SAID THE GOVERNMENT HAD BEEN ABLE TO BRING FORWARD SOME IMPORTANT PROJECTS THAT, OTHERWISE, COULD NOT HAVE BEEN UNDERTAKEN FOR MANY YEARS.

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BUDGET SURPLUS OF \$20.5 BILLION FORECAST
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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, HAS REVISED THE BUDGET SURPLUS FOR 1992/93 TO \$20.5 BILLION FROM THE ORIGINAL FORECAST OF \$7.5 BILLION AS A RESULT OF HIGHER REVENUE AND LOWER SPENDING.

THE RESERVE BALANCE AT THE END OF THE YEAR IS NOW FORECAST TO BE \$119.6 BILLION.

OF THE ADDITIONAL SURPLUS, \$7 BILLION IS THE RESULT OF HIGHER-THAN-EXPECTED REVENUE.

THE FINANCIAL SECRETARY EXPECTED TOTAL REVENUE TO COME TO \$133.3 BILLION, SOME 5.5% ABOVE THE ORIGINAL FORECAST OF \$126.3 BILLION.

THIS SURGE IN REVENUE ACCOUNTS FOR ABOUT HALF THE ADDITIONAL SURPLUS.

"THIS EXTRA REVENUE REFLECTS THE SUCCESS OF THE ECONOMY, AND IS OF COURSE GOOD NEWS SINCE IT HAS BEEN LARGELY GENERATED BY INCREASED LEVELS OF BUSINESS ACTIVITY. MOST OF IT COMES FROM STAMP DUTY, PROFITS TAX AND VEHICLE FIRST REGISTRATION TAX," SAID MR MACLEOD.

"THE OTHER HALF OF THE ADDITIONAL SURPLUS IS THE RESULT OF CAPITAL UNDERSPENDING. MEMBERS WILL NOT FIND THIS ACCEPTABLE. NEITHER DO I."

HE FORECASTED LAST YEAR THAT TOTAL EXPENDITURE WOULD COME TO \$115 BILLION AND NOW EXPECTED TOTAL EXPENDITURE TO COME TO \$109 BILLION, SOME 5% LOWER THAN THE ORIGINAL TARGET.

HE NOTED THAT THE GOVERNMENT HAD MADE SOME WELCOME SAVINGS OF ABOUT \$1 BILLION ON PUBLIC WORKS CONTRACTS WHERE TENDER PRICES HAD BEEN LOWER THAN EXPECTED, BUT POINTED OUT THAT IT HAD TO BE FACED THAT THE MAIN UNDERSPENDING WAS THE RESULT OF SLOWER PROGRESS WITH CAPITAL WORKS PROGRAMMES THAN PLANNED.

"LET ME BE PLAIN ABOUT WHAT THIS UNDERSPENDING MEANS FOR THE COMMUNITY: SOME DESIRABLE PROJECTS WILL NOT BE READY ON TIME. IT IS TRUE THAT WE HAVE SET OURSELVES AMBITIOUS TARGETS, BUT SUCH DELAYS ARE NOT ACCEPTABLE, AND WE HAVE TO ACT URGENTLY TO REMOVE THE BOTTLENECKS," THE FINANCIAL SECRETARY SAID.

HE SAID THAT THE TREND OF UNDERSPENDING WAS ALREADY APPARENT AT THE TIME OF HIS LAST BUDGET, AND SOME MEASURES HAD ALREADY BEEN PUT INTO EFFECT - FOR EXAMPLE, CALLING FOR TENDERS WHILE AT THE SAME TIME PUTTING ITEMS TO FINANCE COMMITTEE FOR FUNDING, GETTING RID OF THE BOTTLENECK OF CLEARING YEAR-END PAYMENTS, AND THE INTRODUCTION OF TIGHTER MONITORING PROCEDURES BY WORKS BRANCH.

"THIS LAST FINANCIAL YEAR HAS BROUGHT HOME THE NEED FOR MORE FUNDAMENTAL SOLUTIONS TO THIS CONSTRAINT ON OUR CAPACITY. IMPROVED CO-ORDINATION AND MANAGEMENT WITHIN THE WORKS DEPARTMENTS WILL HELP. NO LESS IMPORTANT WILL BE GREATER USE OF PRIVATE SECTOR EXPERTISE AND RESOURCES."

MR MACLEOD SAID IT HAD BECOME CLEAR THAT NEW MEASURES WERE NEEDED TO ENSURE THAT THERE WAS EFFECTIVE LIAISON BETWEEN THOSE WHO DESIGNED PROJECTS, THOSE WHO UNDERTOOK LAND ACQUISITION FOR THEM, THOSE WHO MONITORED THEIR ENVIRONMENTAL IMPLICATIONS AND THOSE WHO IMPLEMENTED THE WORKS, AND ALSO WITH THE CLIENT BRANCHES OR DEPARTMENTS.

THIS REQUIRES THAT OVERALL MANAGEMENT OF PUBLIC WORKS BECOMES MORE UNIFIED.

"TO REMOVE ANY DOUBT ABOUT WHERE OVERALL MANAGEMENT RESPONSIBILITY LIES," HE SAID, "I HAVE TAKEN STEPS TO PLACE WITH THE SECRETARY FOR WORKS OVERALL RESPONSIBILITY FOR THE IMPLEMENTATION OF THE PUBLIC WORKS PROGRAMME."

GIVEN THE VARIATION IN SIZE OF PROJECTS AND THE INEVITABLE LUMPY NATURE OF WORKS PROGRAMMING, HE SAID IT WAS NOT COST-EFFECTIVE TO ATTEMPT TO HAVE ALL PROJECTS DESIGNED AND SUPERVISED BY GOVERNMENT ENGINEERS AND ARCHITECTS.

HE SAID THE GOVERNMENT WOULD BE LOOKING AT HOW TO ENTRUST MORE OF ITS PROJECTS TO OUTSIDE AGENCIES OR THE PRIVATE SECTOR FOR DESIGN AND MANAGEMENT, AS WELL AS LETTING MORE "DESIGN-AND-BUILD" OR TURNKEY CONTRACTS.

HE HAS ASKED THE SECRETARY FOR WORKS TO TACKLE THESE PROBLEMS AS A MATTER OF URGENCY.

OTHER REMEDIAL MEASURES IN THE PIPELINE ARE:

- * A NEW REALISM WILL CHARACTERISE THE ESTIMATES OF PROJECT COSTS AND PROGRESS IN FUTURE.
- * TO HELP FULFIL HIS NEW RESPONSIBILITY FOR ENSURING PUBLIC WORKS ARE DELIVERED ON TIME AND WITHIN BUDGET, THE SECRETARY FOR WORKS WILL ESTABLISH A MORE SOPHISTICATED, COMPUTER-BASED INFORMATION AND MANAGEMENT SYSTEM. THIS WILL LINK ALL THE WORKS DEPARTMENTS AND THE RELEVANT BRANCHES. IT SHOULD ENABLE PROBLEMS TO BE IDENTIFIED AND SOLVED AT AN EARLIER STAGE. IT WILL ALLOW THE GOVERNMENT TO EXTEND SYSTEMS WHICH HAVE BEEN USED SUCCESSFULLY IN IMPLEMENTING THE AIRPORT CORE PROGRAMME.

"HOWEVER, I BELIEVE THAT THESE REMEDIAL MEASURES WILL ONLY TAKE US PART OF THE WAY. WHAT WE NEED IS A THOROUGH OVERHAUL OF PUBLIC WORKS PROCEDURES, PRACTICES AND SYSTEMS. OUR OBJECTIVE MUST BE TO INCREASE SUBSTANTIALLY OUR CAPACITY TO DELIVER PROJECTS ON TIME AND WITHIN BUDGET," HE SAID.

HE SAID HE HAD ASKED THE SECRETARY FOR WORKS TO CARRY OUT AN URGENT REVIEW AND TO REPORT TO HIM BY THE END OF JUNE.

THE SECRETARY FOR WORKS WILL LOOK BEYOND THE GOVERNMENT'S RANKS FOR ADVICE AND ALSO DRAW ON THE EXPERIENCE AND EXPERTISE OF THE PRIVATE SECTOR, IN WHICH HE HIMSELF HAS CONSIDERABLE EXPERIENCE.

MR MACLEOD SAID: "I BELIEVE THIS POINT TO BE CRUCIAL: WE NEED TO APPLY PRIVATE SECTOR BEST PRACTICE TO THE PUBLIC SECTOR. AND THE SECRETARY FOR WORKS WILL OF COURSE TAKE PARTICULAR ACCOUNT OF THE VIEWS OF MEMBERS."

AMONG THE KEY ISSUES ON WHICH THE FINANCIAL SECRETARY HAS ASKED FOR CONCRETE RECOMMENDATIONS ARE:

- * THE EXTENT TO WHICH THE SYSTEMS EMPLOYED SUCCESSFULLY IN MANAGING THE AIRPORT CORE PROGRAMME MIGHT BE APPLIED TO NON-AIRPORT PROJECTS,
- * THE SCOPE FOR GREATER USE OF THE DESIGN-AND-BUILD APPROACH TO CAPITAL WORKS PROJECTS,
- * THE GREATER DEGREE OF ENTRUSTMENT OF SUITABLE PROJECTS TO THE PRIVATE SECTOR THAT MAY BE DESIRABLE, AND
- * WHAT CHANGES ARE NEEDED IN STAFFING LEVELS, PROCEDURES AND ORGANISATION.

GOVT SPENDING TO RISE TO \$132.5 BILLION

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THE FINANCIAL SECRETARY HAS ESTIMATED THAT TOTAL GOVERNMENT SPENDING, EXCLUDING PAYMENTS FROM THE CAPITAL INVESTMENT FUND, WILL RISE TO \$132.5 BILLION IN 1993/94, REPRESENTING AN INCREASE OF \$17.4 BILLION COMPARED WITH THE ORIGINAL ESTIMATE FOR 1992/93.

MR MACLEOD SAID THE GOVERNOR IN HIS POLICY ADDRESS ANNOUNCED AMBITIOUS NEW POLICY TARGETS.

"THIS YEAR'S BUDGET PROVIDES THE RESOURCES NEEDED TO ACHIEVE THE GOALS SET FOR 1993/94, SUBJECT, OF COURSE, TO FINANCE COMMITTEE APPROVAL."

HE SAID ONE OF THE MOST VITAL IMPROVEMENTS WAS THE NEW COMPREHENSIVE SOCIAL SECURITY ASSISTANCE SCHEME.

THIS SCHEME STARTS ON JULY 1 AND WILL SUBSTANTIALLY IMPROVE THE AVERAGE MONTHLY PAYMENT RECEIVED BY OVER 100,000 OF THE POORER MEMBERS OF SOCIETY.

INCLUDING PROPOSED INFLATION INCREASES DUE SHORTLY:

- * THE AVERAGE PAYMENT FOR A SINGLE PERSON WILL BE \$2,000: AN INCREASE OF \$320 OR 19% OVER 1992, AND
- * THE AVERAGE PAYMENT FOR A FAMILY OF FOUR WILL BE \$5,880: AN INCREASE OF \$1,050 OR 22%. THIS IS EQUIVALENT TO 91% OF THE PROJECTED AVERAGE MANUFACTURING WORKER'S WAGE AS AT SEPTEMBER 1993 - OR 101% OF THE SEPTEMBER 1992 AVERAGE WAGE.

POINTING OUT THAT THERE IS A WIDESPREAD MISCONCEPTION THAT BENEFICIARIES OF SOCIAL SECURITY HAVE HAD TO RELY ON THE FORMER BASIC RATE TO MEET ALL THEIR NEEDS, HE SAID LESS THAN 1% OF ALL BENEFICIARIES RECEIVED THE BASIC RATE WITHOUT ANY FORM OF ADDITIONAL PAYMENT.

"IT IS ENTIRELY MISLEADING FOR ANY DISCUSSION OF THIS ISSUE TO FOCUS ON THE BASIC RATE," HE SAID.

THE OTHER IMPROVED SERVICES WHICH WILL BE PROVIDED IN THE COMING YEAR TO IMPLEMENT THE GOVERNOR'S POLICY ADDRESS INCLUDE:

- * FOR THE ELDERLY, AN EXTRA 1,780 PLACES WILL BE PROVIDED IN CARE-AND-ATTENTION HOMES AND HOMES FOR THE AGED.
- * FOR THE DISABLED, AN EXTRA 1,810 PLACES WILL BE PROVIDED IN RESIDENTIAL AND OTHER FACILITIES.
- * FOR CHILDREN, AN EXTRA 1,920 PLACES WILL BE PROVIDED IN NURSERIES, CRECHES, CHILDREN'S HOMES AND SMALL GROUP HOMES.

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- * FOR THE SICK, 950 EXTRA HOSPITAL BEDS WILL BE PROVIDED, TOGETHER WITH NINE NEW CLINICS OR SERVICE UNITS.
- * FOR PRIMARY SCHOOLS, 785 EXTRA TEACHERS WILL BE PROVIDED, REDUCING CLASS SIZES AND IMPROVING PUPIL-TEACHER RATIOS.
- * FOR THE FIGHT AGAINST CRIME, AN EXTRA 800 POLICE OFFICERS WILL BE DEPLOYED ON THE STREETS, AND BACKING THEM UP, THE BEST EQUIPMENT THAT CAN BE PROVIDED.

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NEW EXPENDITURE INITIATIVES FOR 1993

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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, TODAY (WEDNESDAY) ANNOUNCED A SERIES OF NEW EXPENDITURE INITIATIVES FOR 1993 TO TACKLE LONGSTANDING PROBLEMS IN 10 AREAS OF MAJOR SOCIAL AND ECONOMIC IMPORTANCE.

THESE WERE IN ADDITION TO THE TARGETS SET BY THE GOVERNOR IN HIS POLICY ADDRESS LAST OCTOBER.

IN HIS BUDGET SPEECH TO THE LEGISLATIVE COUNCIL, MR MACLEOD SAID HONG KONG'S CURRENT FINANCIAL STRENGTH ALLOWED THE GOVERNMENT TO BE MORE AMBITIOUS ON NON-RECURRENT EXPENDITURE.

APART FROM THE PACKAGE OF NEW INITIATIVES, THE FINANCIAL SECRETARY ALSO ANNOUNCED AN EXPANSION TO THE KINDERGARTEN FEE REMISSION SCHEME WHICH WILL RESULT IN AN EXTRA 32,000 FAMILIES QUALIFYING FOR FEE REMISSION. THIS WILL COST \$13 MILLION A YEAR.

HE ALSO AGREED TO MEMBERS' SUGGESTIONS FOR INTRODUCING A MORTGAGE - INTEREST SUBSIDY SCHEME TO PROVIDE HOUSING BENEFITS TO STAFF IN AIDED SCHOOLS AND IN SUBVENTED SOCIAL WELFARE AND HEALTH ORGANISATIONS. THIS SCHEME WILL COST \$48 MILLION IN THE FIRST FULL YEAR, RISING TO \$94 MILLION IN THE FIFTH YEAR.

OUTLINING HIS PACKAGE OF INITIATIVES, MR MACLEOD SAID HE HAD MADE A PARTICULAR EFFORT TO TAKE INTO ACCOUNT MEMBERS' USEFUL SUGGESTIONS DURING THE BUDGET CONSULTATION EXERCISE.

SPECIAL FUND ON AIDS AND RELIEF FOR WORK-RELATED VICTIMS

TO HELP HIV-INFECTED HAEMOPHILIACS CAUSED BY BLOOD TRANSFUSION, MR MACLEOD PROPOSED TO SET UP A SPECIAL FUND OF \$350 MILLION TO COVER BOTH THE COSTS OF EX-GRATIA PAYMENTS AND THE MEDICAL AND SUPPORT SERVICES THEY REQUIRE, AND HELP FINANCE A PROGRAMME OF AIDS-RELATED EDUCATION AND PUBLICITY TO HELP PREVENT THE SPREAD OF THIS TERRIBLE DISEASE.

FOR WORKERS INFECTED WITH PNEUMOCONIOSIS, HE PROPOSED TO MAKE A \$100 MILLION GRANT TO IMPROVE THE EX-GRATIA SCHEME FOR SUFFERERS DIAGNOSED BEFORE JANUARY 1, 1981. THIS WOULD BE IN PARALLEL WITH PROPOSED IMPROVEMENTS TO THE STATUTORY SCHEME FOR THOSE DIAGNOSED AFTER JANUARY 1, 1981, TO BE FUNDED BY AN INCREASE IN THE LEVY. AT PRESENT BOTH CATEGORIES RECEIVE ONLY ONE-OFF PAYMENTS. IN FUTURE, THEY WILL RECEIVE REGULAR PAYMENTS.

FOR WORKERS INJURED OR KILLED DURING ACCIDENTS AT WORK, THE FINANCIAL SECRETARY PROPOSED TO SET UP A NEW FUND TO PROVIDE IMMEDIATE INTEREST-FREE LOANS TO EMPLOYEES INJURED AT WORK AND TO THE DEPENDANTS OF EMPLOYEES WHO DIE AS A RESULT OF WORK-RELATED ACCIDENTS. THE GOVERNMENT'S CONTRIBUTION TO THE FUND WILL BE \$10 MILLION.

NORTH DISTRICT HOSPITAL

MR MACLEOD PROPOSED TO ALLOCATE APPROXIMATELY \$1.1 BILLION AT TODAY'S PRICES FOR THE CONSTRUCTION OF A 600-BED HOSPITAL FOR NORTH DISTRICT TO BE COMPLETED BY 1997.

HEALTH CARE

MR MACLEOD PROPOSED TO MAKE A GRANT OF \$50 MILLION TO THE HOSPITAL AUTHORITY TO FUND A RESEARCH PROGRAMME TO ASSESS THE COST-EFFECTIVENESS OF NEW TECHNOLOGIES AND TREATMENT TECHNIQUES.

"WE MUST ENSURE THAT EVERY DOLLAR WE SPEND ON HEALTH CARE IS USED TO THE BEST POSSIBLE EFFECT," HE SAID. "THAT IT IS NOT SPENT ON OVERHEADS BUT IS USED, AS FAR AS POSSIBLE, DIRECTLY TO BENEFIT THE PATIENT."

STRESSING THE GOVERNMENT'S COMMITMENT TO IMPROVING THE COMMUNITY'S HEALTH AND ITS MEDICAL CARE, HE NOTED THAT \$17.2 BILLION WOULD BE SPENT IN THIS AREA IN 1993/94.

CLEANING UP THE HARBOUR

MR MACLEOD PROPOSED TO ALLOCATE AN EXTRA \$1.9 BILLION ON TOP OF THE \$3 BILLION ANNOUNCED BY THE GOVERNOR LAST OCTOBER FOR SEWERAGE FACILITIES TO CLEAN UP THE HARBOUR. THIS WILL REDUCE CHARGES TO BE BORNE BY THE COMMUNITY. HE SAID THE GOVERNMENT WOULD CARRY OUT A COMPREHENSIVE PUBLIC CONSULTATION EXERCISE IN THE COMING MONTHS ON FAIR AND AFFORDABLE LEVELS OF CHARGING.

SANDWICH CLASS HOUSING

THE FINANCIAL SECRETARY PROPOSED TO MAKE A PAYMENT OF \$2 BILLION TO THE HOUSING SOCIETY TO SPEED UP THE INTERIM SCHEME TO HELP GENUINE, FIRST-TIME HOME BUYERS IN THE SANDWICH CLASS TO PURCHASE FLATS AT A DISCOUNT. THIS SCHEME WILL BENEFIT UP TO 3,000 FAMILIES IN THE NEXT TWO TO THREE YEARS.

HE SAID IT WOULD BE MADE CLEAR TO THE HOUSING SOCIETY THAT THE PACE AT WHICH THEY PROCEED MUST HAVE REGARD TO TRENDS IN THE PROPERTY MARKET, TO AVOID PUSHING PRICES UP.

IMPROVING MANPOWER SKILLS

TO HELP THE OPEN LEARNING INSTITUTE (OLI) DEVELOP NEW, SELF-FINANCING COURSES, ESPECIALLY IN CHINESE, THE FINANCIAL SECRETARY PROPOSED TO MAKE A \$100 MILLION GRANT FOR OLI TO ESTABLISH A GENERAL DEVELOPMENT FUND.

HE ALSO PROPOSED TO INJECT \$50 MILLION INTO THE NEW TECHNOLOGY TRAINING SCHEME TO DOUBLE THE NUMBER OF WORKERS LEARNING NEW SKILLS.

SPORTS AND PERFORMING ARTS

MR MACLEOD PROPOSED A \$100 MILLION GRANT TO THE SPORTS DEVELOPMENT BOARD TO HELP FOSTER THE DEVELOPMENT OF SPORTS SCIENCE AND MEDICINE IN GENERAL.

TO SUPPORT NEW AND DEVELOPING ARTISTIC GROUPS, HE PROPOSED A GRANT OF \$30 MILLION TO THE SIR DAVID TRENCH FUND.

SUPPORT FOR TRADE AND INDUSTRY

MR MACLEOD PROPOSED TO PROVIDE \$2.4 BILLION TO BUILD AN EXTENSION TO THE CONVENTION AND EXHIBITION CENTRE.

HE SAID THERE WAS A NEED TO REVIEW AND RATIONALISE THE TRADE DEVELOPMENT COUNCIL'S FUNDING ARRANGEMENTS IN RECOGNITION OF ITS SUCCESS IN GENERATING INCOME.

THIS MAY WELL ENABLE THE GOVERNMENT TO INCREASE THE FUNDS FOR SUPPORTING INDUSTRY, HE SAID.

TRANSPORT INFRASTRUCTURE

THE FINANCIAL SECRETARY HAD DECIDED TO TAKE ADVANTAGE OF THIS YEAR'S SURPLUS TO EASE GROWING PRESSURE ON THE ROAD SYSTEM SERVING THE NORTHWEST NEW TERRITORIES.

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FOR THE SHORT TERM, HE PROPOSED THAT IMPROVEMENT TO THE TUEN MUN HIGHWAY SHOULD NOW BE FUNDED AND BEGIN THIS YEAR. THIS WILL INVOLVE CONSTRUCTION OF NEW "CLIMBING LANES" FOR SLOW-MOVING TRAFFIC AT A COST OF \$1 BILLION.

FOR THE MEDIUM TERM, A NEW ROAD TO THE BORDER WAS ESSENTIAL. THE FIRST PRIORITY WAS ROUTE 3 FROM TSING YI TO AU TAU BY WAY OF A NEW BRIDGE AT TING KAU, AND A TUNNEL UNDER THE COUNTRY PARK. HE PROPOSED TO EARMARK \$4 BILLION AS THE GOVERNMENT'S POTENTIAL CONTRIBUTION, WHILST WAYS WERE BEING EXAMINED ON HOW BEST TO ADVANCE THIS PROJECT, IN PARTNERSHIP WITH THE PRIVATE SECTOR.

TOURISM

MR MACLEOD PROPOSED TO MAKE A CAPITAL GRANT OF \$200-\$300 MILLION TO THE HONG KONG TOURIST ASSOCIATION TO PURCHASE THEIR OWN PREMISES, SO THAT MONEY NOW SPENT ON OFFICE RENT COULD BE USED TO BOOST PROMOTION OF HONG KONG'S TOURIST INDUSTRY.

A TOURISM RANKED AS ONE OF HONG KONG'S MAJOR INDUSTRIES, WITH ESTIMATED RECEIPTS OF \$48 BILLION LAST YEAR, HE RECOMMENDED A SUBVENTION OF \$337 MILLION TO THE HKTA IN THE COMING FINANCIAL YEAR.

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1993 EXPENDITURE IN PERSPECTIVE

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THE PACKAGE OF NEW EXPENDITURE INITIATIVES, TOGETHER WITH THE SUBSTANTIAL INCREASES IN RECURRENT FUNDING FOR SOCIAL WELFARE, HEALTH AND EDUCATION ANNOUNCED BY THE GOVERNOR LAST OCTOBER, REPRESENTS A MAJOR FINANCIAL COMMITMENT, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD SAID.

"THAT I AM ABLE TO EMBARK UPON SUCH A PROGRAMME WITHIN MY BUDGETARY GUIDELINES IS ONE OF THE REWARDS OF HONG KONG'S ECONOMIC SUCCESS," HE SAID.

MR MACLEOD POINTED OUT THAT THE DRAFT ESTIMATES PROVIDE FOR REAL INCREASES IN RECURRENT EXPENDITURE ON SOCIAL WELFARE, HEALTH AND EDUCATION OF MORE THAN 7%.

"I EMPHASISE THAT THESE ARE REAL INCREASES, AFTER ALLOWING FOR INFLATION," HE ADDED.

PUBLIC EXPENDITURE WHICH, IN ADDITION TO GOVERNMENT EXPENDITURE, INCLUDES THE SPENDING OF THE TWO MUNICIPAL COUNCILS, THE HOUSING AUTHORITY AND THE LOTTERIES FUND, WILL AMOUNT TO \$156.6 BILLION IN 1993/94. THIS REPRESENTS 18.5% OF GDP. PRESENT FORECASTS INDICATE THAT THE PROPORTION WILL REMAIN BELOW 20% IN THE PERIOD TO 1996/97.

/"LAST YEAR,

"LAST YEAR, I TOLD THIS COUNCIL THAT I INTENDED IN FUTURE TO PRESENT THE COMPLEX BUDGETARY DATA IN A FORM WHICH IS MORE USER-FRIENDLY AND ACCESSIBLE TO THE COMMUNITY AT LARGE. I WILL TODAY BE PUBLISHING TWO LEAFLETS WHICH I HOPE HELP TO DO JUST THAT," HE SAID.

OF THE TWO LEAFLETS, THE FIRST IS CALLED AN "INTRODUCTION TO THE ESTIMATES", AND PROVIDES AN ANALYSIS OF SOME OF THE KEY FIGURES, INCLUDING THE REAL INCREASES IN EXPENDITURE IN EACH OF OUR PROGRAMME AREAS.

THE SECOND LEAFLET, "WHAT THE BUDGET MEANS FOR YOU", SUMMARISES THE FINANCIAL SECRETARY'S PROPOSALS IN SIMPLER TERMS FOR THE GENERAL PUBLIC.

IN THE BUDGET SPEECH ITSELF, HE SAID HE HAD ALSO CONTINUED THE TREND HE BEGAN LAST YEAR TO MAKE THE TEXT MORE READABLE AND LESS TECHNICAL.

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MAJOR SALARIES TAX CONCESSIONS PROPOSED

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PROPOSALS FOR MAJOR SALARIES TAX CONCESSIONS WERE ANNOUNCED TODAY BY THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, IN HIS 1993/94 BUDGET.

UNDER HIS PROPOSALS:

- OVER 250,000 EXISTING TAXPAYERS WILL NO LONGER HAVE TO PAY ANY SALARIES TAX.
- A FURTHER 1.2 MILLION TAXPAYERS WILL PAY LESS TAX.
- THIS MEANS THAT OVER 90% OF SALARIES TAXPAYERS WILL BENEFIT FROM THE PROPOSED CONCESSIONS.

"THE GOOD NEWS IS THAT WE ARE IN A POSITION TO REDUCE THE TAX BURDEN AND TO LEAVE MORE MONEY IN THE TAXPAYER'S POCKET, WHERE IT BELONGS," MR MACLEOD SAID IN OUTLINING HIS REVENUE PROPOSALS.

DESCRIBING THE CONCESSIONS AS MAJOR, MR MACLEOD SAID HE BELIEVED THEY MORE THAN FULFILLED THE PLEDGES HE GAVE TO THE COUNCIL AT THE END OF LAST YEAR'S BUDGET DEBATE.

"THEY WILL COST \$2.6 BILLION IN 1993/94 AND ALMOST \$17 BILLION UP TO 1997. TO PUT THIS IN PERSPECTIVE, HAD I LIMITED THE CONCESSIONS TO SIMPLY INDEXING SALARIES TAX ALLOWANCES TO INFLATION, THE COST WOULD HAVE BEEN ONLY A THIRD OF THE CONCESSIONS I HAVE PUT FORWARD AND, OF COURSE, THE REAL BENEFITS TO TAXPAYERS CORRESPONDINGLY LESS."

HIS THREE PROPOSALS FOR SALARIES TAX CONCESSIONS IN RESPECT OF TAX ALLOWANCES ARE:

- * FIRST, TO INCREASE THE BASIC AND MARRIED PERSON ALLOWANCES BY NEARLY 22% (FROM \$46,000 TO \$56,000 AND FROM \$92,000 TO \$112,000 RESPECTIVELY).

"THESE INCREASES ARE MORE THAN DOUBLE THE CURRENT RATE OF INFLATION. THEY SHOULD GO A LONG WAY TOWARDS MEETING THE CONCERNS OF RELATIVELY LESS WELL-OFF TAXPAYERS AS WELL AS THE SANDWICH CLASS," THE FINANCIAL SECRETARY SAID.

- * SECONDLY, TO INCREASE THE ALLOWANCES FOR THE FIRST AND SECOND CHILD AND FOR DEPENDENT PARENTS TO A STANDARD \$17,000.

"IN THE CASE OF THE SECOND CHILD, THIS IS AN INCREASE OF NEARLY 50%."

- * THIRDLY, TO INCREASE THE SINGLE-PARENT ALLOWANCE BY MORE THAN 17% (FROM \$23,000 TO \$27,000).

"THIS CONCESSION WILL EASE THE SPECIAL DIFFICULTIES WHICH THE SINGLE PARENT FACES IN BRINGING UP A FAMILY."

MR MACLEOD SAID THESE IMPROVED ALLOWANCES WOULD MEAN A SUBSTANTIAL LOSS IN REVENUE. NEVERTHELESS, THE FINANCIAL POSITION WAS STRONG ENOUGH TO ALLOW HIM TO GO EVEN FURTHER IN REDUCING THE COMMUNITY'S TAX BURDENS IN LINE WITH THE REQUESTS OF MEMBERS FOR A REVIEW OF TAX BANDS.

HE EXPLAINED THAT UNDER THE PRESENT SYSTEM, TAX BANDS WERE SET AT FOUR LEVELS. THE FIRST \$20,000 OF SALARIES INCOME (AFTER TAKING ALLOWANCES INTO ACCOUNT) WAS TAXED AT 2%; THE NEXT \$20,000 AT 9%; THE THIRD AT 17%; AND THE REMAINDER AT 25%. THE TOTAL AMOUNT OF TAX PAYABLE WAS, HOWEVER, SUBJECT TO A LIMIT OF 15% THE SO-CALLED STANDARD RATE.

"THERE IS OCCASIONALLY CONFUSION AS TO WHY SOME PORTIONS OF SALARIES ARE TAXED AT RATES HIGHER THAN THE STANDARD RATE. THE REASON IS THAT THE COMBINED EFFECT OF THE ALLOWANCES AND THE TAX BANDS IS TO PRODUCE A SYSTEM UNDER WHICH THE EFFECTIVE TAX RATE-THE PERCENTAGE OF TOTAL SALARY ACTUALLY PAID - RISES PROGRESSIVELY IN LINE WITH INCREASED SALARY INCOME, UNTIL EVENTUALLY (FOR A SMALL MINORITY OF TAXPAYERS) IT REACHES 15%.

"I PROPOSE THIS YEAR TO WIDEN THE SECOND AND THIRD TAX BANDS, FROM \$20,000 TO \$30,000. THIS WILL BE OF PARTICULAR BENEFIT TO THOSE EARNING BETWEEN \$10,000 AND \$40,000 A MONTH - ROUGHLY SPEAKING, THE SANDWICH CLASS AND THOSE WHO FALL JUST OUTSIDE IT."

AS A RESULT OF THESE MEASURES:

- * A TYPICAL SINGLE INCOME FAMILY OF FOUR WILL HAVE TO EARN MORE THAN \$483,000 A YEAR BEFORE PAYING TAX AT THE STANDARD RATE, COMPARED WITH \$391,800 AT PRESENT,
- * THE SALARIES TAX BILL FOR A TYPICAL SANDWICH CLASS FAMILY OF FOUR, EARNING \$18,000 A MONTH, WILL BE REDUCED BY OVER 56% (OR OVER \$8,000), AND

- * A SIMILAR HOUSEHOLD EARNING THE MEDIAN INCOME OF \$11,500 A MONTH WILL CEASE TO PAY ANY SALARIES TAX AT ALL.

MR MACLEOD SAID IN RESPONSE TO THE VIEWS EXPRESSED BY MANY MEMBERS, THE STANDARD RATE OF 15% WOULD REMAIN THE MAXIMUM PROPORTION OF MONTHLY EARNINGS WHICH ANY EMPLOYEE WOULD PAY IN SALARIES TAX.

INTRODUCING HIS REVENUE PROPOSALS, MR MACLEOD SAID HIS MAIN AIM HAD BEEN TO MAINTAIN FISCAL PRUDENCE WHILE, AT THE SAME TIME, REDUCING THE TAX BURDEN AS FAR AS POSSIBLE FOR THE LARGEST NUMBER OF TAX-PAYING HOUSEHOLDS. HE HAD FACED THREE CHALLENGES:

- "BECAUSE TAX CONCESSIONS ARE RECURRENT IN NATURE, EVEN A MODEST CUT IN OUR PRINCIPAL TAXES CAN HAVE A MAJOR IMPACT ON OUR CURRENT REVENUE FLOWS AND FUTURE RESERVES. WE CANNOT GO TOO FAR WITHOUT JEOPARDISING THE PRUDENT LEVEL OF RESERVES WHICH WE BELIEVE TO BE NECESSARY.
- "WE NEED TO AVOID MEASURES WHICH WOULD ADD SIGNIFICANTLY TO INFLATION.
- "WE NEED TO AVOID ANY STEPS THAT WOULD COMPLICATE OUR SIMPLE TAX SYSTEM. AND WE MUST PROGRESSIVELY CLOSE LOOPHOLES FOR ESCAPING THE TAX PROPERLY PAYABLE."

HE ADDED: "SETTING PRIORITIES MEANS MAKING CHOICES. AND IN MY PROPOSALS I HAVE RELIED ON THE ADVICE I HAVE RECEIVED FROM MEMBERS DURING TWO ROUNDS OF DETAILED CONSULTATIONS WITH THEM. I FOUND THESE DISCUSSIONS EXTREMELY USEFUL."

HE NOTED THAT LAST YEAR THERE HAD BEEN A SPIRITED DEBATE ABOUT SALARIES TAX. AT THE HEART OF THE CONTROVERSY WAS THE QUESTION: AT WHAT LEVEL SHOULD TAX ALLOWANCES AND TAX BANDS BE SET. IN PARTICULAR, MEMBERS HAD EXPRESSED CONCERN OVER WHETHER LEVELS OF TAX ALLOWANCES HAD KEPT UP WITH THE RATE OF INFLATION OVER THE PAST FEW YEARS.

"IT IS IMPORTANT TO REMEMBER THAT NOT ONLY HAVE TAX ALLOWANCES BEEN INCREASED FAIRLY REGULARLY BUT ALSO THAT TAX BANDS AND THE MARGINAL RATES HAVE BEEN ADJUSTED ON SEVERAL OCCASIONS. THE COMBINED EFFECT OF THESE CONCESSIONS ON SALARIES TAX PAYERS HAS BEEN TO MORE THAN KEEP PACE WITH INFLATION.

"FOR THIS YEAR, MY STARTING POINT MUST BE THE UNDERTAKING I GAVE TO THIS COUNCIL WHEN CONCLUDING THE 1992 BUDGET DEBATE. I SAID THEN THAT, SUBJECT TO ECONOMIC AND FISCAL CONSTRAINTS, I PLANNED TO INCREASE SALARIES TAX ALLOWANCES SUBSTANTIALLY, AS WELL AS TO REVIEW TAX BANDS. I ADDED THAT THESE IMPROVEMENTS WOULD SUBSTANTIALLY LESSEN THE TAX LIABILITY OF THE "SANDWICH CLASS."

"IN THE CONSULTATION EXERCISE, IT BECAME CLEAR THAT MEMBERS ATTACHED PARTICULAR IMPORTANCE TO INCREASES IN TAX ALLOWANCES, AND I HAVE TAKEN THIS INTO ACCOUNT IN SHAPING MY PROPOSALS."

NO CHANGE IN CORPORATE PROFITS TAX

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NO CHANGE IS PROPOSED IN THE LEVEL OF CORPORATE PROFITS TAX, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID IN PRESENTING HIS 1993/94 BUDGET IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"AS I FORECAST IN MY BUDGET SPEECH LAST YEAR, THE INCREASE TO 17.5% HAD NO APPRECIABLE IMPACT ON LOCAL OR INTERNATIONAL ENTHUSIASM FOR INVESTMENT IN HONG KONG. INDEED, THE FIGURES ON CAPITAL FORMATION SHOW THAT 1992 WAS AN EXCELLENT YEAR FOR INVESTMENT GROWTH," HE SAID.

"NEVERTHELESS, I DID EXAMINE THE CASE FOR A REDUCTION IN PROFITS TAX. A REDUCTION OF ONE PERCENTAGE POINT IN PROFITS TAX WOULD HAVE COST \$1.6 BILLION A YEAR. THIS LOSS OF REVENUE WOULD HAVE MEANT I HAD TO BE LESS GENEROUS IN REDUCING THE TAX BURDEN FOR OUR SALARIES TAX-PAYING HOUSEHOLDS, WHICH WAS THE OVERWHELMING CONCERN OF MEMBERS."

STAMP DUTY

MR MACLEOD SAID IN EACH OF THE PAST TWO YEARS, THE LEVEL OF STAMP DUTY ON STOCK TRANSFERS HAD BEEN LOWERED. THIS WAS IN RECOGNITION OF A WORLD-WIDE TREND TOWARDS REDUCING THE COST OF STOCK MARKET TRANSACTIONS. IN 1991, THE RATE OF CONTRACT NOTE DUTY WAS REDUCED FROM 0.6% TO 0.5%. LAST YEAR, HE HAD MADE A FURTHER REDUCTION TO 0.4%, AND HE NOW PROPOSED TO MAKE ONE MORE REDUCTION FROM 0.4% TO 0.3%.

"THIS REDUCTION SHOULD HELP HONG KONG TO REMAIN COMPETITIVE IN COMPARISON WITH THE OVERALL COST OF TRADING ELSEWHERE IN THE WORLD. THIS CONCESSION WILL COST THE REVENUE A FURTHER \$800 MILLION IN 1993/94, OR NEARLY \$4 BILLION OVER THE PERIOD UP TO 1996/97.

"THE MAIN AIM OF THIS CONCESSION IS TO ENSURE HONG KONG REMAINS COMPETITIVE AND HENCE TO GENERATE BUSINESS IN THIS KEY SECTOR. I BELIEVE THAT BROKERS WILL FULLY UNDERSTAND THE IMPORTANCE OF PASSING ON THE BENEFIT TO THE INVESTING PUBLIC," HE SAID.

ESTATE DUTY

MR MACLEOD SAID FOR TWO YEARS, NO ADJUSTMENT HAD BEEN MADE TO THE LEVEL OF ESTATE DUTY. THIS WAS CURRENTLY CHARGED AT A RATE OF 6% ON ESTATES VALUED AT BETWEEN \$4 MILLION AND \$4.5 MILLION; 12% ON ESTATES BETWEEN \$4.5 MILLION AND \$5 MILLION; AND 18% ON ESTATES OVER \$5 MILLION.

"ALTHOUGH THE MATRIMONIAL HOME IS ALREADY EXEMPT FROM ESTATE DUTY, I BELIEVE THAT IT IS NOW TIME TO REDUCE THE IMPACT WHICH THIS DUTY HAS ON RELATIVELY SMALL ESTATES. I PROPOSE TO INCREASE THE LEVEL BELOW WHICH NO DUTY IS PAYABLE ON ESTATES TO \$5 MILLION.

"ABOVE THAT LEVEL, I PROPOSE THAT ESTATE DUTY BE PAYABLE AT 6% ON ESTATES OF BETWEEN \$5 MILLION AND \$6 MILLION; 12% FOR ESTATES BETWEEN \$6 MILLION AND \$7 MILLION AND 18% ON ESTATES VALUED AT OVER \$7 MILLION.

"THIS CONCESSION WILL COST \$50 MILLION IN 1993/94 AND \$220 MILLION OVER THE PERIOD UP TO 1996/97," HE SAID.

RATES

MR MACLEOD SAID MEMBERS MIGHT BE RELIEVED - BUT NOT SURPRISED - TO KNOW THAT HE DID NOT INTEND THIS YEAR TO PROPOSE ANY INCREASE IN THE GENERAL RATES PERCENTAGE CHARGE.

"NEVERTHELESS, RATES ARE SIGNIFICANT, BOTH AS A RELATIVELY PROGRESSIVE TAX AND A STABLE SOURCE OF REVENUE. IT IS IMPORTANT THAT RATES ACTUALLY CHARGED ARE ADJUSTED REGULARLY TO REFLECT THE CHANGING RENTAL VALUES OF PROPERTY OF DIFFERENT TYPES AND IN DIFFERENT LOCATIONS.

"OUR ROUTINE, THREE-YEARLY RATES REVALUATION WILL BE CONDUCTED THIS YEAR AND COME INTO EFFECT ON APRIL 1 1994. I ALSO INTEND TO PROPOSE A SUITABLE RATES "CAP" TO ALLOW TIME FOR THOSE RATE-PAYERS WITH PARTICULARLY HIGH INCREASES TO ADJUST TO THE NEW LEVELS OF CHARGE. I BELIEVE THAT THIS WILL MEET THIS COUNCIL'S CONCERNS," HE SAID.

FUEL, ALCOHOL AND TOBACCO

MR MACLEOD SAID HE DID NOT PROPOSE TO GO BEYOND WHAT WOULD BE NECESSARY TO MAINTAIN THE REAL VALUE OF DUTIES ON FUEL, ALCOHOL AND TOBACCO AFTER ALLOWING FOR INFLATION. HE THEREFORE PROPOSED AN INCREASE OF 9.5% IN THE SPECIFIC DUTY RATES ON THESE COMMODITIES.

TAX-LOADED FEES AND GOVERNMENT UTILITY CHARGES

MR MACLEOD SAID REGULAR REVISION OF GOVERNMENT UTILITY CHARGES AND TAX-LOADED FEES WAS ESSENTIAL TO MAINTAIN THEIR REAL VALUE AND TO AVOID THE NEED TO MAKE UP REVENUE SHORTFALLS FROM OTHER SOURCES. BUT, AS LAST YEAR, NECESSARY INCREASES WOULD BE PHASED IN DURING THE COURSE OF 1993/94 TO MINIMISE THE IMPACT ON THE PUBLIC OF INFLATION. THEY WILL NOT THEREFORE BE IMPLEMENTED AS PART OF THE BUDGET PACKAGE.

IMPLEMENTATION

MR MACLEOD SAID HIS PROPOSALS ON DUTIABLE COMMODITIES WOULD COME INTO EFFECT TODAY UNDER AN APPROPRIATE PUBLIC REVENUE PROTECTION ORDER. PROPOSALS ON SALARIES TAX ALLOWANCES AND BANDS, ESTATE DUTY, ENTERTAINMENTS TAX AND STAMP DUTY, AND CONCESSIONS IN RESPECT OF DISABLED DRIVERS WOULD COME INTO EFFECT ON APRIL 1 THIS YEAR.

TIME RIGHT TO REMOVE DUTY ON COSMETICS

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LEGISLATION WILL BE INTRODUCED TO ABOLISH THE PRESENT DUTY ON COSMETICS, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"FOLLOWING MY ABOLITION LAST YEAR OF THE DUTY ON SOFT DRINKS, AND IN THE LIGHT OF REQUESTS BY THE TOURISM AND COSMETICS INDUSTRIES, I AM NOW PERSUADED THAT IT IS THE RIGHT TIME TO TAKE ACTION ON THE DUTY OF 30% ON COSMETIC PRODUCTS, WHICH INCLUDE, FOR EXAMPLE, MANY ORDINARY SKIN CREAMS AND PERFUMES AS WELL AS MORE EXPENSIVE BEAUTY PRODUCTS," MR MACLEOD SAID IN PRESENTING HIS 1993/94 BUDGET.

THE CONCESSION WOULD COST \$400 MILLION IN 1993/94, AND \$1.7 BILLION OVER THE PERIOD UP TO 1996/97. HE ANTICIPATED THAT THE INDIRECT BENEFIT TO THE ECONOMY AS A RESULT OF INCREASED PURCHASES BY TOURISTS WOULD BE SIGNIFICANT.

"I HAVE RECEIVED AN UNDERTAKING FROM THE COSMETICS TRADE ASSOCIATIONS THAT, IF THE DUTY IS ABOLISHED, RETAIL PRICES OF COSMETIC PRODUCTS WILL BE REDUCED IN THE COMING YEAR BY AN AVERAGE OF BETWEEN 10-12%," HE ADDED.

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CHEST TO BENEFIT FROM REMOVAL OF TAX

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THE ROYAL HONG KONG JOCKEY CLUB WILL MAKE A DONATION OF \$10 MILLION ANNUALLY TO THE COMMUNITY CHEST FOLLOWING THE REMOVAL OF A TAX ON ENTRANCE TO RACE MEETINGS.

THE TAX, COLLECTED BY THE ROYAL HONG KONG JOCKEY CLUB AND PASSED ON TO THE GOVERNMENT, WAS THE ONLY REMAINING TAX LEVIED UNDER THE ENTERTAINMENT TAX ORDINANCE, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"WHILE THIS MEASURE WILL INCREASE THE JOCKEY CLUB'S REVENUE BY NEARLY \$10 MILLION IN 1993/94, THE CLUB HAS KINDLY AGREED TO DONATE AN EQUIVALENT AMOUNT EACH YEAR TO THE COMMUNITY CHEST.

"THE DONATION WILL GO TOWARDS MEETING THE CHEST'S OPERATING EXPENSES. THIS WILL MEAN THAT, IN FUTURE, EVERY DOLLAR MEMBERS OF THE PUBLIC DONATE TO THE CHEST WILL DIRECTLY BENEFIT THE CHARITY FOR WHICH IT WAS INTENDED," HE SAID IN PRESENTING HIS 1993/94 BUDGET.

"I SEE MERIT IN TIDYING UP AND SIMPLIFYING OUR TAX SYSTEM FURTHER BY REMOVING THE ENTERTAINMENT TAX FROM THE STATUTE BOOK ALTOGETHER," HE SAID.

/MR MACLEOD

MR MACLEOD NOTED THAT LAST YEAR HE HAD REMOVED THE ENTERTAINMENTS TAX ON CINEMA TICKETS.

"THIS ALLOWED CINEMA TICKET PRICES TO BE HELD DOWN FOR MOST OF THE YEAR AND GOT RID OF PAPERWORK BOTH FOR CINEMA OPERATORS AND FOR THE INLAND REVENUE DEPARTMENT.

"THIS WAS NOT A MASSIVE CONCESSION, BUT IT DID REMOVE A TAX WHICH FELL RATHER UNFAIRLY ON JUST ONE AREA OF THE ENTERTAINMENT INDUSTRY. IT ALSO HELPED TO SIMPLIFY OUR TAX SYSTEM," HE SAID.

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TRANSPORT CONCESSIONS FOR DISABLED, ELDERLY
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THREE TRANSPORT CONCESSIONS AIMED AT THE DISABLED AND THE ELDERLY WERE PROPOSED BY THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, IN HIS 1993/94 BUDGET TODAY (WEDNESDAY).

MR MACLEOD SAID THE TWO GROUPS DESERVED SPECIAL ATTENTION, AND THE CONCESSIONS ADDRESSED THE PROBLEM OF THEIR DAILY TRANSPORT.

HE SAID:

- * "IN ORDER TO ENABLE PUBLIC TRANSPORT OPERATORS EITHER TO INTRODUCE CONCESSIONARY FARES FOR THE ELDERLY, OR TO IMPROVE THEIR EXISTING CONCESSIONARY SCHEMES, I PROPOSE TO WAIVE THEIR ANNUAL LICENCE FEES AND RENTALS.
- * "I HAVE BEEN CONVINCED BY REPRESENTATIVES OF THE DISABLED THAT THE TAX CONCESSIONS ALREADY GRANTED TO CARS SHOULD BE EXTENDED TO ENABLE THE DISABLED TO MAKE USE OF THREE-WHEEL VEHICLES AND SCOOTERS. AS A RESULT, DISABLED DRIVERS OF THESE VEHICLES WILL IN FUTURE BE EXEMPTED FROM FIRST REGISTRATION TAX, VEHICLE AND DRIVING LICENCE FEES, DUTY ON FUEL UP TO 100 LITRES A MONTH, AND CROSS HARBOUR TUNNEL TAX.
- * "FINALLY, I WILL BE INTRODUCING MEASURES TO EXEMPT DISABLED DRIVERS FROM TOLLS WHEN USING GOVERNMENT TUNNELS."

THE CONCESSIONS WOULD, IN TOTAL, COST UP TO \$70 MILLION IN 1993/94.

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PROPOSAL FOR COMPOSITE TAX RETURNS

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THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) HE PROPOSED TO INTRODUCE A SYSTEM OF COMPOSITE TAX RETURNS OR CTRS, WITH EFFECT FROM APRIL 1, 1994.

A CTR WILL BE A SINGLE RETURN COVERING ALL TAXES LEVIED UNDER THE INLAND REVENUE ORDINANCE.

"I SHOULD EMPHASISE THAT NO ONE'S TAX LIABILITY WILL INCREASE AS A RESULT OF THIS MEASURE," MR MACLEOD SAID IN PRESENTING HIS 1993/94 BUDGET.

"IT WILL AFFECT NEITHER THE RATES OF TAX NOR THE AMOUNTS DUE. ITS PURPOSE IS SIMPLY TO MAKE LIFE EASIER FOR THE TAXPAYER AND TO REDEPLOY CONSIDERABLE RESOURCES IN THE INLAND REVENUE DEPARTMENT TO COMBATING TAX AVOIDANCE AND EVASION.

"SOME OF THE MEASURES I HAVE ANNOUNCED TODAY WILL FURTHER SIMPLIFY WHAT IS ALREADY ONE OF THE MOST STRAIGHTFORWARD - AND LEAST ONEROUS - TAX SYSTEMS IN THE WORLD. BUT I HAVE SOME ADDITIONAL MEASURES WHICH I BELIEVE WILL FURTHER IMPROVE OUR TAX ADMINISTRATION.

"BECAUSE WE TAX PROFITS, SALARIES AND PROPERTY SEPARATELY, A TAXPAYER MAY HAVE TO COMPLETE UP TO THREE SEPARATE RETURNS AND, POSSIBLY, A PERSONAL ASSESSMENT. IN 1991/92, SOME 300,000 TAXPAYERS HAD TO FILL IN TWO OR MORE RETURNS, AT SOME INCONVENIENCE TO THE INDIVIDUAL AS WELL AS AN UNNECESSARY PAPERCHASE FOR THE INLAND REVENUE DEPARTMENT."

MR MACLEOD SAID HE WAS COMMITTED TO CLOSING SIGNIFICANT TAX LOOPHOLES AS THEY CAME TO LIGHT.

"ONE RECENT AREA OF CONCERN RELATES TO SECTION 21A OF THE INLAND REVENUE ORDINANCE. THIS PROVIDES THAT ONLY 10% OF CERTAIN PAYMENTS, SUCH AS ROYALTIES FOR THE USE OF INTELLECTUAL PROPERTY, ARE TREATED AS ASSESSABLE TO PROFITS TAX.

"SOME HONG KONG COMPANIES ARE EXPLOITING THIS PROVISION BY ENTERING INTO ARRANGEMENTS WITH OVERSEAS ASSOCIATES TO REDUCE THEIR PROFITS TAX LIABILITY.

"A BILL TO CLOSE THIS LOOPHOLE WILL BE INTRODUCED INTO THIS COUNCIL AS PART OF THE BUDGET PACKAGE. THE BILL WILL PROVIDE THAT WHERE A RELEVANT PAYMENT IS PAID OR CREDITED BY AN ASSOCIATE, THE FULL AMOUNT (RATHER THAN THE PRESENT 10%) WILL BE TREATED AS ASSESSABLE PROFITS. IN ORDER TO PREVENT POSSIBLE REVENUE LOSS, THIS LEGISLATION WILL HAVE EFFECT FROM TOMORROW."

MR MACLEOD SAID HE HAD REFERRED LAST YEAR TO THE NEED TO REFORM THE SYSTEM OF FIRST REGISTRATION TAX. AT PRESENT, SOME MOTOR VEHICLE IMPORTERS COULD REDUCE THEIR TAX LIABILITY BY ARTIFICIALLY DEPRESSING THE IMPORT PRICE OF VEHICLES.

"PREPARING THE NECESSARY LEGISLATION HAS UNFORTUNATELY PROVED TO BE A COMPLEX TASK. WE NEED TO ENSURE THAT ALL VEHICLE IMPORTERS CAN OPERATE ON A LEVEL PLAYING FIELD BUT ALSO THAT THERE ARE NO SIGNIFICANT INCREASES IN THE AVERAGE PRICE OF ORDINARY MOTOR VEHICLES.

"WE ARE NOW APPROACHING THE FINAL STAGES OF THIS EXERCISE, AND I INTEND TO INTRODUCE AN AMENDMENT BILL INTO THIS COUNCIL WITHIN THIS LEGISLATIVE SESSION," HE SAID.

MR MACLEOD SAID APART FROM RESTRICTING THE POTENTIAL FOR TAX AVOIDANCE AND EVASION THROUGH LEGISLATION, WE MUST MAKE SURE THAT DEPARTMENTS CONCERNED HAD ADEQUATE RESOURCES TO ENFORCE THE LAW AND THAT THESE RESOURCES WERE EFFECTIVELY DEPLOYED.

"THE COMMISSIONER OF INLAND REVENUE'S FIELD AUDIT TEAMS, ESTABLISHED IN JUNE 1991, HAVE NOW AUDITED ALMOST 6,000 CASES AND RECOVERED TAX AND PENALTIES OF MORE THAN \$120 MILLION. IN ADDITION, WE EXPECT THE INVESTIGATION UNITS TO RECOVER A FURTHER \$500 MILLION IN 1992/93.

"THESE RESULTS ARE ENCOURAGING, BUT I HAVE DECIDED TO INJECT SOME MORE RESOURCES IN THE COMING YEAR TO STRENGTHEN FURTHER THE INLAND REVENUE DEPARTMENT'S DRIVE AGAINST TAX EVASION," HE SAID.

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MODEST BUDGET DEFICIT OF \$3.4 BILLION
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A MODEST BUDGET DEFICIT OF \$3.4 BILLION IS FORECAST AS A RESULT OF THE 1993/94 BUDGET'S EXPENDITURE AND REVENUE PROPOSALS.

"THIS DEFICIT ARISES BECAUSE WE ARE TAKING FULL AND SENSIBLE ADVANTAGE OF THE HIGHER-THAN-EXPECTED SURPLUSES OF THE LAST TWO YEARS, RATHER THAN SALTING AWAY EVEN MORE OF THE COMMUNITY'S MONEY TO BOOST OUR ACCUMULATED RESERVES," THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY) WHEN PRESENTING THE BUDGET TO THE LEGISLATIVE COUNCIL.

"THESE WILL AMOUNT TO \$78 BILLION AT THE END OF 1996/97. I DO NOT BELIEVE EITHER THIS COUNCIL OR THE COMMUNITY WOULD HAVE WELCOMED A LARGER INCREASE IN OUR FORECAST RESERVES."

MR MACLEOD SAID THE MEDIUM RANGE FORECAST SHOWED THAT THE GOVERNMENT WAS PLANNING FOR DEFICITS IN EACH OF THE YEARS TO 1996/97. THIS SHOULD COME AS NO SURPRISE, AS HE HAD FORECAST SUCH A SITUATION IN LAST YEAR'S BUDGET. THESE DEFICITS WOULD PEAK IN 1994/95 AND THEN START TO DECLINE FROM 1995/96.

"THIS REFLECTS THE PATTERN OF CAPITAL SPENDING OVER THE FORECAST PERIOD, INCLUDING THE AIRPORT. PROVIDED THAT WE KEEP RECURRENT EXPENDITURE UNDER CONTROL, AS WE PLAN TO DO, WE WILL RETURN TO BALANCED BUDGETS ONCE THE AIRPORT CORE PROGRAMME HAS BEEN COMPLETED.

/"REVENUE WILL

"REVENUE WILL OF COURSE INCREASE SUBSTANTIALLY IN 1997 WHEN THE FULL PROCEEDS FROM LAND SALES WILL BE RETAINED, TOGETHER WITH INTEREST ON THE LAND FUND."

EXPLAINING WHY WE SHOULD BE PREPARED TO ACCEPT A SHORT PERIOD OF TEMPORARY DEFICITS, MR MACLEOD SAID IT WAS PLAINLY UNNECESSARY TO BUILD UP OUR RESERVES ABOVE THE LEVEL WHICH PRUDENT JUDGEMENT AND PAST EXPERIENCE JUSTIFY.

"OUR ROBUST ECONOMY AND THE SURGE IN GOVERNMENT REVENUES HAVE RAISED OUR RESERVES THIS YEAR WELL ABOVE THAT LEVEL.

"BUT IT IS SOMETIMES OVERLOOKED THAT THE ONLY WAY IN WHICH THE GOVERNMENT CAN TRANSFER RESOURCES FROM THE RESERVES IS BY RUNNING A DEFICIT." MR MACLEOD SAID.

"IN OTHER WORDS, THE DEFICITS WHICH I AM PROJECTING AMOUNT TO NO MORE THAN A PRUDENT AND PROPER ADJUSTMENT OF OUR BALANCE SHEET TO PUT THE REDUNDANT PORTION OF OUR RESERVES TO CONSTRUCTIVE USE FOR THE MAXIMUM BENEFIT OF HONG KONG," HE ADDED.

MR MACLEOD GAVE THE FOLLOWING REASSURANCES ABOUT THIS USE OF PART OF THE RESERVES TO FINANCE THESE TEMPORARY DEFICITS :

- * THE RESERVES RESULT FROM THE STRENGTH OF THE ECONOMY AND PUBLIC FINANCES, WHICH HAS CREATED A LARGER REVENUE FLOW THAN THE GOVERNMENT COULD COMFORTABLY SPEND IN THE LAST TWO YEARS.
- * THE RESERVES WILL MAINLY BE USED FOR NON-RECURRENT PURPOSES AND CAPITAL PROJECTS. RECURRENT EXPENDITURE GROWTH WILL BE KEPT UNDER CONTROL.
- * SOME OF THESE ADDITIONAL SPENDING INITIATIVES WILL FURTHER ENHANCE THE INFRASTRUCTURE AND IMPROVE THE CAPACITY TO TAKE FULL ADVANTAGE OF INCREASING BUSINESS OPPORTUNITIES, PARTICULARLY OUR CHINA LINKS. THEY WILL REDUCE BOTTLENECKS AND THE COSTS OF DOING BUSINESS IN HONG KONG.
- * THIS WILL THEREBY CONTRIBUTE TO THE LONG-TERM ABILITY TO FIGHT INFLATION. ANY SHORT-TERM PRESSURE ON PRICES WILL BE CONTROLLABLE BECAUSE THE IMPACT WILL FALL MAINLY ON THE CONSTRUCTION SECTOR, WHERE COSTS HAVE BEEN FALLING SIGNIFICANTLY.
- * THESE SPENDING PLANS, INCLUDING INFRASTRUCTURE INVESTMENTS, ARE ENTIRELY CONSISTENT WITH THE WISH TO ENSURE THAT THE FUTURE SARG GETS OFF TO A SOUND START, WITH HEALTHY FISCAL RESERVES.

ON THE NEED FOR RESERVES, MR MACLEOD SAID THE GREATEST REASSURANCE OF ALL WAS PROVIDED BY THEIR HEALTHY STATE.

FORECASTING AN ACCUMULATED RESERVE BALANCE OF \$78.4 BILLION FOR THE END OF 1996/97, HE NOTED THIS WAS SOME \$6.8 BILLION HIGHER THAN THE FORECAST HE DESCRIBED AS APPROPRIATE LAST YEAR.

"THE INCREASE IS NOT LARGE, BEARING IN MIND ALSO THAT ANNUAL GOVERNMENT SPENDING WILL TOTAL AROUND \$200 BILLION BY THAT DATE. I DO NOT THEREFORE REGARD RESERVES OF \$78 BILLION AS EXCESSIVE," HE SAID.

MR MACLEOD REITERATED THAT HE PLACED GREAT IMPORTANCE ON THE NEED TO RETAIN ADEQUATE RESERVES. THESE WERE NECESSARY NOT ONLY TO MAINTAIN A REASONABLE CUSHION AGAINST ANY CONTINGENCIES IN THE NEXT FEW YEARS BUT ALSO TO MEET THE COMMITMENT UNDER THE MEMORANDUM OF UNDERSTANDING.

HE SAID THE SORT OF CONTINGENCIES AGAINST WHICH THE RESERVES MUST INSURE, INCLUDED :

- * ABRUPT CHANGES IN WORLD POLITICAL AND ECONOMIC CONDITIONS TO WHICH HONG KONG WAS VULNERABLE BECAUSE OF ITS OPEN ECONOMY AND TOTAL DEPENDENCE ON SELLING ITS GOODS AND SERVICES ABROAD.
- * ALTHOUGH HONG KONG HAD VERY ROBUST GROWTH PROSPECTS FOR THE REST OF THE DECADE, THE GOVERNMENT CANNOT PREDICT OR CONTROL FUTURE EVENTS. NON-RENEWAL OF MFN STATUS FOR CHINA, FOR EXAMPLE, WOULD HAVE SERIOUS CONSEQUENCES.
- * A SLOWDOWN IN THE ECONOMY WOULD REDUCE GOVERNMENT REVENUES, THUS THREATENING OUR ABILITY TO MAINTAIN GOVERNMENT SPENDING PROGRAMMES.
- * HEALTHY RESERVES MEAN THAT A SUDDEN REVERSAL IN THE ECONOMIC FORTUNES WILL NOT CAUSE SHARP CUTS IN THE PROVISION OF SERVICES AND THE SUSPENSION OF VITAL INVESTMENT PROJECTS IN THE PUBLIC SECTOR.

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LEGCO'S ADVICE A MAJOR INPUT

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MORE THAN EVER BEFORE, THE ADVICE AND CRITICISMS OF LEGISLATIVE COUNCILLORS HAVE BEEN A MAJOR INPUT INTO THE BUDGET, THE FINANCIAL SECRETARY, THE HON HAMISH MACLEOD, SAID TODAY (WEDNESDAY).

"I WILL CONTINUE CONSULTATION WITH MEMBERS FOR FUTURE BUDGETS," HE SAID IN SUMMING UP HIS 1993/94 BUDGET PRESENTATION IN THE COUNCIL LEGISLATIVE.

MR MACLEOD ALSO MADE THESE POINTS ABOUT HIS BUDGET:

- * THE BUDGET HAS IDENTIFIED THE POTENTIAL FOR AN INCREASED ROLE FOR THE PRIVATE SECTOR IN EXPANDING THE GOVERNMENT'S ABILITY TO COMPLETE MAJOR PROJECTS ON TIME AND WITHIN BUDGET.

- * IT HAS IMPLEMENTED THE FIRST YEAR OF THE AMBITIOUS PROGRAMME ANNOUNCED BY THE GOVERNOR LAST YEAR. IN ADDITION, THE FINANCIAL SECRETARY HAS PRESENTED A PACKAGE OF ADDITIONAL NEW INITIATIVES WHICH WILL MAKE A MAJOR CONTRIBUTION TO IMPROVING PEOPLE'S LIVELIHOOD AND TO RAISING THE QUALITY OF LIFE IN AREAS RANGING FROM HEALTH TO ROAD CONGESTION, AS WELL AS IMPROVING THE ECONOMIC INFRASTRUCTURE.
- * IT FINANCES THESE CONSIDERABLE ADVANCES WITHOUT ANY INCREASE IN TAXATION.
- * IT WILL REDUCE DRAMATICALLY THE TAX BURDEN ON THE INDIVIDUAL TAXPAYER, PARTICULARLY FOR THE LOWER INCOME TAXPAYERS AND THE "SANDWICH CLASS". IT HAS ALSO BEEN POSSIBLE TO FURTHER SIMPLIFY THE TAX SYSTEM AND STEP UP OUR EFFORTS TO COMBAT TAX AVOIDANCE AND EVASION.
- * IT HAS TAKEN ACCOUNT OF THE TRANSITION TO 1997 AND HONG KONG'S GROWING ECONOMIC LINKS WITH CHINA.
- * THE BUDGET HAS BEEN DESIGNED TO MEET THE NEEDS OF THE COMMUNITY AS A WHOLE, WITH A REALISTIC BALANCE BETWEEN OUR NEED TO MAINTAIN A POSITIVE BUSINESS ENVIRONMENT AND OUR OBLIGATION TO THE DISADVANTAGED IN THE SOCIETY.

MR MACLEOD SAID OVERALL HE HAD MADE PROPOSALS WHICH, IN THE PERIOD TO 1996/97, WOULD :

- * PUT \$23 BILLION BACK INTO THE POCKETS OF TAXPAYERS,
- * SPEND AN EXTRA \$17 BILLION ON IMPROVING THE INFRASTRUCTURE AND THE SERVICES WHICH THE COMMUNITY NEEDS, AND
- * LEAVE AN ESTIMATED ADDITIONAL \$6.8 BILLION IN THE RESERVES IN 1996/97.

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FS GIVES BUDGET SUMMARY ON TV
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GOOD EVENING,

THIS AFTERNOON, I PRESENTED MY SECOND BUDGET TO LEGCO. IT CONTAINED A GREAT DEAL OF GOOD NEWS. I ANNOUNCED SUBSTANTIAL CUTS IN THE AVERAGE FAMILY'S TAX BILLS, AS WELL AS REDUCED TAXATION IN OTHER AREAS. I HAVE PROVIDED FOR MAJOR NEW IMPROVEMENTS IN OUR SOCIAL SERVICES, AS WELL AS MAJOR NEW INITIATIVES TO IMPROVE OUR QUALITY OF LIFE AND TO UPGRADE OUR INFRASTRUCTURE.

THIS CHEERFUL NEWS REFLECTS THE CONTINUED SUCCESS OF OUR ECONOMY. 1992 WAS VERY ENCOURAGING, WITH OVERALL ECONOMIC GROWTH OF 5% IN REAL TERMS. I BELIEVE WE SHALL DO EVEN BETTER IN 1993, WITH REAL ECONOMIC GROWTH RUNNING AT 5.5%. THIS IS AN IMPRESSIVE PERFORMANCE.

WE CAN ALSO LOOK FORWARD TO IMPROVING BUSINESS CONDITIONS IN THE UNITED STATES, OUR BIGGEST EXPORT MARKET. EVEN MORE IMPORTANT IS THE DRAMATIC GROWTH OF THE CHINESE ECONOMY. THE EXCELLENT PROSPECTS OFFERED BY OUR TRADE AND INVESTMENT LINKS WITH CHINA ALLOW US TO FACE THE NEXT FEW YEARS WITH CONSIDERABLE CONFIDENCE IN OUR ABILITY TO IMPROVE HONG KONG'S PROSPERITY.

BUT WE WILL ALSO OF COURSE FACE SOME CHALLENGES THIS YEAR. AS EVER, WE WILL HAVE TO WORK VIGOROUSLY TO DEFEND THE PRINCIPLES OF FREE TRADE AND FAIR ACCESS ON WORLD MARKETS. AS PART OF THIS CAMPAIGN, WE WILL BE LOBBYING HARD IN WASHINGTON FOR THE UNCONDITIONAL RENEWAL OF MOST FAVOURED NATION STATUS (OR MFN) FOR CHINA'S EXPORTS.

THE OTHER MAJOR CHALLENGE IS INFLATION. CONSUMER PRICES WILL INCREASE BY AROUND 9.5%. THIS IS NOT A FIGURE WE CAN BE COMPLACENT ABOUT, THOUGH IT IS A SIGNIFICANT IMPROVEMENT OVER PREVIOUS YEARS. AND INFLATION, OF COURSE, IS THE PRICE WE HAVE HAD TO PAY FOR OUR SUSTAINED ECONOMIC GROWTH, AND THE FULL EMPLOYMENT WHICH ACCOMPANIES IT. I WILL CONTINUE TO DO ALL I CAN TO CURB SPECULATION IN HOUSING. AND TO KEEP FLAT PRICES FROM GOING BEYOND THE REACH OF THE GENERAL PUBLIC. THOUGH THERE IS OF COURSE A LIMIT TO OUR ABILITY TO INFLUENCE FLAT PRICES, THE RECENT SLIGHT DIP IN PRICES IS ENCOURAGING.

NONETHELESS, THE CONTINUED SUCCESS OF OUR ECONOMY HAS CREATED A VERY HEALTHY SITUATION FOR OUR PUBLIC FINANCES. FOR THE LAST FINANCIAL YEAR, WE HAD A SUBSTANTIAL BUDGET SURPLUS AND AMPLE RESERVES.

OBVIOUSLY, HONG KONG CAN AND SHOULD MAKE THE BEST USE OF THIS BUOYANT FINANCIAL POSITION TO IMPROVE THE LIVELIHOOD OF THE WHOLE COMMUNITY, ESPECIALLY ITS MOST VULNERABLE MEMBERS. AND TO INVEST IN THE MODERN INFRASTRUCTURE WE SHALL NEED TO MAINTAIN OUR ECONOMIC GROWTH WELL INTO THE FUTURE.

SETTING THE PRIORITIES FOR PUBLIC SPENDING INVOLVES MAKING CHOICES, OFTEN DIFFICULT CHOICES. SO, IN DRAWING UP THIS YEAR'S BUDGET, I HAVE WORKED IN PARTNERSHIP WITH ALL SECTORS OF THE COMMUNITY. I HAVE LISTENED CAREFULLY TO THE ADVICE I HAVE RECEIVED IN MY CONSULTATIONS WITH MEMBERS OF LEGCO, OTHER REPRESENTATIVE BODIES AND FROM A GREAT MANY TRADE, PROFESSIONAL AND WELFARE ASSOCIATIONS.

I HAVE PAID SPECIAL ATTENTION TO THE VIEWS OF THE COMMUNITY AND LEGCO ON PERSONAL TAXATION. LAST YEAR, I PROMISED TO SEE WHAT WE COULD DO FOR SALARIES TAXPAYERS. THIS AFTERNOON, I KEPT THIS PROMISE. I PUT FORWARD PROPOSALS TO BENEFIT ALMOST EVERYONE PAYING SALARIES TAX. FOR 250,000 EXISTING TAXPAYERS, MY PROPOSALS WILL MEAN THAT THEY WILL PAY NOTHING AT ALL IN FUTURE. FOR ANOTHER 1.2 MILLION, TAX BILLS WILL BE CONSIDERABLY REDUCED. FAMILIES FROM THE MIDDLE-INCOME GROUPS WILL PARTICULARLY BENEFIT, AS WELL AS THOSE ON LOWER INCOMES. NO ONE WILL PAY MORE TAX.

BUT I HAVE NOT CONFINED MYSELF TO SALARIES TAX. I HAVE ABOLISHED COSMETICS DUTY AND ENTERTAINMENTS TAX. I HAVE ALSO REDUCED THE STAMP DUTY ON STOCK TRANSFERS, AND ESTATE DUTY. I HAVE MADE THE TAX SYSTEM MORE USER-FRIENDLY. I HAVE, AT THE SAME TIME, TAKEN STEPS TO CLOSE LOOPHOLES WHICH ALLOW TAXES TO BE AVOIDED.

THE TAX CUTS HAVE NOT AFFECTED OUR ABILITY TO FIND MORE MONEY FOR EXISTING PROGRAMMES, AND FOR NEW INITIATIVES AND CAPITAL INVESTMENTS.

LAST OCTOBER, THE GOVERNOR ANNOUNCED AN EXTENSIVE PACKAGE OF IMPROVEMENTS IN OUR EDUCATION AND TRAINING PROGRAMMES, OUR HEALTH AND HOSPITAL SERVICES AND OUR SOCIAL WELFARE SERVICES. WE WILL BE ABLE TO FINANCE ALL THESE TARGETS, AND MORE.

FOR EXAMPLE, I WAS ABLE TO ANNOUNCE TODAY NEW HELP FOR POORER PARENTS WHO PAY KINDERGARTEN FEES. I ALSO PROPOSED FASTER PROGRESS WITH THE SCHEME TO MEET THE HOUSING NEEDS OF THE SANDWICH CLASS, AND A NEW HOUSING DEAL FOR STAFF IN GOVERNMENT-SUBVENTED SCHOOLS AND WELFARE ORGANISATIONS.

BUT I BELIEVE WE CAN AND SHOULD DO MORE. OUR ECONOMIC STRENGTH AND OUR PAST BUDGET SURPLUSES MAKE IT POSSIBLE FOR ME TO TACKLE NEW PROJECTS IN 10 AREAS WHICH WILL CONTRIBUTE SUBSTANTIALLY TO OUR SOCIAL AND ECONOMIC WELLBEING. THESE NEW PROJECTS INCLUDE A MAJOR NEW HOSPITAL FOR NORTH DISTRICT, HELP FOR HAEMOPHILIACS WHO HAVE CONTRACTED AIDS AND FOR THOSE WITH WORK-RELATED ILLNESSES. THE TRANSPORT SYSTEM IN THE NORTH-WESTERN NEW TERRITORIES WILL BE TRANSFORMED. WE WILL BE ABLE TO RELIEVE CHRONIC ROAD CONGESTION AND IMPROVE THE TRAFFIC FLOW ACROSS THE BORDER WITH GUANGDONG PROVINCE.

ALL IN ALL, I HAVE TRIED TO MAKE MY BUDGET REFLECT THE ASPIRATIONS OF THE COMMUNITY AND RESPOND TO THE NEEDS OF THOSE MOST IN NEED. IT IS A BUDGET WHICH BUILDS ON OUR PAST ECONOMIC SUCCESS AND RESPECTS THE RIGHT OF INDIVIDUALS AND THEIR FAMILIES TO ENJOY THE BENEFITS OF THAT SUCCESS. AFTER ALL, IT IS YOUR SUCCESS AND YOUR MONEY. BUILDING ON THIS SOLID FOUNDATION, THE BUDGET LOOKS TO THE FUTURE AND TO HOW BEST TO ENSURE HONG KONG TAKES THE FULLEST ADVANTAGE OF ITS OPPORTUNITIES.

GOOD NIGHT.

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TRANSCRIPT OF PRESS CONFERENCE BY FINANCIAL SECRETARY,
MR HAMISH MACLEOD, ON HIS BUDGET

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HELLO, WELL HAVING JUST HAD, I THINK AN HOUR AND 25 MINUTES SPEAKING MYSELF HOARSE, I'LL KEEP INTRODUCTORY MARKS VERY SHORT, BUT A FEW THINGS.

FIRST WE'VE MADE A PARTICULAR, EVEN MORE EFFORT THIS YEAR TO COMMUNICATE, HENCE IN PARTICULAR THE LEAFLET. PLEASE OFFEND AGAINST COPYRIGHT AS MUCH AS YOU LIKE.

/SECONDLY, I

SECONDLY, I THINK IT'S TRUE WHAT I SAID IN THE BUDGET SPEECH, AND I MEAN IT, THAT THE DEGREE OF CONSULTATION WITH LEGCO MEMBERS GOES WAY BEYOND ANYTHING WE'VE EVER TRIED BEFORE. I THINK THE RESULT FROM MY POINT OF VIEW AND I HOPE FROM LEGCO MEMBERS' POINT OF VIEW SHOWS IT'S BEEN VERY WELL WORTH IT AND I WILL CONTINUE DOWN THAT PATH IN THE FUTURE YEARS.

THIRDLY, IT IS A VERY OPTIMISTIC, GOOD BUDGET IN THE SENSE THAT IT HAS A LOT OF GOOD NEWS IN IT AND I THINK THAT IS REALISTIC. WE DID MENTION A FEW CHALLENGES WHICH LIE AHEAD, FRANKLY CHALLENGES WILL ALWAYS LIE AHEAD, LIFE ALWAYS HAS RISKS TO IT BUT THE BALANCE OF PROBABILITIES FOR OUR FUTURE IN THE NEXT FEW YEARS LOOKS EXTREMELY GOOD AND I THINK THAT'S WORTH REPEATING.

APART FROM THAT, THE OTHER THING I THINK THAT'S WORTH EMPHASISING IS THE THEME THAT I'D MENTIONED, WE REALLY ARE LOOKING TOWARDS 1997, QUITE A LOT OF WHAT WE ARE DOING IS LAYING THE GROUNDWORK FOR MUCH BETTER ECONOMIC LINKS WITH SOUTHERN CHINA. AGAIN, THAT SEEMS TO ME ONLY REALISTIC AND SENSIBLE. THAT'S WHERE OUR MAIN GROWTH IS NOW COMING FROM. I'LL STOP THERE, AND READY FOR QUESTIONS.

QUESTION:

(INAUDIBLE) ...THE LIMIT ON BANK MORTGAGE. CAN YOU TELL US WHAT CRITERIA WOULD YOU ADOPT IN JUDGING WHEN THE TIME DOES COME TO EASE OF LIMIT AND WHETHER THAT WILL OCCUR IN THE NEAR FUTURE.

FS:

WELL, I KNOW THERE'S A LOT OF INTEREST IN THAT, PARTLY FROM CONSUMERS AND PARTLY OF COURSE FROM PROPERTY DEVELOPERS, WHO MAY HAVE SLIGHTLY DIFFERENT INTERESTS. WE DON'T HAVE A NICE EASY FORMULA FOR JUDGING THIS, IT'S NOT AN EASY THING TO JUDGE, BUT CERTAINLY WE LOOK AT STATISTICS EVERY MONTH BOTH THE SELLING PRICE STATISTICS, THE VOLUME OF TRANSACTION STATISTICS AND OF COURSE THE BANKING COMMISSIONER LOOKS AT OTHER FIGURES WHICH ARE HIS PARTICULAR CONCERN IN RELATION TO BANKS EXPOSURE TO PROPERTY BORROWING AND OUT OF THAT ARISES A DECISION, AND ALL I WAS ABLE TO SAY WAS, FIRSTLY THAT I AM STILL NOT CONVINCED THAT WE'VE ARRIVED AT A STAGE WHERE WE SHOULD BE RELAXING OR STIMULATING THE MARKET. AND, SECONDLY IF YOU LOOK AT THE REDUCTION IN PRICES WHICH HAS BEEN MUCH TALKED ABOUT, THE REDUCTION IN PRICES IS ACTUALLY QUITE SMALL AND IF YOU LOOK AT A PERIOD OF A COUPLE OF YEARS OR SO, WE'RE STILL VERY, VERY HIGH IN RELATION TO WHERE WE WERE IN JANUARY 91 OR IN RELATION TO ABILITY OF PEOPLE TO PAY. I SUSPECT WE'RE IN QUITE A FUNNY SITUATION AT THE MOMENT ON PROPERTY PRICES THAT THERE'S A LOT OF WAIT AND SEE AND WE'RE NOT REALLY SEEING THE REAL PRICES EMERGING FROM THIS GAME, NOT GAME BUT EXERCISE OF TRYING TO GET A FEEL FOR WHERE THE DEMAND IS GOING TO PUT THE PRICES IN THE LONGER TERM. SO, I HAVEN'T ANSWERED YOUR QUESTION BECAUSE IT'S NOT ANSWERABLE, BUT I DON'T SEE A VERY EARLY RELAXATION BUT I'M NOT SIGNALLING THAT THERE NEVER WILL BE ONE, THAT WOULD BE STUPID.

QUESTION:

ARE YOU NOT, YOU KNOW PEOPLE RECEIVING IN ONE HAND, ARE YOU SURE IT'S NOT GOING TO GO OUT THE OTHER GIVEN THE FACT THAT WE'RE NOW TALKING ABOUT 12 TO 13 PER CENT INFLATION DUE TO YOUR EXTRA SPENDING AND TAX REDUCTIONS?

FS:

WELL I THINK HARDLY ANYONE'S TALKING ABOUT 12 TO 13 PER CENT INFLATION, I HOPE THEY'RE NOT. WHAT WE'RE TALKING ABOUT IS INFLATION OF AROUND 9.5 PER CENT THIS YEAR. REMEMBER THIS, THAT THE PARTICULAR EXPANSION OF SPENDING WHICH I WAS TALKING ABOUT IN THOSE EXPENDITURE PROPOSALS WAS NEARLY ALL NON-RECURRENT AND MANY OF THEM ARE SPREAD OVER A PERIOD OF YEARS ALTHOUGH THE MONEY MAY GO OUT OF MY PARTICULAR ACCOUNTS IN ONE YEAR, IT WILL ONLY GET INTO THE ECONOMY OVER A PERIOD OF YEARS AND THAT'S INTO A CONSTRUCTION INDUSTRY WHICH IS PRESENTLY UNDERUSED. TENDER PRICES ARE EXTREMELY GOOD AT THE MOMENT, CONTRACTORS ARE CRYING OUT FOR MORE PROJECTS. SO WE HAPPEN TO BE EXTREMELY FORTUNATE THAT WE CAN PLOUGH A BIT MORE MONEY INTO CAPITAL PROJECTS WITHOUT, I THINK WITHOUT TOO MUCH INFLATIONARY EFFECT. WE'RE ALSO LUCKY OF COURSE, AS WE'VE SAID, IT'S NOT SOMETHING I'VE INVENTED, FOR MANY YEARS, WE'RE LUCKY THAT THE EFFECT OF GOVERNMENT EXPENDITURE IS NOT ALL THAT GREAT ON THE ECONOMY. I MEAN WE'VE DELIBERATELY KEPT THIS AS A SMALL PART OF GDP, UNDER 20 PER CENT OF GDP. WHEREAS SOMEWHERE LIKE UK WOULD BE ABOUT 45 PER CENT OF GDP, SO THE ECONOMIC EFFECTS OF OUR SPENDING DECISIONS ARE FAR LESS THAN IN THE CLASSIC DEVELOPED ECONOMY. FORTUNATELY FOR ME, IT'S ALSO EXTREMELY OPEN SO THAT EFFECTS OF ANY ADDITIONAL SPENDING, LET'S SAY THE SPENDING WHICH MIGHT RESULT FROM THE TAX CONCESSIONS, SOME OF THAT WILL BE SAVED, SOME OF IT WILL BE SPENT, WILL PARTLY FIND ITS WAY VERY QUICKLY INTO IMPORTS WHICH IS NOT IN ITSELF INFLATIONARY.

QUESTION:

MR MCLEOD, LAST YEAR YOU HAD A BENEFIT THAT YOU WANTED TO PASS ON TO THE CINEMA INDUSTRY AND THE CINEMA INDUSTRY FAILED TO PASS THAT BENEFIT ON TO THE PEOPLE AND YOU WERE ASKED A QUESTION ABOUT THIS IN LEGCO AND YOU SAID IN AN EVERY SO SLIGHTLY THREATENING MANNER, WELL THERE'S ALWAYS NEXT YEAR'S BUDGET. NOW NEXT YEAR'S BUDGET HAS COME, BUT YOU HAVEN'T GOT THE CINEMA INDUSTRY AT ALL. ARE YOU FEELING SO BENEVOLENT THAT YOU'RE GOING TO LET THEM OFF WITH THIS ONE?

FS:

WELL, IT'S ACTUALLY QUITE DIFFICULT TO KNOW EXACTLY WHAT RESULT YOU EXPECT FROM A TAX CONCESSION. SOME WOULD ARGUE AND I THINK THE CINEMA INDUSTRY WOULD PROBABLY ARGUE THAT NOT TO INCREASE CHARGES AT A TIME OF I MUST ADMIT, FAIRLY HIGH INFLATION, IS A BENEFIT IN ITSELF. IT SO HAPPENS WITH THE COSMETICS INDUSTRY THAT THEY HAVE BEEN I THINK FAR SIGHTED ENOUGH TO ACTUALLY AGREE TO REDUCE PRICES AND I THINK THAT WILL BE HELPFUL, IN A MODEST WAY, BUT IT WILL BE HELPFUL. I THINK ALSO AT THE TIME ON THE CINEMAS THERE WAS AN ATTEMPT TO MAKE OUT THAT THERE'D BEEN NO EFFECT AT ALL. I DON'T THINK THAT WAS TRUE. I THINK THE CINEMA OPERATORS BY AND LARGE, DID THEIR BEST TO PASS ON THE BENEFITS, SO NO I DON'T THINK THERE'S A SITUATION WHERE I HAVE TO, AS IT WERE, PUNISH CINEMA OPERATORS AND I'M ALL FOR SIMPLIFYING THE TAX SYSTEM.

QUESTION:

MR MACLEOD, HOW DO YOU SUPPOSE CHINA WILL REACT TO ALL THESE BIG HANDOUTS THIS YEAR AND A DEFICIT BUDGET AS WELL?

/FS:

FS:

WELL, OF COURSE THIS IS 1993 AND WE ARE OF COURSE AUTONOMOUS IN OUR FINANCES WHETHER FROM UK OR CHINA BUT NO DOUBT THEY WILL LOOK WITH INTEREST AT THE FORECASTS FOR 96/97 AND I HOPE THEY WILL FIND SOME COMFORT IN THE FACT THAT THE FIGURE OF RESERVES HAS GONE UP FROM ROUGHLY 71 BILLION IN MY LAST YEAR'S FORECAST TO ROUGHLY 78 BILLION IN THIS YEAR'S FORECAST. IF THAT'S NOT COMFORTING I WOULD BE SURPRISED.

QUESTION:

THEY SAY IT'S A VIOLATION OF THEIR PRINCIPLES OF THE BASIC LAW TO HAVE A DEFICIT?

FS:

WELL, I'M NOT GOING TO ENTER INTO, I'VE HAD SOME SUCH DISCUSSIONS IN THE PAST, THEOLOGICAL DISCUSSIONS ABOUT THE BASIC LAW WHICH OF COURSE DOESN'T COME INTO EFFECT UNTIL 1997. BUT AS I DID SAY IN THE BUDGET, PERHAPS TO REASSURE ANYONE WHO HAS THAT SORT OF WORRY, I AM QUITE CONFIDENT THAT IN 1997 THEY WILL BE ABLE TO HAVE BALANCED BUDGETS, NO PROBLEM.

QUESTION:

(INAUDIBLE) AND NEEDS COMFORTING, WHICH IS WHAT YOU MEANT?

FS:

IT'S NOT FOR ME TO SAY WHETHER THEY NEED COMFORTING.

QUESTION:

OF COURSE AN IMPORTANT PART OF YOUR BUDGET IS THE MEDIUM RANGE FORECAST WHICH LOOKS FORWARD FIVE YEARS. THIS YEAR THAT HAS TAKEN YOU TO 1996/97, NEXT YEAR YOU HAVE PERHAPS THE DIFFICULTY OF YOUR TALKING ABOUT THE FINANCIAL YEAR 97/98, WILL YOU BE CONSULTING BEJING AT ALL IN THE NEXT 12 MONTHS OVER THE DIRECTION YOU'LL BE TAKING THE RESERVES AND YOUR SPENDING PROPOSALS BEYOND THE JULY HANDOVER IN 1997?

FS:

WELL, AS YOU SAY I'VE BEEN FORTUNATE ENOUGH THIS YEAR I DON'T ACTUALLY HAVE TO WORRY ABOUT THAT PARTICULAR PROBLEM. I'LL BE GIVING IT SOME THOUGHT WHEN I'VE GOT THIS BUDGET OUT OF THE WAY BUT YOU'RE RIGHT THAT IF WE PROCEED ON OUR NORMAL TIME SCALE, THEN NEXT YEAR'S MRF WOULD INDEED GO INTO 97/98.

/QUESTION:

QUESTION:

I WOULD LIKE TO REFER YOU TO THE MEDIUM RANGE FORECAST BOTH THIS YEAR AND LAST YEAR REGARDING THE EXPENDITURE OF THE CAPITAL WORKS (INAUDIBLE). I FIND THAT THIS YEAR WE ARE UNDERSPENDING IN THE CAPITAL WORKS PROJECT BY NEARLY 8 BILLION DOLLARS, IS THAT RIGHT? BUT WHEN THE (INAUDIBLE) IN THE MEDIUM RANGE FORECAST, THE FORECAST THIS YEAR, OR RELATING TO THE EXPENDITURE OF CAPITAL WORKS IS EVEN SMALLER THAN THAT MADE LAST YEAR. SO DOES IT MEAN THAT MORE CAPITAL WORKS PROJECTS WILL BE DELAYED AND WHAT KIND OF PROJECTS ARE THESE BEING DELAYED?

FS:

NO. WHAT I THINK IF WE CAN AVOID LOOKING AT ALL THE FIGURES BECAUSE THERE ARE DIFFERENT WAYS OF DEFINING THEM, BUT IF YOU LOOK IN ONE OF THE APPENDICES TO THE BUDGET SPEECH, YOU'LL FIND QUITE A GOOD CHART WHICH COMPARES CAPITAL WORKS SPENDING AGAINST THE GUIDELINE AND IF YOU LOOK AT THAT YOU'LL FIND THAT WE FORECASTING THAT CAPITAL WORKS SPENDING IN 93/94 WILL BE MORE OR LESS IN LINE WITH THE GUIDELINE. I'M AVOIDING YOUR QUESTION SLIGHTLY BECAUSE THE TROUBLE IS, IF YOU START TALKING ABOUT ANY OTHER COMPARISONS THEN YOU GET INTO THE BOG OF WHETHER TO COMPARE NEXT YEAR'S ESTIMATE WITH LAST YEAR'S ESTIMATE OR LAST YEAR'S REVISED ESTIMATE WHICH IS THE ACTUAL EXPENDITURE. BUT THE FACT IS THAT WE DID UNDERSPEND THIS YEAR, THE YEAR THAT'S JUST ENDING AND THAT WE ARE TRYING TO RECOVER SOME OF THAT IN THE COMING YEAR BUT IT WON'T BE EASY.

QUESTION: I UNDERSTAND THAT YOU HAVE SEEN A LOT RATIONALE, THAT'S WHY WE PUT UP OUR DEFICIT BUDGET THIS YEAR. SO CAN YOU EXPLAIN TO THE PUBLIC WHY IT IS THE RIGHT TIME THAT YOU PUT FORWARD A DEFICIT BUDGET? AND AS USUAL WE ALWAYS GET UNEXPECTED INCOME, SO WILL IT BE AT THE END WE WILL COME UP WITH A SURPLUS AGAIN?

FS: WELL, THE HONEST ANSWER TO THE LAST BIT IS, WE COULD, BECAUSE IT IS A VERY SMALL DEFICIT, I MEAN IT IS WELL WITHIN ANY NORMAL BOUNDS OF FALLIBILITY. THE FIGURES HAPPEN TO COME TO A DEFICIT, OF COURSE IF REVENUE COMES OUT BETTER - A LOT DEPENDS ON THE REVENUE, SOMETHING ALSO DEPENDS ON THE PUBLIC WORKS, SO I CAN'T RULE IT OUT - BUT OUR HONEST FORECAST AT THE MOMENT IS A VERY SMALL DEFICIT.

THE FIRST PART OF YOUR QUESTION WAS: WHY DEFICIT THIS YEAR? ACTUALLY, WE HAVE BEEN FORECASTING DEFICITS FOR SOME TIME. I MEAN IF I COULD JUST GET THIS SIMPLE POINT ACROSS BECAUSE I GET CONFLICTING ARGUMENTS ON THIS. THE ONLY WAY YOU CAN USE THE RESERVES UP IS TO RUN A DEFICIT, THAT IS A SORT OF MATHEMATICAL FACT. SO THOSE PEOPLE WHO THINK THE RESERVES ARE TOO HIGH, WHICH WOULD INCLUDE ME AT THE MOMENT, I MEAN WE DON'T NEED 120 BILLION, THE ONLY WAY YOU CAN DRAW ON THE RESERVES, UNDER OUR SYSTEM, IS BY RUNNING A DEFICIT. THAT'S ALL THE DEFICIT IS, IT'S A WAY OF DRAWING ON THE RESERVES. YOU DON'T NEED TO GET WORRIED ABOUT A DEFICIT, UNLESS IT IS BEING CAUSED BY RECURRENT EXPENDITURE GOING OVER THE LIMITS, AND I HAVE MADE VERY SURE THAT THAT IS NOT THE CASE. YOU WILL FIND, IF YOU LOOK AT THE FIGURES, RECURRENT EXPENDITURE IS FORECAST TO GROW BY 5.2% FOR 93-94. IT IS THE CAPITAL, IT IS THE NON-RECURRENT WHICH IS OVER THAT, AND PART OF THAT IS AN ATTEMPT TO MAKE UP FOR THE TIME LOST THIS YEAR AND LAST YEAR.

/QUESTION:

QUESTION: JUST TO FOLLOW UP. BY BUDGETING FOR A DEFICIT, DO YOU SAID THAT, IS IT YOUR INTENTION TO ACHIEVE THE EFFECT THAT YOU CAN ACTUALLY CLOSE THE DOOR FOR LEGCO MEMBERS TO ASK FOR FURTHER TAX-CONCESSIONS AND FURTHER SPENDING ON OTHER, SAY, ITEMS THAT YOU HAVE NOT INCLUDED IN YOUR BUDGET SPEECH? BECAUSE NORMALLY, YOU WILL END UP WITH A BIGGER THAN EXCESSIVE SURPLUS, SO BY HAVING A CONSERVATIVE ESTIMATE, THIS IS THE WAY YOU DEAL WITH IT.

FS: THE DEFICIT IS SIMPLY A MATHEMATICAL RESULT OF THE EXPENDITURE AND REVENUE FIGURES, YOU KNOW, THAT IS THE OUTCOME. AND AS I SAY, IF YOU LOOK TO THE OTHER YEARS, TOO, YOU WILL SEE A DEFICIT THERE. OTHERWISE, IF WE WERE GOING TO GO FOR BALANCED BUDGETS ALL THE WAY UP TO 96-97, THEN OF COURSE THE RESERVES WOULD NOT BE 78 BILLION - OFF THE TOP OF THE HEAD, I GUESS THEY WOULD BE ABOUT 140 BILLION - AND I DON'T THINK ANYONE HERE WOULD ARGUE THAT THEY SHOULD BE 140 BILLION OR THEREABOUTS.

QUESTION: ARE YOU GOING TO SAY, NOW THAT IT'S SETTLED NOW, NO MORE, SAY, TAX-CONCESSIONS WOULD BE GIVEN, SAY, GIVEN THE EXPERIENCE IN THE LAST YEAR THAT THEY WOULD NOT SUPPORT YOU TO RAISE THE RATES RAISE AND THEN OR ARE THERE POSSIBLE DEMANDS FROM LEGCO WOULD NOT BE ENTERTAINED?

FS: I AM GOING TO TRY AND BE VERY CAREFUL THIS YEAR NOT TO SAY WHAT I AM GOING TO DO NEXT YEAR; LET'S KEEP THAT FOR A LATER DECISION. WE HAVE TO LOOK AT THE SITUATION EVERY YEAR, AND IF NEXT YEAR WE FIND WE ARE BETTER-OFF, THEN THERE'S ONE ANSWER. IF WE FIND WE ARE WORSE-OFF THAN WE EXPECTED, THEN THERE IS ANOTHER ANSWER. I AM NOT GOING TO TRY AND GUESS.

QUESTION: THE SITUATION THOUGH IS, IT VERY MUCH DEPENDS ON THE DEBATE IN THE NEXT COUPLE OF MONTHS AND WHETHER THEY AGREE THE SORT OF TAX-CONCESSIONS OFFERED BY YOU IN TERMS OF PERSONAL ALLOWANCES, AND WHETHER THEY FIND THAT SATISFACTORY, IS STILL A QUESTION TO BE DEBATED --

FS: OF COURSE, ABSOLUTELY, THERE IS STILL A DEBATE, THERE IS STILL THE FINANCE COMMITTEE SPECIAL MEETINGS ON EXPENDITURE AND SO ON, BUT I THINK THE FIRST REACTION HAS BEEN QUITE GOOD.

QUESTION: MR MACLEOD, IF YOU SAY 140 BILLION RESERVES IS TOO MUCH --

FS: THAT'S OFF THE TOP OF MY HEAD, I MEAN I AM JUST THINKING 120 - RUNNING THROUGH MY HEAD THE DEFICITS AND ADDING THEM BACK - SO IT MAY BE A BIT MORE THAN THAT.

QUESTION: BUT WHAT, BASICALLY, ARE YOUR CRITERIA IN ASSESSING WHICH SORT OF LEVEL OF RESERVES WOULD YOU FIND IT AS A KIND OF APPROPRIATE LEVEL OF RESERVES?

FS: LAST YEAR, I SAID I WAS PERFECTLY CONTENT WITH THE FIGURE AT THAT TIME, FOR WHICH THE FORECAST WAS 71 BILLION, FOR 96-97 - IT HAPPENS TO HAVE GONE UP A LITTLE BIT - BUT YOU KNOW AROUND THAT LEVEL I THINK IT IS REASONABLE IN PRESENT CIRCUMSTANCES. I CAREFULLY AVOIDED PRODUCING SOME WONDERFUL FORMULA WHICH WOULD PRODUCE THE ANSWER I WANTED BECAUSE THE FACT IS YOU HAVE TO MAKE A JUDGMENT AT THE TIME IN THE LIGHT OF THE RISKS WHICH FACE YOU. THAT WAS MY JUDGMENT.

QUESTION: WOULD THAT AMOUNT LEAD TO ONE-THIRD OF THE CAPITAL EXPENDITURE BY 1996-97 - SO HOW COME YOU GOT TO THE CONCLUSION THAT IT IS ABOUT RIGHT?

FS: IF YOU LOOK AT PAST SURPLUSES OR PAST RESERVES, THEY DON'T ACTUALLY GIVE YOU THE ANSWER TO THE QUESTION. WHAT I ACTUALLY DO IS, I TOT-UP THINGS WHICH MIGHT HAPPEN WHICH WOULD ADVERSELY AFFECT REVENUE OR EXPENDITURE, AND THEN YOU JUST HAVE TO MAKE A JUDGMENT AS TO HOW MUCH OF THAT YOU WANT TO KEEP IN YOUR RESERVES. IT IS GOING TO GO UP AND DOWN.

QUESTION: WHAT ARE THE KIND OF EVENTS THAT YOU'VE GOT IN MIND?

FS: MFN, THE PROBLEM ON MFN, LOWER GROWTH, FOR OTHER REASONS, WOULD BE THE OBVIOUS ONES.

QUESTION: WOULD THE CHINESE GOVERNMENT BE MORE HAPPY IF YOU LEAVE MORE MONEY?

FS: I HAVE NO IDEA, I FIND IT QUITE DIFFICULT TO ANSWER THAT QUESTION. PERHAPS YOU SHOULD ASK THE CHINESE GOVERNMENT.

QUESTION: MR MACLEOD, FINANCIAL SECRETARIES IN HONG KONG HAVE A REPUTATION FOR UNDER-FORECASTING THEIR BUDGET SURPLUS --

FS: CORRECT.

QUESTION: -- IS THERE A DELIBERATE POLICY FOR CONSERVATISM OR ARE YOU GUYS JUST VERY BAD AT FORECASTING?

FS: WELL YOU KNOW, IT IS TRUE, IF YOU LOOK BACK WE TEND TO UNDERESTIMATE REVENUE - AND PROBABLY OVERESTIMATE EXPENDITURE THOUGH IT DOESN'T ALWAYS HAPPEN. IT DEPENDS WHETHER YOU ARE IN AN UP-SWING OF THE ECONOMY OR A DOWN-SWING. BUT I THINK IT IS TRUE OUR NATURE IS, PARTICULARLY ON REVENUE, TO BE A LITTLE CONSERVATIVE. IF YOU TOOK, SAY, PROPERTY REVENUE - ACTUALLY, I DEFY ANY OF YOU TO GET IT RIGHT FOR NEXT YEAR; OR STAMP-DUTY, I DEFY ANY OF YOU TO GET IT RIGHT - SO GIVEN THAT, ONE TENDS TO BE A LITTLE CONSERVATIVE.

QUESTION: ACTUALLY, IT IS KIND OF THE SAME QUESTION. I JUST WANTED TO ASK, SO WHAT DO YOU PLAN TO DO TO REDUCE THE MARGIN OF ERROR? ARE YOU GOING TO BUY MORE COMPUTERS, BUY MORE CALCULATORS, ARE YOU GOING TO FIRE A FEW PEOPLE?

FS; IT HAS NOTHING TO DO WITH CALCULATION - I'M SORRY - BECAUSE IT WOULD BE VERY EASY TO SOLVE IF IT WAS. ON THE PUBLIC WORKS SIDE, YES, YOUR ANSWER IS CLOSE TO PART OF THE ANSWER OF YOUR QUESTION, I THINK THAT ONE THING WE HAVE DISCOVERED IS THAT THEY NEED A VERY MUCH BETTER INFORMATION SYSTEM, SO THAT THEY CAN REACT TO UNDER-SPENDING MUCH MORE QUICKLY, AND DEAL WITH IT. BUT THERE IS A LOT MORE, WHICH IS IN THE SPEECH, TO TRY AND DEAL WITH THE EXPENDITURE SIDE. ON THE REVENUE SIDE, I DON'T THINK ANYONE, A YEAR AGO, COULD HAVE FORECAST WHAT THE TURNOVER IN THE STOCK MARKET WAS GOING TO BE, FOR EXAMPLE. OF COURSE IT IS NOT THE LEVEL OF THE STOCK MARKET THAT MATTERS BUT THE TURNOVER. SO THAT IS QUITE DIFFICULT.

QUESTION: HOW LONG WILL IT BE BEFORE THE COMPUTER SYSTEM IS UP AND RUNNING AND ABLE TO TACKLE THESE PROBLEMS?

FS: I THINK, TOMORROW, WE WILL HAVE THE SECRETARY FOR WORKS WITH US - AM I RIGHT? YES, AT THE PRESS CONFERENCE TOMORROW AFTERNOON WE WILL HAVE THE SECRETARY FOR WORKS WHO, HOPEFULLY, WILL ANSWER YOUR QUESTION.

QUESTION: THERE IS A STRIKING JUMP IN SPENDING ON ENVIRONMENTAL PROTECTION, AND I WAS WONDERING IF THAT WAS A REFLECTION ON WEAK SPENDING FOR ENVIRONMENTAL PROTECTION IN THE PAST?

FS: YES, PARTLY IS. YOU WILL NOTICE THERE IS A VERY NICE CHART, WHICH THE WIDTH OF THE COLUMN DEPENDS ON THE SORT OF STARTING POINT, AND THE ONE FOR ENVIRONMENTAL PROTECTION GOES UP A LOT, BUT IT IS A VERY THIN COLUMN. SO, YES, IT IS RECOVERING FROM A LOW LEVEL, SO THE PERCENTAGE INCREASES ARE ENORMOUS.

QUESTION: DO YOU THINK IT IS A GOOD CHANCE TODAY TO EXPLAIN THE ADDITIONAL COMMITMENT IN THE CIF AND THE MISCELLANEOUS SERVICES OF GRA, THAT IS, RESPECTIVELY, 7.5 BILLION AND 7.3 BILLION?

FS: YES, I COULD ATTEMPT THAT. OF COURSE, BASICALLY THE ANSWER LIES IN THE LIST OF CAPITAL SPENDING PROPOSALS. BUT THE 7.5 IN THE CIF IS, ROUGHLY SPEAKING, TWO THINGS. IT IS THE EXTRA AMOUNT INTO THE SEWAGE TRADING FUND TO 1.9, AND THEN IT IS THE TWO ITEMS OF EXPENDITURE IN RELATION TO THE CONVENTION EXHIBITION CENTRE, WHICH TOTAL 5.5. THESE ARE ONE OR TWO OTHER MINOR THINGS, BUT BASICALLY THAT IS THE 7.5. AND THEN IN GENERAL REVENUE ADDITIONAL COMMITMENTS, YOU WILL FIND A WHOLE HOST OF THE OTHER ITEMS WHICH I MENTIONED, INCLUDING, I BELIEVE, SANDWICH CLASS HOUSING, THE TOURIST ASSOCIATION OFFICES, THE HIV CASES, THE HOSPITAL AUTHORITY GRANT, THE SPORTS AND PERFORMING ARTS GRANT, NEW TECHNOLOGY TRAINING SCHEME, ALL THOSE ITEMS, THAT IS WHERE THEY ARE, ADDITIONAL COMMITMENTS GENERAL REVENUE ACCOUNT.

QUESTION: IS IT, FROM THE HEAD, THAT THE SUBHEAD IS 106 MISCELLANEOUS SERVICES?

FS: I DON'T, UNFORTUNATELY, CARRY A NUMBER IN MY HEAD.

QUESTION: I HEARD THAT THE ADDITIONAL COMMITMENT, IT'S MOUNTS TO --

FS: K.Y. YEUNG IS NODDING, I THINK.

QUESTION: -- IT'S ALL FROM THAT?

FS: WE CAN GIVE YOU A LIST IF YOU LIKE, I'M SURE.

LABOUR CHIEF WELCOMES MORE FUND TO PROTECT WORKERS

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IN RESPONSE TO PRESS ENQUIRIES, THE COMMISSIONER FOR LABOUR, MRS KATHERINE FOK, TODAY (WEDNESDAY) WELCOMED PROPOSALS BY THE FINANCIAL SECRETARY TO PROVIDE A TOTAL OF \$110 MILLION FOR TWO PROPOSED SCHEMES SEEKING TO OFFER IMPROVED PROTECTION TO EMPLOYEES IN THE TERRITORY.

"THE PROPOSED \$100 MILLION GRANT TO SET UP AN EX-GRATIA PAYMENT SCHEME FOR PNEUMOCONIOTICS OF PRE-1981 CASES WILL NO DOUBT PROVIDE ADDITIONAL BENEFITS FOR THESE WORKERS BY WAY OF A PERIODICAL EX-GRATIA PAYMENT UNTIL DEATH," MRS FOK SAID.

"PREVIOUSLY, THESE WORKERS RECEIVED AN ONE-OFF EX-GRATIA PAYMENT FROM THE GOVERNMENT," SHE ADDED.

SHE SAID THE PNEUMOCONIOSIS COMPENSATION FUND BOARD WOULD BE INVITED TO ADMINISTER THE PROPOSED SCHEME.

ON A PROPOSAL BY THE FINANCIAL SECRETARY TO CREATE A NEW FUND AMOUNTING TO \$10 MILLION TO PROVIDE INTEREST-FREE LOANS TO EMPLOYEES INJURED AT WORK AND DEPENDANTS OF EMPLOYEES WHO DIE AS A RESULT OF WORK-RELATED ACCIDENTS, THE COMMISSIONER SAID THE LABOUR DEPARTMENT, UNDER A PROPOSED LOAN SCHEME, WOULD BE RESPONSIBLE FOR EFFECTING PAYMENT OF LOANS.

"THE PROBLEM CONFRONTING INJURED EMPLOYEES AND DEPENDANTS OF DECEASED WORKERS IS VERY OFTEN THE DELAY IN RECEIVING PERIODICAL PAYMENTS DURING SICK LEAVE AND THE LUMP SUM PAYMENT OF COMPENSATION ALTHOUGH THEY ARE ENTITLED TO COMPENSATIONS UNDER THE EMPLOYEES' COMPENSATION ORDINANCE," MRS FOK SAID.

SHE SAID THE PROPOSED SCHEME WOULD OFFER TIMELY HELP TO NEEDY WORKERS WHEN THEY ENCOUNTERED FINANCIAL DIFFICULTIES.

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SRC WELCOMES ADDITIONAL \$30 MILLION ARTS FUND

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THE SECRETARY FOR RECREATION AND CULTURE, MR JAMES SO, WELCOMES THE ANNOUNCEMENT BY THE FINANCIAL SECRETARY TODAY (WEDNESDAY) THAT \$30 MILLION WILL BE INJECTED INTO THE SIR DAVID TRENCH FUND FOR RECREATION FOR THE SPECIFIC PURPOSE OF HELPING THE DEVELOPMENT OF BUDDING PERFORMING ARTS GROUPS.

MR SO SAID THE INTEREST GENERATED FROM THIS CAPITAL INJECTION WOULD BE DISBURSED TO BUDDING PERFORMING ARTS GROUPS ON THE ADVICE OF THE COUNCIL FOR THE PERFORMING ARTS (CFPA).

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ALTHOUGH THE CAPITAL INJECTION WILL NOT FORM PART OF THE GOVERNMENT'S ANNUAL PROVISION TO CFPA, THE ADVISORY BODY WILL NEVERTHELESS BE ASKED TO ADVISE THE GOVERNMENT ON THE PROPER DISBURSEMENT OF THIS ADDITIONAL FUND.

THE GOVERNMENT'S ANNUAL PROVISION TO THE CFPA BLOCK VOTE IN THE NEW FINANCIAL YEAR OF 1993/94 WILL BE \$36.68 MILLION, AN INCREASE BY ABOUT FOUR PER CENT FROM THE CURRENT YEAR'S PROVISION OF \$35.14 MILLION.

OUT OF THIS, HOWEVER, A SUM OF \$31 MILLION HAS BEEN EARMARKED FOR THE PROFESSIONAL AND SEMI-PROFESSIONAL GROUPS SUCH AS HONG KONG BALLET, CITY CONTEMPORARY DANCE COMPANY, CHUNG YING THEATRE COMPANY, HONG KONG ARTS FESTIVAL SOCIETY AND EXPLORATION THEATRE.

THE REMAINING \$5.68 MILLION WILL BE LEFT FOR ALLOCATION TO OTHER BUDDING AND AMATEUR PERFORMING ARTS GROUPS, ON APPLICATION, TO SUPPORT THEM IN THEIR ACTIVITIES. EXPERIENCE HAS SHOWN THAT THIS IS NOT ADEQUATE.

MR SO SAID THIS HAD ALSO LED TO GRIEVANCES AMONG THE PERFORMING ARTS GROUPS AND CRITICISM FROM THE ARTS COMMUNITY THAT THE GOVERNMENT'S SUBVENTION POLICY FOR PERFORMING ARTS ACTIVITIES TENDED TO STIFLE THE GROWTH AND DEVELOPMENT OF BUDDING PERFORMING ARTS GROUPS, IN FAVOUR OF THE ESTABLISHED PROFESSIONAL GROUPS.

HE SAID: "IT IS DIFFICULT TO ESTIMATE THE AMOUNT OF SUBSIDY EACH YEAR OR HOW LONG IT WOULD TAKE FOR A BUDDING PERFORMING ARTS GROUP TO ATTAIN PROFESSIONAL STATUS."

"THE PRESENT SUBVENTION ARRANGEMENT MEANS THAT THE CFPA IS NOT IN A POSITION TO GUARANTEE A BUDDING PERFORMING ARTS GROUP SUCH AS THE SINFONIETTA HOW MUCH SUBSIDIES IT CAN EXPECT EACH YEAR UNTIL IT REACHES PROFESSIONAL STATUS.

"THIS HAS MADE FORWARD PLANNING FOR THE BUDDING PERFORMING ARTS GROUPS IMPOSSIBLE."

WITH THE INJECTION OF THE ONE-OFF GRANT OF \$30 MILLION TOWARDS THE SIR DAVID TRENCH FUND FOR RECREATION, THIS WILL ENABLE THE CFPA TO PLAN AHEAD WITH SUCH GROUPS.

THE INTEREST FROM THE \$30 MILLION, AND THE MONEY ALREADY RESERVED BY THE CFPA, WILL BE SUFFICIENT TO MEET THE APPLICATIONS EACH YEAR FROM BUDDING PERFORMING ARTS GROUPS.

"THIS WILL GO A LONG WAY TOWARDS ASSISTING SUCH GROUPS IN HONG KONG TO ATTAIN PROFESSIONAL STATUS," MR SO SAID.

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FINANCIAL SECRETARY TALKS TO RADIO CALLERS

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MEMBERS OF THE PUBLIC WILL HAVE THE OPPORTUNITY TO SPEAK TO THE FINANCIAL SECRETARY, MR HAMISH MACLEOD, ABOUT THE BUDGET FOR THE NEW FINANCIAL YEAR TOMORROW (THURSDAY), THE DAY IMMEDIATELY AFTER THE PUBLICATION OF THIS IMPORTANT DOCUMENT.

MR MACLEOD WILL TAKE QUESTIONS FROM CALLERS PHONING IN RTHK RADIO 1 AND 5'S "TALKABOUT" AND RADIO 3'S "HONG KONG TODAY" PROGRAMMES FROM 7.45 AM TO 8.45 AM.

THE LIVE BROADCAST, WITH SIMULTANEOUS INTERPRETATION, TAKES PLACE IN BROADCASTING HOUSE, 30 BROADCAST DRIVE, KOWLOON.

THE PHONE-IN NUMBERS ARE 187 2311 FOR THE CHINESE LANGUAGE AND 338 8266 FOR THE ENGLISH.

LATER IN THE MORNING, THE FINANCIAL SECRETARY WILL BE MEETING THE CHAIRMEN OF THE 19 DISTRICT BOARDS AT 10 AM IN THE CNTA HEADQUARTERS TO BRIEF THEM ABOUT THE IMPLICATIONS OF THE BUDGET PROPOSALS FOR THE COMMUNITY, AND THE DISTRICTS IN PARTICULAR.

IN THE AFTERNOON, MR MACLEOD WILL BE HOSTING A POST-BUDGET PRESS CONFERENCE AT 3 PM IN THE INFORMATION SERVICES DEPARTMENT.

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ATTENTION NEWS EDITORS:

PHONE-IN PROGRAMME

PRESS MEMBERS WHO ARE INTERESTED TO COVER THE PROGRAMME ARE REQUESTED TO NOTE THE FOLLOWING:

- * AUDIO AND CLOSED CIRCUIT FACILITIES ARE SET UP FOR PRESS MEMBERS TO MONITOR ACTIVITIES INSIDE THE LIVE STUDIO.
- * PLEASE BRING ALONG PRESS CREDENTIALS.

DISTRICT BOARD CHAIRMEN MEETING

A PHOTOGRAPHIC FACILITY HAS BEEN ARRANGED FOR THE MEDIA TO TAKE PICTURES PRIOR TO THE START OF THE MEETING. PRESS MEMBERS ARE REQUESTED TO ASSEMBLE AT 9.45 AM AT THE NEWS AND PUBLICITY DIVISION OF CNTA, SOUTHOEN CENTRE, 30TH FLOOR, 130 HENNESSY ROAD, WAN CHAI.

PRESS CONFERENCE

THE PRESS CONFERENCE WILL BE HELD AT 3 PM AT THE GIS PRESS CONFERENCE ROOM, FIFTH FLOOR, BEACONSFIELD HOUSE, CENTRAL.

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