



# DAILY INFORMATION BULLETIN

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WEDNESDAY, MARCH 28, 1984

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GOVERNOR RUSHES TO LEGCO ON RETURN FROM PEKING  
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THE GOVERNOR, SIR EDWARD YOUDE, THIS AFTERNOON CHAIRED THE MEETING OF THE LEGISLATIVE COUNCIL ALMOST IMMEDIATELY AFTER RETURNING FROM PEKING.

+SINCE THE LEGISLATIVE COUNCIL IS MEETING AND I DON'T WANT TO MISS THE SPEECHES, I'D BETTER GO OFF AND RELIEVE SIR PHILIP, WHO IS STANDING IN FOR ME,+ HE TOLD REPORTERS AT THE AIRPORT.

SIR EDWARD SAID HE AND THE UNOFFICIAL MEMBERS OF THE EXECUTIVE COUNCIL WILL BE LEAVING FOR LONDON ON TUESDAY (APRIL 3) FOR CONSULTATIONS WITH MINISTERS.

+THAT WILL, OF COURSE, BE PARTICULARLY RELEVANT TO THE VISIT WHICH SIR GEOFFREY HOWE IS GOING TO MAKE TO PEKING AND THEN TO HONG KONG.

+WE WILL BE BACK AT THE WEEKEND -- ABOUT THE SEVENTH -- AND A FEW DAYS AFTER, I SHALL BE GOING BACK TO PEKING FOR THE 12TH ROUND WHICH, AS YOU KNOW, IS ON THE 11TH AND THE 12TH.

+AND THEN WE LOOK FORWARD TO SIR GEOFFREY'S VISIT AND TO WELCOMING HIM HERE.

+SO, ALL IN ALL, WE LOOK LIKE HAVING A FAIRLY BUSY APRIL,+ HE SAID.

ASKED BY A REPORTER WHAT WAS THE +METAL GADGET+ HE WAS CARRYING LAST NIGHT, SIR EDWARD REACHED INTO HIS POCKET AND PRODUCED A PAIR OF SPECTACLES.

IN REPLY TO A FURTHER QUESTION ON WHETHER THE +METAL GADGET WAS RELATED TO HIS HEALTH+, HE SAID, +MY HEALTH IS FINE.+

ACCOMPANYING THE GOVERNOR ON THE RETURN TRIP WERE THE POLITICAL ADVISOR, MR ROBIN MCLAREN, AND THE GOVERNMENT CHIEF INTERPRETER, MR Y.P. CHENG.

THE PARTY WERE MET AT THE AIRPORT BY THE SENIOR UNOFFICIAL MEMBER OF THE EXECUTIVE COUNCIL, SIR SZE-YUEN CHUNG, AND THE FOREIGN AFFAIRS SECRETARY OF THE XINHUA NEWS AGENCY (HONG KONG BRANCH), MR JI SHAOXIANG.

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SIR GEOFFREY COMING AFTER CHINA VISIT - AG

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IT WAS UNDERSTOOD THAT OTHER COMMITMENTS WOULD NOT ALLOW THE SECRETARY OF STATE, SIR GEOFFREY HOWE, TO VISIT HONG KONG BEFORE VISITING CHINA IN MID-APRIL FOR TALKS ON HONG KONG WITH THE CHINESE FOREIGN MINISTER AND OTHER CHINESE LEADERS, THE ATTORNEY GENERAL, THE HON MICHAEL THOMAS, SAID TODAY.

REPLYING TO A QUESTION BY THE HON ALLEN LEE AS TO WHETHER THE GOVERNMENT WOULD INVITE SIR GEOFFREY TO VISIT HONG KONG BEFORE AS WELL AS AFTER HIS VISIT TO CHINA, MR THOMAS RECALLED THAT SIR GEOFFREY HAD ANNOUNCED IN THE HOUSE OF COMMONS ON MARCH 22 THAT HE WOULD BE VISITING CHINA FOR THE DISCUSSIONS AND THAT HE WOULD TRAVEL ON FROM THERE TO HONG KONG FOR FURTHER DISCUSSIONS AND THAT HE WAS LOOKING FORWARD TO BOTH THESE VISITS.

SIR GEOFFREY WAS AWARE THAT HE WAS WELCOME IN HONG KONG AT ANY TIME, MR THOMAS SAID.

+NEVERTHELESS, HE STRESSED IN HIS STATEMENT ON MARCH 22 THE IMPORTANCE HE ATTACHES TO KEEPING IN CLOSE TOUCH WITH OPINION IN HONG KONG.

+HE REFERRED IN PARTICULAR TO THE VISIT WHICH THE MINISTER OF STATE HAD MADE TO HONG KONG ONLY A MONTH AGO AND TO THE WIDE RANGE OF OPINIONS THAT HAD BEEN CONVEYED TO HIM ON THAT VISIT,+ MR THOMAS SAID.

+IN ADDITION, THERE HAVE BEEN A NUMBER OF VISITS TO LONDON BY UNOFFICIAL MEMBERS OF THE EXECUTIVE COUNCIL SINCE THE TALKS BEGAN,+ MR THOMAS SAID.

THE UNOFFICIALS WILL VISIT LONDON AGAIN FOR TALKS WITH MINISTERS, AND SIR GEOFFREY BEFORE HE DEPARTS ON HIS FAR EAST TOUR.

+THIS WILL ENABLE THEM TO CONVEY TO MINISTERS AT FIRST HAND THE LATEST VIEW OF UNOFFICIAL MEMBERS GENERALLY,+ MR THOMAS SAID.

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NEED FOR 'REHABILITATION COMMISSIONER' STRESSED

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A CALL FOR THE APPOINTMENT OF A COMMISSIONER FOR REHABILITATION, WAS MADE BY DR THE HON HARRY FANG, IN THE LEGISLATIVE COUNCIL TODAY.

CONGRATULATING THE FINANCIAL SECRETARY ON +A VERY SENSIBLE AND CONSIDERATE BUDGET+, DR FANG SAID THAT HE WAS PLEASED TO NOTE THAT \$831 MILLION WOULD BE PROVIDED FOR REHABILITATION SERVICES NEXT YEAR -- 12.6 PER CENT OVER THE CURRENT YEAR'S REVISED ESTIMATES.

+GIVEN THE FINANCIAL SECRETARY'S BUDGETING PRINCIPLE OF REFLECTING PRIORITY BY PATTERNS OF PUBLIC EXPENDITURE, IT IS CLEAR THAT THE SIGNIFICANCE OF REHABILITATION IN OUR PUBLIC SERVICES HAS BEEN FULLY RECOGNISED,+ HE SAID.

HOWEVER, HE WAS CONCERNED THAT WHILE REHABILITATION HAD EXPANDED TREMENDOUSLY SINCE THE 1977 WHITE PAPER AND THE FORMATION OF THE REHABILITATION DEVELOPMENT CO-ORDINATING COMMITTEE (RDCC), IT HAD NO REAL CENTRAL IDENTITY WITHIN GOVERNMENT.

+GOVERNMENT'S REHABILITATION DIVISION IS HEADED BY AN OFFICER WHOSE TITLE HAS NOTHING TO DO WITH REHABILITATION.

+THERE IS NO VISIBLE LEADERSHIP, NO ONE WITH WHOM OUR MANY LOCAL AGENCIES, MEDIA, AND VISITORS CAN PROPERLY IDENTIFY; NO ONE TO WHOM THE DISABLED THEMSELVES CAN TURN IF THEY FEEL THEY ARE GETTING A RAW DEAL; NO ONE TO CENTRALLY ACCOUNT FOR THE VAST SUMS OF REHABILITATION ALLOCATION, TO ENSURE THAT IT IS ALLOTTED ACCORDING TO AGREED PRIORITIES,+ DR FANG OBSERVED.

HE ADDED THAT A CONTINUOUS SERIES OF NEW LEGISLATION, NEW SERVICES AND NEW CAPITAL PROJECTS FOR THE DISABLED WERE BEING FORMULATED, AND THEIR SUCCESSFUL IMPLEMENTATION DEPENDED ON THE CO-OPERATION OF AND CO-ORDINATION AMONG THE EXECUTIVE DEPARTMENTS.

+FROM MY PERSONAL INVOLVEMENT WITH THE RDCC, I FIND THAT THE RANKING OF THE EXISTING OFFICER IN THE EDUCATION AND MANPOWER BRANCH IS NOT COMMENSURATE WITH THE HEAVY RESPONSIBILITY ARISING FROM THE EFFICIENT EXECUTIVE CO-ORDINATION CONSTANTLY DEMANDED FROM HIM,+ HE SAID.

HE STRESSED THAT TIME HAD NOW COME FOR THE GOVERNMENT TO CONSIDER APPOINTING A COMMISSIONER FOR REHABILITATION, A PROPOSAL WHICH HE FIRST MADE IN 1977.

+I DO FEEL MOST STRONGLY THAT THESE PROBLEMS COULD BE OVERCOME IF WE HAD A COMMISSIONER FOR REHABILITATION. BUT I MUST STRESS THAT THE COMMISSIONER SHOULD NOT BE THE DEPUTY BRANCH SECRETARY. HIS BRIEF SHOULD BE SOLELY REHABILITATION,+ DR FANG SAID.

HE BELIEVED THAT THE FUNCTION, RANK AND TITLE OF +COMMISSIONER+ SHOULD BE VERY MUCH IN LINE WITH THAT OF THE COMMISSIONER FOR NARCOTICS WHOSE STRUCTURE AND OPERATIONS HAD DISTINCT SIMILARITIES, THOUGH THE COST OF REHABILITATION PROGRAMME AS WELL AS THE PEOPLE BEING SERVED WERE ALMOST THREE TIMES AS MUCH.

/DR FANG .....

DR FANG ALSO SUGGESTED THAT GOVERNMENT SHOULD CONSIDER SETTING UP A CENTRAL PROVIDENT FUND.

HE POINTED OUT THAT ALTHOUGH A LARGE NUMBER OF BANKS, INSURANCE COMPANIES AND OTHER FINANCIAL INSTITUTIONS WERE OFFERING A VARIETY OF PROVIDENT FUND SCHEMES, THEY HAD BY AND LARGE NOT BEEN VERY POPULAR WITH EMPLOYERS AND EMPLOYEES.

IT WAS ESTIMATED THAT OUTSIDE GOVERNMENT, LESS THAN TEN PER CENT OF THE WORKERS IN HONG KONG PARTICIPATED IN ANY KIND OF PROTECTION SCHEMES COVERING RETIREMENT, SICKNESS, DISABILITY AND DEATH (NOT WORK RELATED), DR FANG OBSERVED.

NOTING THAT THE GOVERNMENT'S STANCE IS THAT IT WILL CONCENTRATE +ON THOSE LEAST ABLE TO HELP THEMSELVES+, DR FANG SAID, +IN MY OPINION THIS OBJECTIVE IS MORE EFFECTIVELY ACHIEVED IF THOSE PEOPLE WHO BECAUSE OF RETIREMENT, SICKNESS OR LOSS OF A CHIEF BREADWINNER COULD BE HELPED BY BEING ENCOURAGED TO INSURE AGAINST THEM BY CONTRIBUTING TO A CENTRAL PROVIDENT FUND.+

HE POINTED OUT THAT ONE OF THE MAJOR BANKS IN HONG KONG HAD INDICATED THAT IT WAS WILLING AND ABLE TO DEVELOP AND ADMINISTER AN INDIVIDUAL ACCOUNT ORIENTED RETIREMENT SCHEME WHEREBY THE WORKER COULD CARRY THE BENEFITS WITH HIM WHEREVER HE GOES.

+DEPENDING ON THE CONTRIBUTION FROM THE WORKER AND THE EMPLOYER THE SCHEME WOULD CARRY WITH IT AN INSURANCE ELEMENT SUCH THAT THERE WOULD BE BENEFITS PAYABLE FOR UNEMPLOYMENT DUE TO ILLNESS, DISABILITY OR DEATH.

+SUCH A SCHEME WOULD BE OPERATED ON A COMMERCIAL BASIS AND INCOME FROM FEES AND INVESTMENT WOULD HOPEFULLY SUSTAIN THE OPERATION ON AN ON-GOING BASIS, THAT IS IF WORKERS IN SIGNIFICANT NUMBERS WOULD JOIN,+ DR FANG EXPLAINED.

HIS OTHER ARGUMENT FOR SETTING UP SUCH A FUND WAS THAT A RESPONSIBLE ORGANISATION OF WORKERS' UNION HAD INFORMED HIM THAT IT HAD BEEN ESTABLISHED BY A SURVEY AMONG OVER 100 WORKERS' ORGANISATIONS THAT A CENTRAL PROVIDENT FUND, WITH CONTRIBUTIONS FROM BOTH EMPLOYERS AND EMPLOYEES, WOULD BE ACCEPTED BY THE WORKERS.

+WHAT WE NEED NOW IS THE INITIAL MOMENTUM,+ DR FANG SAID.

+THE LONG TERM SUCCESS OF A CENTRAL PROVIDENT FUND MUST DEPEND ON THE GOVERNMENT EITHER MAKING IT COMPULSORY, OR AT LEAST PROVIDING STRONG SUPPORT FOR SUCH SCHEMES BY OFFERING INCENTIVES SUCH AS TAX EXEMPTION FOR CONTRIBUTIONS FROM EMPLOYERS AND EMPLOYEES,+ HE ADDED.

TURNING TO SALARIES TAX, DR FANG SUGGESTED THAT DIFFERENTIAL STANDARD TAX STRUCTURE, BASED ON HOUSEHOLD INCOME, SHOULD BE SET.

HE SAID, +I AGREE ENTIRELY THAT THE MORE WELL-OFF SHOULD BE ASKED TO SHOULDER A LARGER SHARE OF THE TAX INCREASE IN THE LIGHT OF THE BUDGET DEFICIT AND THE OBJECTIVE OF MAINTAINING VIGOROUS INVESTMENT BY THE GOVERNMENT.+

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+BUT I DISAGREE THAT THOSE EARNING \$500 000 P.A. OR MORE WILL ONLY BE REQUIRED TO PAY THE SAME 17 PER CENT TAX AS THOSE EARNING ONLY \$250 000 P.A.,+ HE ADDED.

USING AS AN EXAMPLE A MARRIED COUPLE WITH NO CHILD AND NO DEPENDENT PARENT, HE SAID, +I PROPOSE THAT THEY WILL CONTINUE TO PAY 15 PER CENT STANDARD RATE IF THEIR INCOME IS \$190 000 P.A. (I.E. THE EXISTING THRESHOLD), THEY WILL PAY 16 PER CENT STANDARD RATE IF THEIR INCOME RISES TO \$237 500 P.A. AND 17 PER CENT ONLY ON REACHING \$290 000 P.A.+

FOR THOSE WITH HIGHER INCOME, I.E. ABOVE \$340 000 P.A., DR FANG PROPOSED A HIGHER STANDARD RATE OF 18 PER CENT, WHICH WOULD BE THE MAXIMUM.

+THESE PROGRESSIVE DIFFERENTIAL STANDARD RATES WILL MORE EQUITABLY REFLECT THE OBJECTIVE OF OBTAINING THE REQUIRED ADDITIONAL REVENUE FROM THOSE WHO ARE 'BEST PLACED TO AFFORD IT', AND I THINK IT WILL NOT RESULT IN ANY LOSS OF REVENUE,+ DR FANG CONCLUDED.

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#### EARLY APPROVAL SOUGHT FOR VOCATIONAL PROJECTS

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THE VOCATIONAL TRAINING COUNCIL WAS SEEKING EARLY APPROVAL OF THE COMMITMENTS NEEDED FOR THE SHA TIN AND TUEN MUN TECHNICAL INSTITUTES, DR THE HON FRANCIS TIEN SAID IN THE LEGISLATIVE COUNCIL ANNUAL BUDGET DEBATE TODAY.

HE POINTED OUT THAT THE PLANNING OF THE PROJECTS WAS AT A VERY ADVANCED STAGE IN THAT TENDERS HAD BEEN RECEIVED SOME TIME AGO FOR THE FOUNDATIONS OF THE INSTITUTES AND THE VOCATIONAL TRAINING COUNCIL'S CONSULTANT ARCHITECTS WERE AT A POINT WHERE THEY WERE READY TO INVITE TENDERS FOR THE SUPERSTRUCTURE.

THE VOCATIONAL TRAINING COUNCIL (VTC) HAD BEEN TOLD THAT THE FINANCE COMMITTEE WOULD BE ASKED TO APPROVE INCREASED COMMITMENTS FOR THE TWO INSTITUTES ONCE THE GOVERNMENT HAD SATISFIED ITSELF THAT THE BUILDING COSTS WERE REASONABLE AND ACCEPTABLE.

THE VTC HAD THE JOB OF BRINGING THE INSTITUTES INTO BEING, EITHER PARTIALLY OR WHOLLY, BY THE BEGINNING OF THE 1985-86 SESSION AND WAS GETTING VERY ANXIOUS THAT IT COULD NOT PROGRESS THE PROJECTS FURTHER, DR TIEN OBSERVED.

+IT WANTS TO KNOW WHAT WOULD HAPPEN IF AT THIS LATE STAGE, THE GOVERNMENT IS NOT SATISFIED, FOR WHATEVER REASON, THAT THE BUILDING COSTS ARE REASONABLE AND ACCEPTABLE,+ HE SAID.

/HE SAID .....

HE SAID THAT THE MOST UP-TO-DATE ESTIMATED COSTS BASED ON THE FINAL PLANS WERE HIGHER THAN THE ORIGINAL ESTIMATES WHICH WERE INCLUDED IN THE VTC'S ESTIMATES OF RECEIPTS AND PAYMENTS FOR 1982-83.

+THEY ARE, HOWEVER, ABOUT THE SAME AS THE UPDATED ESTIMATES INCLUDED IN THE VTC'S ESTIMATES FOR 1984-85,+ HE ADDED.

DR TIEN SAID, +WHAT IS WORRYING THE VTC IS: WHAT HAPPENS IF FACILITIES IT CONSIDERS NECESSARY AND WHICH ARE IN ACCORDANCE WITH APPROVED EDUCATIONAL POLICY FOR IMPROVEMENTS IN TECHNICAL INSTITUTES ARE THEN CONSIDERED AS UNNECESSARY BY GOVERNMENT?

+FURTHER, WHAT IF, IN ORDER TO SATISFY THE GOVERNMENT, THE INSTITUTES HAVE TO BE TOTALLY RE-DESIGNED? SHOULD THE VTC GO BACK TO SQUARE ONE?+.

HE WARNED THAT IF THE LATTER WERE THE CASE, NOT ONLY WOULD THE SUBSTANTIAL AMOUNT OF MONEY ALREADY PAID TO THE CONSULTANT ARCHITECTS AS FEES GO DOWN THE DRAIN, BUT ALSO MORE IMPORTANTLY, THE PROJECTS WOULD BE DELAYED BY AT LEAST AN ACADEMIC YEAR.

+IF THIS SHOULD HAPPEN, THE VTC AND THE PUBLIC WOULD REGARD THIS AS TOTALLY UNACCEPTABLE,+ HE SAID.

POINTING OUT THAT THE COMMUNITY NEEDS THE INSTITUTES AND THE INDUSTRIAL SECTOR CRIES OUT FOR THEM, DR TIEN STRESSED THAT GOVERNMENT MUST NOT FAIL BY OPTING FOR INFERIOR INSTITUTIONS AND DELAY.

DR TIEN WELCOMED THE ESTABLISHMENT OF THE EDUCATION COMMISSION.

+THE COMMISSION, WITH ITS MANDATE TO REPORT TO THE GOVERNOR IN COUNCIL WITHIN SIX MONTHS ITS VIEWS ON THE MAJOR RECOMMENDATIONS IN THE LLEWELLYN REPORT, WILL HAVE TO WORK HARD TO ACHIEVE ITS IMMEDIATE OBJECTIVES,+ HE SAID.

+WITH THE WILLING SUPPORT OF ALL THE MEMBERS OF THE COMMISSION, OF WHICH THE CHAIRMAN OF THE VOCATIONAL TRAINING COUNCIL IS ONE, I HAVE LITTLE DOUBT THAT THOSE OBJECTIVES WILL BE ACHIEVED,+ HE ADDED.

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CAPITAL INVESTMENT SLOWDOWN SERIOUS - S.L. CHEN  
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PRIVATE INVESTMENT EXPENDITURE WAS NOT MATCHING THE IMPROVEMENT IN EXPORT DEMAND, AND THIS WAS A +VERY SERIOUS SITUATION+, THE HON S.L. CHEN SAID TODAY.

SPEAKING AT THE ANNUAL BUDGET DEBATE, HE WARNED THAT WITHOUT TIMELY AND ADEQUATE INVESTMENT IN NEW CAPITAL PLANT AND MACHINERY, AND IN ADVANCED TECHNOLOGY, HONG KONG'S INDUSTRIES WOULD SOON BOTH LOSE THEIR COMPETITIVE EDGE AND BECOME OBSOLETE.

+IN TIME, THEY WOULD BE UNABLE TO MAINTAIN A Foothold IN THE WORLD MARKET,+ HE ADDED.

ON THE SUBJECT OF INFLATION, MR CHEN NOTED THAT THE FINANCIAL SECRETARY HAD SAID THAT INFLATION IN 1984, RUNNING AT ABOUT 12 PER CENT IN THE OPENING MONTHS OF THE YEAR, WAS EXPECTED TO TREND DOWN TO SEVEN PER CENT TOWARDS THE END.

+THE BASIS FOR THIS OPTIMISTIC OUTLOOK APPEARS TO HAVE BEEN HIS EXPECTATION THAT INFLATION WOULD FALL UNDER THE COMBINED INFLUENCE OF STABLE EXCHANGE RATE VIS-A-VIS THE US DOLLAR AND LOW INFLATION IN COUNTRIES WITH WHICH WE TRADE,+ HE ANALYSED.

HOWEVER, HE HAD DIFFERENT VIEWS, MR CHEN SAID. HE POINTED OUT THAT THE DOLLAR LINK ESTABLISHED IN LAST OCTOBER, WHILE HELPING TO RESTORE CONFIDENCE IN HONG KONG CURRENCY, HAD MEANT IN REALITY NEARLY 17 PER CENT DEPRECIATION IN THE VALUE OF OUR DOLLAR AND IMMEDIATE INFLATIONARY PRESSURE ON OUR ECONOMY.

+THE RESULT WAS MORE COSTLY IMPORT OF FOOD AND OTHER ITEMS OF NECESSITY FOR OUR DAILY LIFE, AND OF PLANT AND RAW MATERIALS FOR OUR INDUSTRIES,+ HE OBSERVED.

+IT WOULD BE A LONG TIME BEFORE THE EFFECTS OF SUCH A HUGE CURRENCY DEPRECIATION WORK THEIR WAY THROUGH THE ECONOMY.

+CONSEQUENTLY, I AM OF THE OPINION THAT IN THE ABSENCE OF A RAPID RECOVERY IN THE VALUE OF OUR DOLLAR, THE FINANCIAL SECRETARY'S PREDICTION THAT INFLATION WOULD BE DOWN TO SEVEN PER CENT BY THE END OF THE YEAR WOULD APPEAR TO BE SOMEWHAT OPTIMISTIC,+ HE SAID.

TURNING TO THE BUDGET PROPOSALS, MR CHEN NOTED THAT PUBLIC SPENDING WAS STILL ON THE INCREASE, THOUGH AT A SLOWER PACE THAN A FEW YEARS AGO.

+IN PARTICULAR, THE ALL IMPORTANT RECURRENT EXPENDITURE AS BUDGETED STANDS AT 15.7 PER CENT OVER THE PROVISION IN THE REVISED ESTIMATE FOR 1983/84, AND AT 72 PER CENT STILL UNCOMFORTABLY HIGH IN RELATION TO TOTAL EXPENDITURE,+ HE SAID.

THE BUDGETARY GUIDELINE REQUIRED THIS RATIO TO BE NOT MORE THAN 65 PER CENT, HE ADDED.

/+MOREOVER, WITHOUT .....

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+MOREOVER, WITHOUT TAKING INTO ACCOUNT THE REVENUE PROPOSALS, IT REPRESENTS 93 PER CENT OF RECURRENT REVENUE AGAINST A NATIONAL GUIDELINE OF NO MORE THAN 85 PER CENT.

+THE NEED FOR EXERCISING STRINGENT CONTROL ON EXPENDITURE IS ABUNDANTLY CLEAR,+ HE STRESSED.

COMMENTING ON THE PROVISION FOR PERSONAL EMOLUMENTS, MR CHEN NOTED THAT THE BUDGETED PROVISION DID NOT MAKE ALLOWANCE FOR CIVIL SERVICE SALARY ADJUSTMENTS IN THE COMING YEAR AND HE EXPECTED THIS WOULD HAVE TO COME OUT OF THE \$1.8 BILLION BUDGETED FOR ADDITIONAL COMMITMENTS.

+THE RECENT SALARY REVIEW PROPOSALS, IF APPROVED BY THE FINANCE COMMITTEE OF THIS COUNCIL, WOULD ABSORB A VERY SUBSTANTIAL PORTION OF THIS \$1.8 BILLION CONTINGENT PROVISION, THUS MAKING IT SO MUCH HARDER TO PROVIDE COVER FOR OTHER WORTHWHILE BUT UNFORESEEN COMMITMENTS,+ HE SAID.

REGARDING THE REVENUE PROPOSALS, HE SAID THAT CONSIDERING THE UNFAVOURABLE FISCAL CLIMATE AT THE PRESENT TIME, THE TAXATION PROPOSALS AS A WHOLE APPEARED QUITE REASONABLE AND CONSISTENT WITH THE UNDERLYING THEME OF THE BUDGET, WHICH WAS REGARD FOR THE BURDEN ON THE LESS WELL-OFF.

HE ADDED, +I HAVE NO QUALMS AGAINST BEING KIND TO THE LESS WELL-OFF, BUT THEN THE FINANCIAL SECRETARY'S WAY OF SKINNING THE CAT WAS PARTICULARLY HARSH ON THE SO-CALLED 'SANDWICHED' CLASS WHO, BY VIRTUE OF THE PROPOSED INCREASE IN THE STANDARD RATE ON SALARIES TAX, WILL HAVE TO BEAR THE BRUNT OF THE ADDITIONAL TAX BURDEN.

+IT IS HARDLY FAIR ON SALARY EARNERS WHO HAVE NO MEANS TO RECOVER THEIR LOSSES. A SALARY ADJUSTMENT IS THEIR ONLY HOPE BUT THAT WOULD NOT BE WITHOUT REPERCUSSIONS FOR THE ECONOMY,+ HE OBSERVED.

HE SAID HE FAVOURED A DIFFERENT PACKAGE OF DIRECT AND INDIRECT TAX INCREASES WITH A HIGHER CONTRIBUTION FROM INDIRECT TAXATION.

+IN THE LIGHT OF THE FINANCIAL SECRETARY'S OPTIMISTIC OUTLOOK ON INFLATION, I BELIEVE THIS TO BE BOTH POSSIBLE AND EQUITABLE AND IT WOULD RELIEVE SOME OF THE UNRELENTING PRESSURE TO WHICH THE 'SANDWICHED' CLASS IS SUBJECT,+ HE SAID.

HE POINTED OUT THAT THERE WERE MANY OPTIONS FOR RAISING MORE INDIRECT TAXATION WITHOUT CAUSING UNDUE HARDSHIP TO THE MAN IN THE STREET.

HE SUGGESTED THAT ONE OPTION WAS TO LEVY HEAVY TAX ON THOSE COMMODITIES WHICH ONLY THE WELL-OFF COULD NORMALLY AFFORD, SUCH AS JEWELLERIES, PERFUMES, EXPENSIVE CLOTHES, LAVISH BANQUETS AND ENTERTAINMENTS, LICENCE FEE FOR LUXURIOUS PLEASURE CRAFTS.

ANOTHER WAS TO INCREASE THE TAX ON PETROL AFTER HAVING FIRST TAKEN CARE OF PUBLIC TRANSPORT NEEDS, MR CHEN SAID.

CONCEDING THAT THIS WOULD INCREASE THE BURDEN ON MANY PEOPLE, INCLUDING THE 'SANDWICHED' CLASS, HE SAID, +BUT BE THAT AS IT MAY, AT LEAST THEY HAVE A CHOICE BETWEEN USING PUBLIC TRANSPORT OR PAYING MORE FOR THE PETROL IN ORDER TO USE THEIR OWN CARS.+

+SINCE TAXATION IS PROPOSED AS A FISCAL MEASURE TO RELIEVE CONGESTION OF THE CROSS HARBOUR TUNNEL, I SEE NO VALID ARGUMENT AGAINST ADDITIONAL TAX ON PETROL AS A GENERAL MEANS OF TRAFFIC MANAGEMENT TO REDUCE ROAD CONGESTION,+ HE ADDED.

HE SAID THAT THE FINANCIAL SECRETARY COULD BE CONGRATULATED FOR HAVING LIGHTENED THE BURDEN OF THE LESS WELL-OFF AND HIS ONLY COMPLAINT WAS THAT HE HAD DONE SO AT THE EXPENSE OF THE 'SANDWICHED' CLASS.

+HE WOULD HAVE ACHIEVED PERFECTLY THE ROBIN HOOD IMAGE HAD HE DONE SO AT THE EXPENSE OF THE WELL-OFF,+ MR CHEN CONCLUDED.

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PEOPLE WANT SAY IN SHAPING FUTURE: DUNN

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HON LYDIA DUNN CALLED FOR THE AGREEMENT NOW BEING NEGOTIATED BETWEEN BRITAIN AND CHINA TO TAKE FULLY INTO ACCOUNT THE VIEWS, THE ASPIRATIONS AND THE FEARS OF THE PEOPLE WHO LIVE HERE.

SPEAKING AT THE ANNUAL BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, SHE OBSERVED THAT THOUGH THE GENERAL ECONOMIC PICTURE WAS ENCOURAGING, IT DID NOT MEAN THAT EVERYONE WAS RELAXED AND HAPPY ABOUT THE FUTURE.

SHE SAID, +OUR SOCIETY HAS CHANGED A GREAT DEAL IN RECENT YEARS, IT IS NOT JUST MORE PROSPEROUS. IT IS YOUNGER AND MORE EDUCATED. IT IS ONLY NATURAL (BUT A GREAT CHANGE FROM THE PAST) THAT PEOPLE WANT TO KNOW WHAT THE FUTURE HOLDS FOR THEM AND THEY ALSO WANT TO HAVE A SAY IN SHAPING THAT FUTURE.+

+THE REASON IS SELF-EVIDENT: THEY ARE SOMEWHAT FEARFUL OF THE FUTURE. IN PARTICULAR, THEY ARE FEARFUL THAT THE FREEDOMS WHICH THEY HAVE, FOR SO LONG, BEEN ABLE TO ENJOY AND TAKE FOR GRANTED MAY BE ERODED.+

SHE SAID THAT PEOPLE VALUED THEIR FREEDOMS AND LIFE STYLE WHICH FLOWED FROM THOSE FREEDOMS AND THEREFORE SOUGHT CREDIBLE ASSURANCES AS TO THE MAINTENANCE OF THOSE FREEDOMS.

/+IF THESE .....

+IF THESE ASSURANCES ARE FORTHCOMING, BUT ONLY IF THEY ARE FORTHCOMING, WILL THE PEOPLE HAVE CONFIDENCE IN THE FUTURE OF HONG KONG,+ SHE SAID.

+IT IS ESSENTIAL, THEREFORE, AND IN THE INTERESTS OF BOTH CHINA AND BRITAIN TOO, THAT THE AGREEMENT NOW BEING NEGOTIATED SHOULD TAKE FULLY INTO ACCOUNT THE VIEWS, THE ASPIRATIONS AND THE FEARS OF THE PEOPLE WHO LIVE HERE,+ SHE ADDED.

EARLIER MISS DUNN EXPRESSED CONCERN THAT THE BUDGET SPEECH DID NOT SET OUT A COHERENT STRATEGY FOR THE FUTURE, BASED ON OUR PRESENT AND LIKELY FUTURE SITUATION.

SHE WAS ALSO VERY DOUBTFUL AS TO WHETHER WE COULD AT PRESENT AFFORD THE LEVEL OF PUBLIC SECTOR EXPENDITURE PROPOSED IN THE ESTIMATES.

SHE SAID THAT WE COULD TAKE HEART FROM THE FACT THAT 1983-84 IN THE END HAD TURNED OUT BETTER THAN AT ONE TIME SEEMED POSSIBLE, BUT SHE WARNED THAT NOW, IN CONSIDERING THE THIRD CONSECUTIVE YEAR OF DEFICIT FINANCING, +WE MUST FACE THE FACT THAT, EVEN IF LAND SALES REVIVE, WE CANNOT EXPECT OUR CAPITAL REVENUE TO REACH AGAIN THE DIZZY HEIGHTS IT REACHED IN THE RECENT PAST+.

SHE BELIEVED THAT IT WAS UNLIKELY THAT IT WOULD BE EVER SO EASY AGAIN TO FINANCE THE DEFICIT ON CAPITAL ACCOUNT FROM LAND REVENUE BUT POINTED OUT THAT THIS WAS REALLY NO BAD THING.

+LONG-TERM SUSTAINABLE GROWTH IN THE ECONOMY REQUIRES THAT LAND SHOULD NOT BE A SCARCE COMMODITY WHOSE PRICE IS CONSTANTLY DRIVEN UP BY AN EXTREME IMBALANCE BETWEEN SUPPLY AND DEMAND,+ SHE SAID.

TURNING TO FORECAST FOR FUTURE IN THE BUDGET, SHE SAID, +THERE ARE ONLY OCCASIONAL REFERENCES TO THE FUTURE, THE NEW 'FORECAST PERIOD', THAT IS UP TO 31 MARCH, 1988, BY WHICH TIME OUR FORMAL CONTINGENT LIABILITIES WILL HAVE RISEN FROM THE PRESENT LEVEL OF ABOUT 14 BILLION DOLLARS TO 23 BILLION.+

SHE QUERIED WHERE WERE THE FORECASTS OF REVENUE AND EXPENDITURE FOR THE +FORECAST PERIOD+ AND WHERE WAS THE BUDGETARY STRATEGY DESIGNED TO BRING THEM INTO LINE.

MISS DUNN SAID THAT HER CONCERN OF THESE OMISSIONS WAS HEIGHTENED BY THE FINANCIAL SECRETARY'S STATEMENT THAT HIS INTENTION REMAINED TO BE +TO ENSURE THAT THE GROWTH RATE IN REAL TERMS IN PUBLIC SECTOR EXPENDITURE DOES NOT OVER A PERIOD OF YEARS EXCEED THE GROWTH RATE OF GDP+.

+IN MY OPINION WE CANNOT AFFORD TO LET THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE COME ANYWHERE NEAR THE GROWTH RATE OF GDP UNTIL WE ARE OUT OF THE WOOD,+ SHE SAID.

SHE NOTED THAT THE GROWTH RATE OF PUBLIC EXPENDITURE HAD ALMOST OVER ANY RECENT +PERIOD OF YEARS+ EXCEEDED THE GROWTH RATE OF GDP BY A CONSIDERABLE MARGIN AND SINCE 1979 BY 50 PER CENT.

THIS EVIDENCE, SHE SAID, GAVE A +HOLLOW RING+ TO THE FINANCIAL SECRETARY'S STATEMENT THAT +THE FIRST OF THE PRINCIPLES WE APPLY IN THE MANAGEMENT OF OUR PUBLIC FINANCES IS THAT THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE SHOULD HAVE REGARD TO THE GROWTH RATE OF THE ECONOMY+.

+IN OUR PRESENT SITUATION, THE MORE IMPORTANT POINT IS THAT IT IS APPROPRIATE TO ALLOW THIS CRITERION -- THE RATIO OF PUBLIC SECTOR EXPENDITURE TO GDP -- TO SET THE LIMIT FOR THE GROWTH OF PUBLIC EXPENDITURE WHEN, BUT ONLY WHEN, REVENUE IS SO ABUNDANT THAT THERE ARE NO BUDGETARY CONSTRAINTS ON A HIGHER LEVEL OF PUBLIC EXPENDITURE,+ SHE SAID.

+WHEN THERE ARE BUDGETARY CONSTRAINTS, AS THERE HAVE BEEN SINCE 1982-83, THEN THE OPERATIVE CRITERION MUST BE THE LEVEL OF REVENUE AVAILABLE TO FINANCE EXPENDITURE,+ SHE ADDED.

SHE BELIEVED THAT DEFICIT FINANCING WAS ACCEPTABLE ONLY AS A SHORT-TERM EXPEDIENT.

+IN THE LONG RUN, WHETHER THE DEFICITS ARE FINANCED BY BORROWING OR BY INCREASED TAXATION, DEFICIT FINANCING INHIBITS GROWTH AND FUELS INFLATION, WHICH IS STILL TOO HIGH EVEN NOW,+ SHE SAID.

SHE BELIEVED THAT WE SHOULD BE AIMING FOR A BALANCED BUDGET AND SHE WAS CONCERNED THAT THE FINANCIAL SECRETARY HAD NOT SAID, NOR HAD HE GIVEN ANY INDICATION THAT THAT WAS WHAT HE WAS AIMING FOR.

REFERRING TO THE FINANCIAL SECRETARY'S DECLARED AIM TO GET BUDGET DEFICITS BELOW ONE PER CENT OF GDP, SHE POINTED OUT THAT THE FORECAST OF GDP FOR 1984 WAS \$240 BILLION AND IT COULD BE EXPECTED TO CONTINUE TO INCREASE IN FUTURE YEARS.

+I DO NOT BELIEVE THAT DEFICITS OF THIS ORDER OF ONE PER CENT OF THIS SUM ARE ACCEPTABLE AND 'CAN BE HANDLED' EVEN IF THEY ARE PARTLY COVERED BY BOND ISSUES.

+LET US REMEMBER, WITH THE FINANCIAL SECRETARY, THAT LOANS CARRY INTEREST AND PROVISION MUST BE MADE FOR THEIR REPAYMENT, PROVISION WHICH WILL FURTHER REDUCE OUR FREE FISCAL RESERVES,+ SHE SAID.

SHE STRESSED THAT WE JUST COULD NOT DEPEND ON STEADILY INCREASING TAX RATES AND MORE AND MORE COMPLICATED REVENUE LAWS TO FINANCE STEADILY INCREASING PUBLIC EXPENDITURE.

SHE SAW THE NEED FOR +A CALM, STEADY, CLEARLY UNDERSTOOD AND BALANCED APPROACH+ TOWARDS ELIMINATING OUR PRESENT CHRONIC TENDENCY FOR PUBLIC ACCOUNTS TO BE IN DEFICIT; AND CERTAINLY WITHIN THREE YEARS.

+BUT I DO NOT BELIEVE THAT IT SHOULD BE DONE BY RAISING TAX RATES ANY FURTHER IN THE NEAR FUTURE, IF EVER, LET ALONE BY ALTERING THE AMBIT OF THE CHARGE.

+OUR DIRECT TAX SYSTEM IS ALREADY BEGINNING TO LOSE MUCH OF ITS SIMPLICITY AND WE HAVE ALREADY HAD SOME UNHAPPY EXPERIENCE OF THE WORKING OF THE LAW OF DIMINISHING RETURNS,+ SHE NOTED.

SHE MAINTAINED THAT WE MUST GET BACK TO CUTTING OUR COAT ACCORDING TO OUR CLOTH - WE MUST REDUCE EXPENDITURE.

+THE GOVERNMENT SHOULD PUT BEFORE THIS COUNCIL THE MEASURES NECESSARY TO START SUCH A PROCESS,+ SHE SAID.

+I BELIEVE THAT WE CANNOT NOW AFFORD TO TREAT AS SACROSANCT PROGRAMMES THAT WERE DEvised AND ACCEPTED IN MORE PROSPEROUS TIMES,+ SHE ADDED.

SHE CITED THE TOTAL ESTIMATE FOR PUBLIC SECTOR EXPENDITURE ON BUILDING AND CONSTRUCTION, INCLUDING CIVIL ENGINEERING, FOR 1984-85 AS AN EXAMPLE.

SHE NOTED THE ESTIMATE WAS WITHIN THREE PER CENT OF THE REVISED ESTIMATE FOR 1983-84, BUT SINCE THE TENDER PRICE INDEX WAS ESTIMATED TO HAVE FALLEN BY A FURTHER 12 PER CENT IN 1983-84, THIS IMPLIED AN INCREASE IN REAL TERMS FOR 1984-85.

SHE ASKED: +IS IT SENSIBLE TO ACCELERATE EXPENDITURE WHEN WE ARE FACING ANOTHER DEFICIT? WOULD IT NOT BE MORE PRUDENT TO SLOW DOWN UNTIL OUR PROSPECTS IMPROVE AGAIN?+

ELABORATING ON THE IMPORTANCE OF REDUCING EXPENDITURE RATHER THAN INCREASING TAXATION, MISS DUNN SAID, +OUR RATES OF DIRECT TAX MAY STILL SEEM LOW, BUT I AM NOT SURE THAT, AT THE RATES NOW PROPOSED, THEY WOULD STILL SEEM SO WHEN COMPARED WITH EFFECTIVE RATES IN OTHER COUNTRIES.+

+IN MANY OF THEM THE OPPORTUNITIES FOR LEGAL TAX AVOIDANCE GREATLY REDUCE THE ACTUAL LIABILITIES OF CORPORATIONS AND INDIVIDUALS,+ SHE OBSERVED.

SHE SAID THAT IF THE PROPOSED INCREASES IN DIRECT TAX RATES WERE PASSED, AN ASSURANCE WAS NEEDED FROM THE FINANCIAL SECRETARY THAT IF ESTIMATED EXPENDITURE FOR 1985-86 COULD NOT BE MET WITHOUT FURTHER TAX INCREASES, THE ESTIMATES WOULD BE CUT.

AS FOR WHICH PROJECT TO FORGO, SHE SAID THAT IT WAS THE RESPONSIBILITY OF THE OFFICIALS CONCERNED TO DECIDE.

/+WHEN FINANCIAL .....

+WHEN FINANCIAL RESTRAINT IS NECESSARY IT IS THE DUTY OF THIS COUNCIL TO DETERMINE THE ACCEPTABLE LEVELS OF EXPENDITURE FOR THE COMING YEAR BY REFUSING TO PASS THE APPROPRIATION BILL AS PRINTED.

+WITHIN THE SUMS FINALLY MADE AVAILABLE IT IS UP TO HEADS OF DEPARTMENTS AND THE SECRETARIAT TO CONSIDER HOW BEST TO ALLOCATE THE REDUCED APPROPRIATIONS,+ SHE SAID.

+ONLY THEY HAVE THE DETAILED INFORMATION NECESSARY TO DETERMINE THE LEAST PAINFUL WAY TO MAKE ANY CUTS THAT MAY BE NEEDED,+ SHE ADDED.

+IF AND WHEN UNOFFICIALS HAVE MINISTERIAL RESPONSIBILITY - AND AUTHORITY - IT WILL BE APPROPRIATE FOR THE MINISTER OF EDUCATION TO ANSWER THE QUESTION OF WHICH SCHOOL SHOULD BE CUT BECAUSE WHEN THAT DAY COMES THE DIRECTOR OF EDUCATION AND HIS DEPARTMENT WILL ADVISE AND ANSWER TO THE MINISTER.

+BUT UNTIL THAT DAY COMES THE RESPONSIBILITY RESTS WITH THE OFFICIALS CONCERNED,+ SHE SAID.

SHE RECALLED THAT IN OCTOBER 1980 SHE RECOMMENDED THAT INDIVIDUAL UNOFFICIAL MEMBERS SHOULD BE INVITED TO EXERCISE A SUPERVISORY-CUM-MONITORING-ROLE OVER THE PERFORMANCE AND NEEDS OF INDIVIDUAL DEPARTMENTS OR GROUPS OF DEPARTMENTS AND GOVERNMENT WAS AT THAT TIME UNWILLING TO CONSIDER ANY REAL CHANGE IN THE ROLE OF UNOFFICIALS.

SHE SAID THAT IT WAS NOW WIDELY ACCEPTED THAT WE MUST ADVANCE TOWARDS A MORE REPRESENTATIVE FORM OF GOVERNMENT.

STRESSING THAT THIS COULD NOT BE A PURELY COSMETIC CHANGE, SHE SAID, +IT MUST INVOLVE A GRADUAL TRANSFER OF REAL POWER FROM OFFICIALS TO THE UNOFFICIALS, SOMEHOW SELECTED AS REPRESENTATIVES OF THE PEOPLE.+

+IT SEEMS TO ME THAT WE SHOULD BE CONSIDERING NOW ADAPTATION TO THE SYSTEM SO THAT THEY CAN BE WELL AND TRULY IMPLEMENTED BEFORE THE END OF THIS DECADE,+ SHE ADDED.

+THERE ARE MANY DIFFICULT QUESTIONS TO BE TACKLED AND THEY WON'T GET ANY EASIER TO ANSWER WITH THE PASSAGE OF TIME,+ SHE WARNED.

PLANS FOR MORE SPENDING ON EDUCATION BACKED  
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REV THE HON PATRICK MCGOVERN EXPRESSED APPROBATION THAT THE EXPENDITURE ON EDUCATION IN THE COMING FINANCIAL YEAR WAS ESTIMATED TO INCREASE BY ALMOST 18 PER CENT OVER 1983-84.

SPEAKING IN THE ANNUAL BUDGET DEBATE, HE SAID, +I ALSO NOTE WITH APPROBATION THAT THE ADVICE OF SOME UNOFFICIAL MEMBERS AT LAST YEAR'S BUDGET DEBATE THAT IF TAX INCREASES WERE NECESSARY THIS YEAR THE INCREASE SHOULD BE BY DIRECT TAXATION RATHER THAN INDIRECT WAS HEEDED.+

COMMENTING ON THE PROPOSED EXPENDITURE ON EDUCATION, HE NOTED THAT THE INCREASE WAS IN KEEPING WITH A POINT PUT FORWARD BY UNOFFICIAL MEMBERS IN THE DEBATE ON THE LLEWELLYN REPORT ON JULY 13, 1983 THAT +MONEY SPENT ON EDUCATION IS MONEY WELL INVESTED IN THE FUTURE OF HONG KONG+.

+UNOFFICIAL MEMBERS ARE NO DOUBT PLEASED THAT SOMEONE WAS LISTENING AND THAT THE TREND OF THE EARLIER EIGHTIES OF A DECLINING PROPORTION OF CONSOLIDATED ACCOUNT FOR EDUCATION HAS BEEN REVERSED,+ HE SAID.

HE ALSO SAID THAT IN INDIRECT BUDGETARY MATTERS, A LITTLE PROGRESS HAD BEEN MADE SINCE AUGUST IN THAT THE EDUCATION COMMISSION HAD BEEN PARTLY SET UP.

+A PLEASING FEATURE IS THAT THE ADVICE OF UNOFFICIALS HAS AGAIN BEEN HEEDED IN THAT THE NUMBER OF OFFICIALS ON THE COMMISSION HAS BEEN REDUCED AND THE NUMBER OF UNOFFICIALS IS TO BE INCREASED,+ HE SAID.

+UNTIL I HEAR MORE COMMENT I RESERVE MY POSITION AS TO WHETHER OR NOT IT IS A GOOD THING THAT THE COMMISSION SHOULD NOT BE A STATUTORY BODY AS RECOMMENDED IN THE REPORT,+ HE ADDED.

HOWEVER HE HOPED THAT IN ITS CO-ORDINATING ROLE, WHILE NOT USURPING THE POWERS OR ROLES OF OTHER BODIES, THE COMMISSION WOULD HAVE SUFFICIENT CLOUT TO KNOCK HEADS TOGETHER WHERE THEY NEED KNOCKING.

FATHER MCGOVERN ALSO NOTED THAT THE COMMISSION WOULD TAKE SIX MONTHS TO DIGEST THE REPORT AND THE COMMENTS ON IT BEFORE SELECTING PRIORITIES FOR ACTION.

HE SAID, +THE QUESTION ON MANY PEOPLE'S MINDS IS WHAT WILL HAPPEN IF IN SIX MONTHS' TIME THE COMMISSION SELECTS PRIORITIES FOR ACTION WHICH ARE MORE COSTLY THAN THE PRESENT 'CONTINUING IMPROVEMENTS', WILL THE ESTIMATED 16 PER CENT OF THE CONSOLIDATED ACCOUNT EXPENDITURE ASSIGNED TO EDUCATION BE ENOUGH TO PAY FOR WHAT NEEDS TO BE DONE?+

+IT MAY BE THAT THE GOVERNMENT IS NOT DRAGGING ITS FEET, BUT THE FEAR IS THAT WHEN THE TIME COMES THE COMMISSION MAY FIND ITS HANDS TIED FOR LACK OF FUNDS. I HOPE SUCH FEAR TURNS OUT TO BE UNFOUNDED,+ HE ADDED.

TURNING TO THE PROPOSED CROSS HARBOUR TUNNEL TAX, HE QUOTED THE FINANCIAL SECRETARY'S STATEMENT THAT IT WAS A TRANSPORT MEASURE THE PRIMARY FUNCTION OF WHICH WAS TO ALLEVIATE CONGESTION.

HE OBSERVED THAT IT WAS STATED IN THE CROSS HARBOUR TUNNEL COMPANY LIMITED ANNUAL REPORT 1983 THAT THE GENERALLY DIFFICULT ECONOMIC CONDITIONS COMBINED WITH THE SEVERE FISCAL MEASURES INTRODUCED BY THE GOVERNMENT IN 1982 TO CURB THE GROWTH IN PRIVATE VEHICLE OWNERSHIP HAD RESULTED IN A DROP IN VEHICLES USING THE TUNNEL.

HE QUOTED THE REPORT AS SAYING THAT +IN THE MEDIUM TERM AT ANY RATE THE COMPANY IS NOT ANTICIPATING A MARKED INCREASE IN DEMAND AND THUS THE CONGESTION AT TUNNEL PORTALS IS NOT EXPECTED TO WORSEN SIGNIFICANTLY+.

FATHER MCGOVERN SAID, +I DO NOT INTEND TO DEBATE ON THE SUBJECT HERE, BUT IT IS CLEAR THAT THE TRANSPORT NATURE OF THE MEASURE DOES NOT EXIST AND THEREFORE THERE IS NO REASON FOR THIS TAX.+

+IF THE FINANCIAL SECRETARY IS SO UNWISE AS TO GO AHEAD WITH THE TUNNEL TAX PROPOSAL I NOW DECLARE MY INTENTION OF OPPOSING IT,+ HE ADDED.

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BUDGET DISPLAYS OPTIMISM AND CONFIDENCE - PETER WONG  
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THE 1984-85 BUDGET HAS BEEN CAREFULLY DESIGNED TO REFLECT ALL THE THREE ESSENTIAL FUNCTIONS OF FISCAL POLICY - TO RAISE REVENUE, TO REDUCE INEQUALITIES OF WEALTH AND INCOME, AND TO ACHIEVE ITS EFFECT ON THE MANAGEMENT OF THE ECONOMY, THE HON PETER C. WONG SAID IN THE LEGISLATIVE COUNCIL TODAY.

+I WOULD LIKE TO PAY TRIBUTE TO THE FINANCIAL SECRETARY FOR THE VERY SKILFUL WAY IN WHICH HE HAS PROPOSED TO SKIN THE NOT SO LEAN AND YET NOT SO FAT HONG KONG CAT,+ HE SAID.

LOOKING AT THE ESTIMATED EXPENDITURE FOR 1984-85, MR WONG SAID THAT AT \$37.3 BILLION, IT REPRESENTED ONLY A MODERATE INCREASE.

HE POINTED OUT THAT THE DEFICIT OF \$3.6 BILLION WAS UNCOMFORTABLY HIGH, ADDING, +A MAIN CONTRIBUTORY FACTOR FOR THE DEFICITS IS GOVERNMENT'S POLICY TO MAINTAIN GENERAL SERVICES AT ACCEPTABLE LEVELS, WHILE ON THE SOCIAL FRONT, MODERATE INCREASES ARE PROPOSED.+

HE SHARED THE VIEW THAT THE BUDGET WAS A DEMONSTRATION OF GOVERNMENT'S OPTIMISM AND CONFIDENCE IN THE TERRITORY'S FUTURE.

/NOTING THE .....

NOTING THE GREAT IMPORTANCE ATTACHED BY THE FINANCIAL SECRETARY TO PROMOTE INCREASES IN PRODUCTIVITY AND VALUE FOR MONEY, HE SAID THAT THE GREATER USE OF TECHNOLOGICAL ADVANCES WOULD ENHANCE PRODUCTIVITY.

HE ALSO SUGGESTED THAT THE PRIVATISATION AND THE ESTABLISHMENT OF PUBLIC CORPORATIONS SHOULD CONTINUE.

+IT WILL RELIEVE THE CENTRAL GOVERNMENT FROM RESPONSIBILITIES IN RESPECT OF SERVICES WHICH COULD BE MANAGED WITH EQUAL IF NOT IMPROVED EFFICIENCY UNDER PRIVATE OR INDEPENDENT MANAGEMENT,+ HE SAID.

ON THE GOVERNMENT SECRETARIAT, HE NOTED THAT AS A RESULT OF THE MCKINSEY RECOMMENDATIONS, A NUMBER OF SECRETARIES HAD BEEN APPOINTED TO ASSIST THE CHIEF SECRETARY IN FORMULATING AND CO-ORDINATING GOVERNMENT POLICIES IN RELATED FIELDS.

+AFTER ALMOST A DECADE, IT IS PERHAPS TIME TO SEE WHETHER IT IS NECESSARY TO REVAMP THE SYSTEM, PARTICULARLY WHEN HONG KONG HAS WITNESSED PHENOMENAL EXPANSION AND CHANGES IN ALMOST ALL SPHERES OF ACTIVITY,+ HE SAID.

+IT IS ESSENTIAL TO ENSURE THAT NO DISCORD AND CONFLICT OF INTEREST EXIST, WHICH MAY RESULT IN UNDUE AND UNNECESSARY DELAYS IN THE IMPLEMENTATION OF GOVERNMENT DECISIONS.

+HARMONY AND IDENTITY OF PURPOSE ARE PERHAPS THE BEST GUARANTEES TO BETTER EFFICIENCY AND PRODUCTIVITY,+ HE ADDED.

TURNING TO THE REVENUE PROPOSALS, MR WONG SAID THAT HE REGARDED THE TWO PER CENT INCREASE IN DIRECT TAXATION AS JUSTIFIABLE.

+ALTHOUGH THE DISTRIBUTION OF THE TAX BURDEN MAY NOT BE ENTIRELY EVEN, IT WOULD BE ABSURD TO SUGGEST THAT THE PROPOSED INCREASE WOULD POSE A THREAT TO OUR TRADE AND INVESTMENT,+ HE SAID.

HE POINTED OUT THAT THE FINANCIAL SECRETARY HAD CATEGORICALLY STATED THAT LOW TAXES HAD LONG BEEN AND WOULD CONTINUE TO BE A MAJOR CONTRIBUTOR TO HONG KONG'S GROWTH.

HE ALSO NOTED THE FINANCIAL SECRETARY'S PROMISE TO RECONSIDER SALARIES TAX THRESHOLDS CAREFULLY IN HIS NEXT BUDGET AND TO HAVE A LOOK AT INITIAL ALLOWANCES.

+THIS IS CLEAR EVIDENCE THAT THE FINANCIAL SECRETARY RECOGNISES THE NEED FOR CONCESSION IF CIRCUMSTANCES PERMIT,+ MR WONG SAID.

MR WONG NEXT CALLED ON THE TRADE DEPARTMENT TO TAKE A FRESH LOOK AT THE +COMPLEX AND MUCH CRITICISED+ QUOTA ALLOCATION SYSTEM.

/TURNING TO .....

TURNING TO THE DOLLAR LINK AND INTEREST RATES, MR WONG SAID, +THE DOLLAR LINK HAS RESTORED CONFIDENCE AND RESULTED IN A STABLE EXCHANGE RATE WHICH IS IMPORTANT TO TRADERS AND MANUFACTURERS IN MAKING LONG TERM PLANNING.+

+THE FINANCIAL SECRETARY'S DECISION TO HOLD THE DOLLAR PARITY IS A PRUDENT DECISION EVEN THOUGH IT HAS ITS OWN LIMITING FACTORS,+ HE ADDED.

CONCEDING THAT FREQUENT CHANGES IN INTEREST RATES ARE UNDESIRABLE AND FRUSTRATING IF THE CHANGES MAKE BORROWING MORE COSTLY, MR WONG SAID, +OBVIOUSLY, THE SITUATION PRESENTS A DILEMMA, AND IT WARRANTS CLOSE MONITORING.+

+PERHAPS TIGHTER MONEY CONTROL AND JUDICIOUS INTERVENTION IS THE ONLY ALTERNATIVE IN THE SHORT TERM,+ HE SUGGESTED.

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#### GOVERNMENT PRAISED FOR LONG-TERM OUTLOOK

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THE GOVERNMENT WAS TODAY COMMENDED BY THE HON WONG LAM FOR ITS +VERY RESPONSIBLE AND POSITIVE+ ATTITUDE IN CONTINUING TO TREAT PROGRAMMES AND INFRASTRUCTURE WHICH ARE IMPORTANT TO PEOPLE'S LIVELIHOOD IN THE LONG-TERM PERSPECTIVE.

MR WONG SAID THAT IN RECENT MONTHS, MANY PEOPLE HAD BEEN TALKING ABOUT WAYS OF MAINTAINING PROSPERITY AND STABILITY AFTER 1997.

+TO MY MIND, THE MOST USEFUL WAY IS TO SHOW OUR DETERMINATION AND MAKE EARNEST EFFORT, EVEN IN THE INTERIM PERIOD BETWEEN NOW AND 1997, TO MAINTAIN THE PRESENT PROSPERITY AND STABILITY ON THE ONE HAND, AND SOW THE SEEDS OF PROSPERITY AND STABILITY FOR THE POST-1997 YEARS ON THE OTHER, SO THAT BY THAT TIME HONG KONG WILL STILL HAVE ITS UNIQUE VALUE OF EXISTENCE,+ HE SAID.

+THE BUDGET FOR THIS FISCAL YEAR FULLY REFLECTS THE GOVERNMENT'S EFFORTS IN THIS CONNECTION,+ HE ADDED.

HE ALSO COMMENDED THE GOVERNMENT FOR ITS DETERMINATION TO CRACK DOWN ON INFLATION.

HE DESCRIBED GOVERNMENT'S MOVES TO TIGHTEN ITS CONTROL ON THE ESTABLISHMENT AND EXPENDITURE OF THE PUBLIC SECTOR AND TO AVOID AS FAR AS POSSIBLE, RAISING DIRECT TAXATION AS +UNDOUBTEDLY POSITIVE ANTI-INFLATIONARY MEASURES AIMED AT BETTERING THE LOT OF THE PEOPLE+.

HOWEVER, HE CONSIDERED THAT THERE WERE SEVERAL POINTS ABOUT THE BUDGET WHICH CALLED FOR COMMENTS.

THE FIRST POINT HE MENTIONED WAS THAT +GOVERNMENT'S FINANCIAL ARRANGEMENTS HAVE INFLATED THE DEFICIT+.

+I HAVE RESERVATIONS ABOUT EXCESSIVE FUNDS BEING RESERVED UNDER INDIVIDUAL HEADS OF EXPENDITURE OR FUND,+ HE SAID.

+ONE OF THE IMPORTANT FUNCTIONS OF GOVERNMENT'S GENERAL FISCAL RESERVE IS ALREADY TO MEET UNFORESEEN NEEDS, AND IT IS REALLY NOT NECESSARY TO RETAIN EXCESSIVE RESERVE FUNDS AGAIN UNDER INDIVIDUAL HEADS OF EXPENDITURE OR FUNDS, FOR THIS WILL VIRTUALLY LEAD TO AN INFLATED DEFICIT, RESULTING IN THE NEED FOR RAISING OF FURTHER TAXES BY THE GOVERNMENT,+ HE ADDED.

HE CITED AS AN EXAMPLE THE CAPITAL WORKS RESERVE FUND.

HE BELIEVED THAT THERE WAS NO NEED FOR THE GOVERNMENT TO TRANSFER AS MUCH AS \$7.3 BILLION TO THE FUND EVEN THOUGH MONEY MUST BE RETAINED IN THE FUND TO OFFSET THE ADVANCE OF \$1.45 BILLION TO THE CONSORTIUM FOR THE DEVELOPMENT OF TIN SHUI WAI.

HIS REASON WAS THAT THIS SUM OF SOME \$1.4 BILLION WOULD ONLY BE PAID IN STAGES AND NOT IN ONE GO AND THEREFORE IT SEEMED UNNECESSARY TO TRANSFER THE FULL AMOUNT TO THE FUND IMMEDIATELY.

+THE PRESENT FINANCIAL ARRANGEMENTS RESULT IN A SUM OF ABOUT \$2.2 BILLION OF PUBLIC MONEY LYING IDLE IN THE FUND WHICH IS UNLIKELY TO BE USED IN FULL EVEN IN CASE OF UNFORESEEN NEEDS.

+IF HALF OF THIS SUM WERE TRANSFERRED BACK TO THE GENERAL REVENUE ACCOUNT, THE ESTIMATED DEFICIT OF SOME \$3 BILLION FOR 1984-85 COULD BE REDUCED BY NEARLY ONE-THIRD,+ HE ARGUED.

HE WENT ON TO SAY THAT THE BUDGET HAD OVERLOOKED THE INTERESTS OF THE MIDDLE-INCOME CLASS.

HE SAID THAT MANY PEOPLE EARNING MORE THAN \$10 000 A MONTH WERE REGARDED AS BELONGING TO THE MIDDLE-INCOME CLASS BUT IN FACT THEIR SO-CALLED +HIGH SALARIES+ WERE THE RESULT OF HIGH INFLATION RATES IN RECENT YEARS.

+INFLATION HAS RAISED THEIR SALARIES, AS WELL AS THEIR EXPENDITURE. IT IS THEREFORE INAPPROPRIATE TO REGARD THEM AS REALLY WELL-PAID PEOPLE,+ HE SAID.

HE NOTED THAT SOME SUCH PEOPLE WOULD HAVE TO BEAR A HIGHER RATE OR EVEN THE HIGHER STANDARD RATE IN THE PAYMENT OF INCOME TAX.

+THEY ENJOY FEW DIRECT BENEFITS IN SOCIAL SERVICES, SUCH AS PUBLIC HOUSING OR WELFARE ALLOWANCES, BUT THEY HAVE TO PAY INCOME TAX AT THE SAME RATE AS THOSE WHOSE INCOMES ARE MULTIPLES OF THEIRS,+ HE SAID.

HE SAID THE SITUATION REFLECTED THAT THERE WERE PROBLEMS IN THE PRESENT INCOME TAX SYSTEM IN THAT PEOPLE WHOSE INCOME ARE NOT GENUINELY HIGH ARE CAUGHT INTO THE NET OF STANDARD RATE.

+IN OTHER WORDS, THE PROGRESSION OF THE INCOME TAX IS SO RAPID THAT THOSE WHO EARN MORE BECAUSE OF INFLATION ARE REQUIRED TO BEAR MUCH HIGHER TAX RATES,+ HE SAID.

+IT HAS BEEN SUGGESTED IN THE PAST THAT THE PRESENT PROGRESSION SHOULD BE SLOWED DOWN, SO AS TO WIDEN EACH PLATFORM OF TAX RATES.

ALTHOUGH AT THAT TIME THE GOVERNMENT DID NOT AGREE TO THIS, IT IS NOW HIGH TIME TO SLOW DOWN THE PROGRESSION WITHOUT DELAY,+ HE SAID.

+I ALSO HOPE THAT THE GOVERNMENT WILL APPRECIATE THAT THE MIDDLE-INCOME CLASS ARE ALSO THE 'PEOPLE' OF HONG KONG. TO A LARGE EXTENT, THEY ARE ALSO THE 'LESS WELL-OFF' AND THE STUFF OF THEIR LIVES ARE ALSO STRONGLY INFLUENCED BY GOVERNMENT'S POLICIES,+ HE ADDED.

COMMENTING ON THE PROPOSAL TO LEVY TAX ON SOME USERS OF THE CROSS HARBOUR TUNNEL, MR WONG SAID THAT THE PROPOSED TAX SHOULD NOT BE IMPOSED AT ALL TIMES OF THE DAY WITHOUT DISTINCTION.

HE FELT THAT ONLY PEAK HOUR USERS SHOULD PAY THIS TAX.

+THE DEFINING OF THE PEAK AND NON-PEAK HOURS MAY OR MAY NOT CHANGE THE PRESENT PATTERN OF USAGE OF THE TUNNEL. HENCE THE GOVERNMENT SHOULD NOT ARRIVE AT TOO HASTY A DECISION, AND SHOULD SPARE USERS WHO DO NOT CONTRIBUTE TO THE CONGESTION OF THE TUNNEL OF THE TAX,+ HE SAID.

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UNCERTAINTY IS A THREAT - YEUNG  
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AS THE OPTION OF EMIGRATION REMAINS OPEN TO THE PEOPLE OF HONG KONG, GUARANTEEING THEM THE CONTINUING RIGHT TO CHOOSE WHERE THEY WISH TO LIVE AND WORK, THEY WILL CONTINUE TO WORK CALMLY AND DILIGENTLY FOR THE CONTINUED PROSPERITY OF THE TERRITORY, THE HON CHARLES YEUNG SAID.

SPEAKING AT THE ANNUAL BUDGET DEBATE, MR YEUNG SAID THAT UNCERTAINTY WAS POSSIBLY A LARGER THREAT THAN LACK OF CONFIDENCE.

+UNCERTAINTY IS MANY-FACETED AND IT MAKES ITSELF FELT BY DIFFERENT INDIVIDUALS AT DIFFERENT TIMES WITH DIFFERENT DEGREES OF IMPACT.

+NO MATTER WHAT THE EVENTUAL OUTCOME, UNCERTAINTY LIKE WOODWORM IS EATING INTO THE FABRIC OF OUR SOCIETY AND ECONOMY AS HAS BEEN AMPLY MANIFESTED IN THESE LAST 18 MONTHS,+ HE SAID.

HE DESCRIBED AS +BOTH SADDENING AND DEPRESSING+ THE SEARCH BY SOME HONG KONG RESIDENTS DURING THIS PERIOD OF UNCERTAINTY FOR THE ASSURANCE OF EMIGRATION ABROAD.

BUT HE POINTED OUT THAT AT THE SAME TIME, THERE HAD BEEN A VISIBLE UPWARD TREND OF HONG KONG OVERSEAS SETTLERS AND IMMIGRANTS RETURNING TO LIVE AND WORK IN HONG KONG.

+THESE HIGHLY EDUCATED AND HIGHLY TRAINED PEOPLE HAVE MUCH TO OFFER IN UPHOLDING OUR FUTURE ECONOMIC ACTIVITIES, BOTH NOW AND IN THE FUTURE.

+WE HOPE THAT THIS NEW EXPRESSION OF CONFIDENCE IN HONG KONG'S PROSPECTS WILL BE REFLECTED BY THOSE IN HONG KONG WHO ARE NOW EXPERIENCING ANXIETIES ABOUT THEIR FUTURE AND ARE INVESTIGATING THE ALTERNATIVES OPEN TO THEM,+ MR YEUNG SAID.

+THE CONTINUED PROSPERITY OF HONG KONG IS THE COMMON OBJECTIVE OF ALL CONCERNED IN THE FUTURE OF HONG KONG AND DEPENDS ON STABILITY AND NOT UNCERTAINTY. THE MERE EXISTENCE OF A POSSIBLE ALTERNATIVE WILL CERTAINLY ENCOURAGE HONG KONG PEOPLE TO STRIVE AND DO THEIR BEST FOR THE PLACE BECAUSE IN THE FINAL ANALYSIS HONG KONG IS THEIR HOME AND WHERE THEY ULTIMATELY WISH TO STAY,+ HE SAID.

TURNING TO THE TAXATION MEASURES CONCERNING INTEREST PROPOSED BY THE FINANCIAL SECRETARY, MR YEUNG SAID THAT HE WAS CONCERNED AT THEIR WIDER IMPLICATIONS THOUGH HE COULD UNDERSTAND THE REASONING BEHIND THEIR INTRODUCTION.

HE SAID, +HONG KONG HAS ESTABLISHED ITSELF AS ONE OF THE WORLD'S MAJOR FINANCIAL CENTRES AND ALTHOUGH THIS HAS BEEN ACHIEVED THROUGH MANY FACTORS, NOT THE LEAST THE WISE ENCOURAGEMENT OF THE HONG KONG GOVERNMENT, ONE OF THE MAJOR REASONS FOR ITS SUCCESS HAS CLEARLY BEEN THE STABLE, LOW, SOURCE-BASED TAX SYSTEM.

+IT IS NOW PROPOSED TO CHANGE THESE ADVANTAGES WITH FORESEEABLE UNCERTAINTIES IN ITS WAKE - NOT ONLY UNCERTAINTY IN THE INTERPRETATION OF THE LAW, BUT UNCERTAINTY IN WHAT THESE CHANGES PORTEND FOR THE FUTURE.+

HE ADDED, +I MUST SAY THAT I DISLIKE THESE NEW TAXES AND UNDOUBTEDLY SO DOES THE FINANCIAL SECRETARY AS THEY WILL CREATE UNCERTAINTY AND CONFUSION, LEADING TO UNPRODUCTIVE EFFORT AND ENERGY OF THE COMMUNITY RESOURCES IN THE WAR OF ATTRITION BETWEEN THE INLAND REVENUE DEPARTMENT AND THE TAX AVOIDANCE INDUSTRY.+

ADMITTING THAT REVENUE HAD TO BE FOUND SOMEWHERE AND THAT HE DID NOT HAVE OTHER BETTER SOLUTIONS, MR YEUNG SAID, +I THEREFORE APPEAL TO THE FINANCIAL SECRETARY TO TREAT THESE TAXES AS A MEASURE OF LAST RESORT AND TO REINSTATE THE POSITION AS SOON AS OUR FISCAL POSITION STABILISES.+

HE ENDORSED THE FINANCIAL SECRETARY'S REVENUE PROPOSALS, PARTICULARLY IN RAISING THE RATE OF DIRECT TAXATION TO SUPPORT RECURRENT EXPENDITURE AND BORROWING \$1 BILLION TO FINANCE PUBLIC CAPITAL EXPENDITURE WHILE MAINTAINING THE RATIO OF RECURRENT EXPENDITURE AGAINST RECURRENT REVENUE AT A DECENT LEVEL.

+THE SUCCESSFUL RESTRAINT ON PUBLIC SECTOR DEMAND DESERVES SPECIAL RECOGNITION FOR OUR CIVIL SERVICE AND ALL CONCERNED, TO WHOM OUR COMMUNITY IS INDEBTED,+ HE ADDED.

CONCERN EXPRESSED ABOUT BURDEN ON MIDDLE CLASS

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DR THE HON HO KAM-FAI PROPOSED SETTING THE TAX BANDS OF NET CHARGEABLE INCOME AT \$15 000 INTERVALS TO MITIGATE THE EFFECT OF INFLATION AND TO ACHIEVE A GREATER DEGREE OF EQUITY IN DIRECT TAXATION.

SPEAKING AT THE ANNUAL BUDGET DEBATE, DR HO SAID HE SUPPORTED THE FINANCIAL SECRETARY'S BUDGETARY PROPOSALS IN GENERAL.

HE NOTED THAT THE GOVERNMENT HOPED TO BE ABLE TO RAISE ENOUGH INCOME TO PERMIT ITSELF TO STEADILY SPEND ON GENERAL INFRASTRUCTURE AND LONG-TERM SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMME THROUGH A THREE-PRONGED APPROACH-INCREASED TAXATION, USE OF THE FISCAL RESERVES AND ISSUE OF GOVERNMENT BONDS.

+THESE INVESTMENTS ARE VITAL, BECAUSE THEY WILL ENABLE OUR ECONOMY TO STAY VIABLE AND THE PRIVATE SECTOR TO SPEEDILY RESPOND TO THE ECONOMIC UPTURN OF OUR MAJOR TRADING PARTNERS,+ DR HO SAID.

DR HO SAID THAT GIVEN THE BURGEONING DEMAND FOR PUBLIC SERVICES IN QUANTITATIVE AND QUALITATIVE TERMS, THE TWO PER CENT INCREASE IN THE STANDARD RATE OF SALARIES TAX AS PROPOSED BY THE FINANCIAL SECRETARY WAS INEVITABLE.

HOWEVER, HE POINTED OUT THAT THE SPIRALLING INFLATION IN RECENT YEARS HAD THE EFFECT OF INADVERTENTLY PUSHING THE SANDWICHED CLASSES INTO THE HIGHER TAX BRACKETS.

+AS A RESULT OF THE COMBINED EFFECT OF THE INCREASED TAX RATE AND INFLATION, OUR MIDDLE-CLASSES ARE SHOULDERING A RELATIVELY HEAVY TAX BURDEN,+ HE SAID.

HE SUGGESTED SETTING THE TAX BANDS OF NET CHARGEABLE INCOME AT \$15 000 INTERVALS.

THE REVISED TAX BANDS WOULD RESULT IN A SMALL REDUCTION IN THE ESTIMATED REVENUE, WHICH IS JUSTIFIED ON EQUITY GROUNDS, DR HO SAID.

ON THE ENFORCEMENT OF THE APPRENTICESHIP ORDINANCE, DR HO SAID HIS RECENT RESEARCH INDICATED THAT THE ESTABLISHMENT OF THE APPRENTICESHIP INSPECTORS HAD BEEN SHRINKING OVER THE YEARS, BUT THE NUMBER OF APPRENTICES LIKELY TO BE PUT UNDER THE SUPERVISION OF THE INSPECTORS WAS ESTIMATED TO EXCEED 11 000 IN 1984-85.

+INADEQUATE ENFORCEMENT WOULD NOT ONLY LEAD TO ACCUSATION OF WINDOW-DRESSING, BUT ALSO HAS AN ADVERSE EFFECT ON THE CAREER PROSPECTS OF YOUNG PEOPLE AS WELL AS ON THE FUTURE DEVELOPMENT OF THE ECONOMY,+ HE SAID.

+HENCE, THERE IS CERTAINLY A STRONG CASE FOR EXPANDING CONSIDERABLY THE ESTABLISHMENT OF THE APPRENTICESHIP INSPECTORATE IN ORDER TO ENABLE IT TO CARRY OUT THE TASK FOR WHICH IT WAS SET UP,+ HE ADDED.

/WITH REGARD .....

WITH REGARD TO THE SAFETY AND HEALTH OF WORKERS, DR HO SAID THE NUMBER OF ACCIDENTS AT WORK-SITES, THOUGH REDUCED IN 1983, WAS STILL TOO HIGH.

THE UNSATISFACTORY LOW LEVEL OF ENFORCEMENT OF THE INDUSTRIAL SAFETY LEGISLATION AS A RESULT OF A SHORTAGE OF FACTORY INSPECTORS HAD CAUSED GRAVE CONCERN TO THE COMMUNITY, HE SAID.

DR HO NOTED THAT THE ESTABLISHMENT OF THE FACTORY INSPECTORATE IN THE LAST TWO YEARS HAD REMAINED UNCHANGED AT 205, WHEREAS THE NUMBER OF ESTABLISHMENTS ENCOMPASSED BY THE LEGISLATION HAD BEEN STEADILY INCREASING FROM 73 000 IN 1982 TO ROUGHLY 77 000 IN 1983.

HE SAID THE APPROVED POSTS OF FACTORY INSPECTORS HAD NEVER BEEN FULLY FILLED AND THAT ONE FACTORY INSPECTOR HAD TO POLICE ON AVERAGE 394 FACTORIES AND INDUSTRIAL UNDERTAKINGS PER YEAR, A FIGURE FAR GREATER THAN THE OPTIMAL RATIO OF 1:300 RECOMMENDED BY BRITISH EXPERTS.

+AS A CONSEQUENCE, THE PRESENT LEVEL OF ENFORCEMENT, THAT IS HOW OFTEN INSPECTION VISITS ARE MADE TO EACH ESTABLISHMENT, IS FAR FROM SATISFACTORY,+ HE SAID.

HE SAID THE INSPECTION CYCLE MIGHT RANGE FROM SIX MONTHS TO ABOUT ONE-AND-A-HALF YEARS; DEPENDING ON THE DEGREE OF POTENTIAL HAZARDS ASSOCIATED TO EACH INDUSTRIAL UNDERTAKING.

DR HO POINTED OUT THAT THE INADEQUATE ENFORCEMENT OF THE INDUSTRIAL SAFETY LEGISLATIONS GENERATED CONSEQUENCES IN SOCIAL AND ECONOMIC TERMS.

+INDUSTRIAL ACCIDENTS NOT ONLY BRING MUCH HUMAN SUFFERING TO THE INJURED WORKERS AND MISERIES TO THEIR FAMILIES, BUT ALSO DISRUPTION TO PRODUCTION AND FINANCIAL LOSS TO EMPLOYERS.

+I WOULD THEREFORE URGE THE GOVERNMENT TO REVIEW THE ESTABLISHMENT OF THE FACTORY INSPECTORATE IN THE LIGHT OF THE CURRENT HIGH LEVEL OF INDUSTRIAL ACCIDENTS,+ HE SAID.

HE NOTED THAT \$1.5 MILLION HAD BEEN PROVIDED IN THE DRAFT ESTIMATES FOR PROMOTION OF INDUSTRIAL SAFETY, BUT HE PERSONALLY BELIEVED THAT MORE STRINGENT POLICING BY FACTORY INSPECTORS WAS A SURER WAY TO BRING ABOUT MORE IMMEDIATE EFFECT.

COMMENTING ON VOCATIONAL TRAINING FOR DISABLED PERSONS, DR HO SAW A NEED TO INTEGRATE THE TRAINING OF DISABLED PERSONS WITH THE COMPREHENSIVE SYSTEM OF TECHNICAL EDUCATION AND INDUSTRIAL TRAINING CURRENTLY BEING DEVELOPED BY THE VOCATIONAL TRAINING COUNCIL.

HOWEVER, HE NOTED THAT THERE WAS A LACK OF REHABILITATION EXPERTS AMONG THE COUNCIL MEMBERS.

+I PROPOSE THEREFORE THAT THE MEMBERSHIP OF THE VTC SHOULD BE EXPANDED TO INCLUDE REPRESENTATIVE FROM THE REHABILITATION DEVELOPMENT CO-ORDINATING COMMITTEE SO THAT THE NECESSARY ADVICE ON THE SPECIAL NEEDS OF DISABLED PERSONS IN TRAINING OR EMPLOYMENT COULD BE OBTAINED,+ HE SAID.

CONFIDENCE IN FUTURE IS VITAL - LEE

\* \* \*

IT WOULD BE FOOLISH TO BELIEVE THAT THE POLITICAL UNCERTAINTY DID NOT DICTATE THE ECONOMIC AND MONETARY TRENDS AND IT WAS VITAL NOW FOR HONG KONG TO HAVE CONFIDENCE IN ITS FUTURE, THE HON ALLEN LEE SAID AT THE ANNUAL BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY.

USING COMPUTER LANGUAGE TO ANALYSE WHAT MAKES THE HONG KONG SYSTEM WORK SO WELL, HE SAID, +IT IS NOT THE 'HARDWARE' THAT IS IMPRESSIVE BUT THE 'SOFTWARE' WHICH TAKES MANY MAN-YEARS TO DEVELOP.+

HE SAID THE SOFTWARE COMPRISED EVERY HONG KONG PERSON WHO HAD HELPED TO MAKE THE TERRITORY ONE OF THE MOST WONDERFUL PLACES IN THE WORLD TO LIVE IN.

+IF THE 'SOFTWARE' IS DESTROYED, THEN THE SYSTEM WILL NOT OPERATE AND THERE WOULD BE NO HONG KONG.

+THEREFORE, WE MUST MAINTAIN THE 'SOFTWARE' AND CONTINUE TO DEVELOP IT IN THE FUTURE SO THAT WE CAN HAVE A SOCIETY THAT WILL PROSPER FOR MANY, MANY GENERATIONS TO COME,+ HE ADDED.

COMMENTING ON THE BUDGET, HE DESCRIBED IT AS 'WELL-PREPARED AND CAUTIOUS.+

HE AGREED THAT AT THIS POINT IN TIME, THE PROPOSED MEASURES WERE REASONABLE AND ACCEPTABLE WITHOUT CAUSING AN INTOLERABLE IMPACT ON THE COMMUNITY.

HE ALSO TALKED BRIEFLY ABOUT THE NEED TO PAY MORE ATTENTION TO THE MANUFACTURING SECTOR AND TO REVIEW FROM TIME TO TIME+ OUR POLICIES TOWARDS ENHANCING THE GROWTH OF OUR MANUFACTURING INDUSTRIES.+

ON THE CONTROL OF RECURRENT PUBLIC EXPENDITURE, MR LEE SAID, +I FEEL MUCH MORE CAN BE DONE PARTICULARLY WHEN GOVERNMENT FACES A DEFICIT SITUATION, AND AS I HAVE SAID BEFORE, WE CANNOT CONTINUE FOREVER IN DEFICIT FINANCING.+

+GOVERNMENT FINANCING IS NO DIFFERENT FROM COMMERCIAL FINANCING. WHEN A BUSINESS IS IN TROUBLE, THE FIRST THING A MANAGER ASKS HIMSELF IS WHICH CORNERS HE CAN CUT IN ORDER TO TURN THE BUSINESS AROUND,+ HE SAID.

HE ASKED THE CIVIL SERVICE UNIONS WHO RECENTLY DEMANDED SALARY ADJUSTMENTS BEYOND WHAT THE GOVERNMENT CAN AFFORD +TO CALM DOWN AND REALISTICALLY REVIEW THE FINANCIAL SITUATION OF OUR GOVERNMENT+.

HE POINTED OUT THAT OVERALL SALARY INCREASES IN THE CIVIL SERVICE HAD BEEN BETTER THAN THOSE IN THE PRIVATE SECTOR.

MR LEE SAID THAT HIS COLLEAGUES IN INDUSTRY HAD ASKED HIM TO PRESENT THEIR CONCERNS WITH REGARDS TO CIVIL SERVICE SALARY INCREASES IN THE BUDGET DEBATE.

AS FOR THE TWO PER CENT INCREASE IN DIRECT TAXATION, HE SAID THAT THERE WAS NO ARGUMENT FROM HIS COLLEAGUES.

+WE UNDERSTAND THE DIFFICULTIES THAT OUR GOVERNMENT IS FACING, BUT THE PUBLIC SERVANTS MUST PLAY THEIR PART IN ENSURING THE CONTINUED VIABILITY OF OUR ECONOMY.+

+BY CONTROLLING GROWTH OF THE CIVIL SERVICE AND CONTROLLING THE RECURRENT GOVERNMENT EXPENDITURE, WE WILL ALL HAVE A BETTER TOMORROW,+ HE ADDED.

REFERRING TO STATEMENTS BY THE FINANCIAL SECRETARY THAT THE HONG KONG DOLLAR LINK TO THE US DOLLAR AT 7.8 TO 1 WOULD NOT CHANGE, MR LEE SUGGESTED THAT THE FINANCIAL SECRETARY REVIEW THE CURRENT SITUATION AND LIFT THIS LINK TO LET THE HONG KONG DOLLAR FLOAT FREELY AGAIN.

HE SAID HE BASED HIS SUGGESTION ON THE FOLLOWING:

- \* LIFTING THE LINK AND LETTING THE HONG KONG DOLLAR FIND ITS VALUE VERSUS FOREIGN CURRENCIES IS IN LINE WITH THE GOVERNMENT'S PRIOR PHILOSOPHY AND POLICY.
- \* THE EXPORT PERFORMANCE OF 1983 AND THE NARROWING OF THE VISIBLE TRADE GAP DOES NOT REFLECT THE TRUE VALUE OF THE HONG KONG DOLLAR. AS IT IS PREDICTED THAT THE EXPORT TREND OF 1984 WILL BE STRONGER THAN IN 1983, IT IS WRONG TO LINK THE HONG KONG DOLLAR TO THE US DOLLAR AT 7.8 TO 1.
- \* THE PERFORMANCE OF THE US DOLLAR VERSUS OTHER FOREIGN CURRENCIES HAS WEAKENED IN RECENT MONTHS AND IT HAS BEEN PREDICTED THAT IT WILL WEAKEN FURTHER IN THE FUTURE.
- \* THE GOVERNMENT ALWAYS HAS THE RIGHT TO ESTABLISH A LINK IN THE FUTURE IN CASE OF SPECULATION.

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#### BETTER EFFORTS ON ENVIRONMENTAL PROTECTION URGED

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THE GOVERNMENT SHOULD INTRODUCE RADICAL REFORMS IF IT IS TO IMPROVE EFFICIENCY IN ITS EFFORTS ON ENVIRONMENTAL PROTECTION, THE HON ANDREW SO SAID IN THE ANNUAL BUDGET DEBATE TODAY.

HE ALSO SUGGESTED THAT THE STRUCTURE OF THE ENVIRONMENTAL PROTECTION ADVISORY COMMITTEE BE REVIEWED IN THE LIGHT OF THE OPERATION OF DISTRICT ADMINISTRATION, AND THE PROPOSED REGIONAL COUNCILS SO AS TO MEET THE PEOPLE'S ACTUAL NEEDS.

POINTING OUT THAT ENVIRONMENTAL PROTECTION WAS A TASK WHICH SHOULD BE UNDERTAKEN WITH UNRELENTING EFFORT, MR SO STRESSED THAT IT MUST NOT BE AFFECTED BY THE UNCERTAINTY OF THE PREVAILING ECONOMIC AND POLITICAL CLIMATE.

/HE NOTED .....

HE NOTED THAT THE ESTIMATED CONSOLIDATED ACCOUNT EXPENDITURE ON ENVIRONMENTAL PROTECTION HAD INCREASED BY 12.7 PER CENT OVER LAST YEAR'S EXPENDITURE, SHOWING THAT THE GOVERNMENT HAD STEADILY CARRIED OUT ITS COMMITMENTS TO PROTECT THE ENVIRONMENT OF HONG KONG.

+HOWEVER, I THINK THAT THE WORK OF THE GOVERNMENT IN THIS AREA LACKS CO-ORDINATION,+ HE OBSERVED.

HE SAID SOME 10 GOVERNMENT DEPARTMENTS, TOGETHER WITH GOVERNMENT-SUBVENTED ORGANISATIONS WERE INVOLVED IN THE WORK OF ENVIRONMENTAL PROTECTION.

SUCH BEING THE CASE, IT WAS DIFFICULT TO CO-ORDINATE THE DEVELOPMENT PROGRAMME UNDERTAKEN BY THE ENVIRONMENTAL PROTECTION AGENCY AND THE GOVERNMENT DEPARTMENTS CONCERNED, HE SAID.

+AT TIMES IT IS ALSO DIFFICULT TO DRAW CLEAR DISTINCTIONS BETWEEN THE RESPONSIBILITIES OF DIFFERENT DEPARTMENTS.

+ALSO, IT WOULD BE EASY FOR THE GOVERNMENT DEPARTMENTS TO SHIRK RESPONSIBILITIES,+ MR SO ADDED.

RECALLING THE EFFORTS OF THE GOVERNMENT IN ENVIRONMENTAL PROTECTION OVER THE PAST 10 YEARS, MR SO SAID THE TASK WAS NOT WITHOUT DIFFICULTIES.

+THIS CAN BE SEEN FROM THE ESTABLISHMENT OF THE ENVIRONMENTAL PROTECTION AGENCY, THE STEPPED-UP EFFORTS OF VARIOUS DEPARTMENTS CONCERNED IN THIS RESPECT, THE CHANGES IN THE ORGANISATION OF THE ENVIRONMENTAL PROTECTION ADVISORY COMMITTEE, AND THE TRANSFER OF THE TASK OF POLICY FORMULATION FROM THE SECRETARY FOR ENVIRONMENT AND SECRETARY FOR HOME AFFAIRS TO THE SECRETARY FOR HEALTH AND WELFARE,+ HE SAID.

NOTING THAT THE GUIDING PRINCIPLES OF GOVERNMENT'S WASTE DISPOSAL WERE LOW COST, CONSERVATION OF ENVIRONMENT AND RECYCLING OF WASTE WHENEVER POSSIBLE, MR SO SAID, +HONG KONG HANDLES 6 530 TONNES OF WASTE PER DAY AND IT IS ESTIMATED THAT THE FIGURE WILL RISE TO 10 000 TONNES IN 1989+.

HE SAID PROBLEMS AND CASES OF ENVIRONMENTAL POLLUTION COULD BE SEEN AND HEARD EVERY DAY AND THAT QUITE A NUMBER OF QUESTIONS RAISED DURING THE FOUR-DAY PUBLIC SESSION OF THE FINANCE COMMITTEE WERE ENVIRONMENT-RELATED.

WITH THE INCREASE IN POPULATION AND ECONOMIC ACTIVITIES, MR SO SAID, WASTE DISPOSAL AND PREVENTION OF POLLUTION TO OUR NATURAL ENVIRONMENT WAS BECOMING A MORE DIFFICULT TASK.

+AND THE PRESSURE IS FELT ALL THE MORE BECAUSE OF OUR LIMITED NATURAL RESOURCES, WHICH EXPLAINS WHY WE IN HONG KONG HAVE A GREATER DEMAND FOR ENVIRONMENTAL PROTECTION THAN OTHER PLACES+, HE ADDED.

WEDNESDAY, MARCH 28, 1984

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SIGNS OF LACK OF CONFIDENCE IN FUTURE - HU  
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THE SLOWDOWN IN CAPITAL INVESTMENT IN 1983 WAS A SIGN OF THE LACK OF CONFIDENCE IN OUR FUTURE AND THE PRESENT ATMOSPHERE OF POLITICAL UNCERTAINTY, THE HON F.K. HU SAID TODAY.

+THIS UNCERTAINTY IS LARGELY THE RESULT OF THE CONFIDENTIALITY SURROUNDING THE NEGOTIATIONS BETWEEN THE CHINESE AND BRITISH GOVERNMENTS AND PERSISTS DESPITE INDICATIONS THAT NEGOTIATIONS HAVE BEEN PROGRESSING SMOOTHLY,+ HE SAID, IN THE LEGISLATIVE COUNCIL BUDGET DEBATE.

MR HU ALSO SAID THAT SPARE PRODUCTION CAPACITY IN THE MANUFACTURING INDUSTRY HAD BEEN PRACTICALLY EXHAUSTED AND THE SALES OF FACTORY PREMISES WERE NOT ENCOURAGING.

HE WARNED THAT LACK OF INVESTMENT BY OUR OWN PEOPLE AT THIS CRUCIAL TIME COULD SERIOUSLY IMPAIR OUR PROSPERITY AND STABILITY IN FUTURE.

+WE HAVE NO NATURAL RESOURCES AT OUR DISPOSAL AND WE MUST HAVE CONFIDENCE IN OUR OWN ABILITY TO ADAPT TO CHANGING SITUATIONS AND TO RESOLVE OUR OWN PROBLEMS DURING DIFFICULT TIMES AS WE HAVE DONE IN THE PAST,+ HE STRESSED.

MR HU SAID THAT HE WAS PLEASED TO NOTE THAT THERE WAS NO CUTBACK ON CAPITAL PROGRAMMES ON AGREED TRANSPORT PROJECTS THAT WERE READY TO PROCEED.

+WE MUST KEEP ON IMPROVING OUR TRANSPORT INFRASTRUCTURE AND ENCOURAGE THE GENERAL PUBLIC TO USE PUBLIC TRANSPORT, FIRST BY IMPROVING ITS STANDARD OF SERVICE, SECONDLY BY ENSURING EFFICIENT OPERATION SO THAT FAIR AND REASONABLE FARES ARE CHARGED.

+THEN THROUGH FISCAL MEASURES, THE GROWTH RATE OF INEFFICIENT ROAD USERS, SUCH AS PRIVATE CARS, SHOULD BE RESTRAINED,+ HE SUGGESTED.

HE SAID THAT IT WAS NOT NECESSARY TO ISSUE MORE TAXI LICENCES AS THE WAITING TIME FOR TAXIS HAD BEEN REDUCED CONSIDERABLY IN RECENT YEARS.

TAXI FARES SHOULD BE ALLOWED TO INCREASE, TOGETHER WITH SUITABLE FISCAL MEASURES, TO GIVE THE OPERATORS REASONABLE RETURN EVEN WITH LESS USAGE, HE SAID.

HE SAID THAT FOR THE SAME REASON HE SUPPORTED THE INTRODUCTION OF A CROSS HARBOUR TUNNEL TAX AS A FISCAL MEASURE TO DETER NON-ESSENTIAL USAGE OF THE TUNNEL ON TRAFFIC MANAGEMENT GROUNDS.

A POSITIVE SOLUTION TO THE CONGESTION PROBLEM WOULD BE THE CONSTRUCTION OF A SECOND CROSS HARBOUR TUNNEL WHICH SHOULD BE LOOKED INTO WITHOUT FURTHER DELAY, HE OBSERVED.

/ON HOUSING, .....

ON HOUSING, MR HU SAID, +WE ARE ALL PROUD OF OUR PUBLIC HOUSING PROGRAMME AS THE TOTAL PRODUCTION IN THE NEXT FOUR YEARS INCLUDING HOUSING SOCIETY FLATS AND PRIVATE SECTOR PARTICIPATION SCHEME FLATS IS ESTIMATED TO BE AT AN AVERAGE COMPLETION RATE OF 44 000 UNITS A YEAR.+

HE SAID THAT A BIG PERCENTAGE OF RENTAL PUBLIC HOUSING WAS STILL HEAVILY SUBSIDISED, AND SUGGESTED THAT THE HOUSING AUTHORITY SHOULD PURSUE A SOUND RENTAL POLICY TO REDUCE THE GAP BETWEEN ACTUAL COSTS AND RENTAL INCOME, SO THAT GRADUALLY THE AUTHORITY COULD CONTRIBUTE MORE TOWARDS MEETING THE ACTUAL COST OF RENTAL HOUSING ESTATES AND THUS BE LESS DEPENDENT ON PUBLIC FUNDS.

+IT IS ENCOURAGING TO NOTE THAT THE AMOUNT REQUIRED FROM THE DEVELOPMENT LOAN FUND TO FINANCE PUBLIC RENTED HOUSING WILL BE REDUCED FROM \$2 000 MILLION IN 1983-84 TO \$1 800 MILLION IN 1984-85,+ HE SAID.

MR HU NOTED THAT A BIG PROPORTION OF THE INCREASE IN EXPENDITURE WOULD GO TO DIRECT PAYMENTS IN PUBLIC ASSISTANCE AND SPECIAL NEEDS ALLOWANCE DUE TO THE RECENT INCREASE IN VARIOUS PAYMENT RATES AND THE CONSEQUENT INCREASE IN THE NUMBER OF CASES BECOMING ELIGIBLE FOR ASSISTANCE UNDER THE MEANS TEST.

+I SUGGEST THAT IT IS SOUND SOCIAL POLICY NOT TO OVER-ENCOURAGE PEOPLE TO DEPEND ON SOCIAL SECURITY AND ASSISTANCE EXCEPT THOSE WHO REALLY CANNOT FEND FOR THEMSELVES,+ HE SAID.

HE WAS PARTICULARLY CONCERNED THAT HOSTELS, HOMES AND HALF-WAY HOUSES HAD ANNOUNCED AN INCREASE IN FEES EFFECTIVE FROM MARCH 1 THIS YEAR, HE SAID.

+THIS INCREASE WILL AFFECT BOTH GROUPS OF CLIENTS WHETHER OR NOT THEY ARE ON PUBLIC ASSISTANCE.

+FOR THOSE WHO HAVE NOT BEEN ON PUBLIC ASSISTANCE, IT WILL BE A PITY TO SEE THEM BRACKETED INTO THE PUBLIC ASSISTANCE NET BECAUSE THEY HAVE BECOME ELIGIBLE SIMPLY DUE TO THE INCREASED FEES THEY HAVE TO BEAR,+ HE SAID.

MR HU ALSO POINTED OUT THAT WE SHOULD MAINTAIN A BALANCE BETWEEN SOCIAL WORK AND SOCIAL SECURITY.

+I URGED THAT THE GOVERNMENT SHOULD NOT HOLD UP OR DELAY ANY OF ITS DEVELOPMENT PLANS ON SOCIAL WORK BECAUSE HONG KONG CANNOT AFFORD NOT TO STRIVE CONTINUOUSLY TOWARDS IMPROVING THE QUALITY OF ITS SOCIAL WORK SERVICES,+ HE SAID.

COMMENTING ON THE PROPOSAL TO SET UP A NEW REGIONAL COUNCIL FOR THE NEW TERRITORIES, MR HU SAID THAT DISTRICT BOARDS HAD BEEN FIRMLY ESTABLISHED AND SHOULD BE ABLE TO ASSIST IN THE MANAGEMENT AND PROMOTION OF ACTIVITIES SPECIFICALLY FOR THE BENEFIT OF RESIDENTS IN THEIR DISTRICTS UNDER THE GUIDING POLICIES SET UP BY THE URBAN COUNCIL IN THE URBAN AREA AND THE CENTRAL GOVERNMENT IN THE NEW TERRITORIES.

+THERE IS BASICALLY NO DIFFERENCE IN SUCH POLICIES IN URBAN AREAS AND THE NEW TERRITORIES AS THE EXECUTIVE DEPARTMENT IS THE SAME URBAN SERVICES DEPARTMENT IN BOTH GEOGRAPHICAL AREAS,+ HE ADDED.

+SHOULD THE FINAL DECISION BE MADE TO SET UP A NEW REGIONAL COUNCIL FOR THE NEW TERRITORIES, THERE COULD BE CONFUSION IF THE TWO COUNCILS ADOPT DIFFERENT APPROACHES ON THE SAME POLICY MATTER.

+THEREFORE, ONE RE-CONSTITUTED, ENLARGED COUNCIL FOR THE WHOLE TERRITORY WOULD ENSURE UNIFORMITY AND CONSISTENCY IN THE IMPLEMENTATION OF GUIDING POLICIES,+ MR HU SAID.

HE ADDED THAT FINANCIALLY, THE COST FOR ONE COUNCIL WOULD BE LESS THAN THE COST FOR TWO COUNCILS DUE TO SAVINGS FOR INSTANCE IN ADMINISTRATIVE EXPENSES, AND THE TIME SPENT BY CIVIL SERVANTS IN ATTENDING TO COUNCIL MATTERS.

+WHETHER THE MONEY COMES FROM RATES OR GENERAL REVENUE IS IRRELEVANT AS BOTH SOURCES ARE PUBLIC MONEY FROM TAX-PAYERS,+ HE SAID.

+WORRY ABOUT ONE ENLARGED COUNCIL BEING TOO LARGE AND UNWIELDLY IS JUST AN ASSESSMENT NOT YET PROVEN, BUT THE SAVING COST FOR ONE ENLARGED COUNCIL IS A CERTAIN ASSESSMENT,+ HE ADDED.

HE URGED THAT ONE MUST BEAR IN MIND THAT CONTINUOUS URBANISATION OF THE NEW TERRITORIES WOULD MAKE HONG KONG MORE HOMOGENEOUS AND THERE WOULD BE EVENTUALLY NO DIFFERENCE BETWEEN THE URBAN AREA AND THE NEW TERRITORIES.

+WITH THE CHANGE OF STATUS OF HONG KONG, THERE WILL BE ONLY ONE TERRITORY REQUIRING ONE COUNCIL ONLY.

+WE MUST HAVE AN OPEN MIND IN FINDING THE BEST SOLUTION TO THIS COMPLICATED PROBLEM,+ MR HU SAID.

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GOVERNMENT'S GOODWILL BEYOND DOUBT - WONG PO-YAN  
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HON WONG PO-YAN WAS PLEASED TO NOTE THAT THERE HAD BEEN NO CUTBACKS IN THE PROGRAMME OF WORKS FOR 1984-85 IN RESPECT OF LAND PRODUCTION, TRANSPORT AND INSTITUTIONAL PROJECTS.

SPEAKING AT THE ANNUAL BUDGET DEBATE, HE SAID THAT HE WAS ALSO PLEASED TO NOTE THE INCREASE IN EXPENDITURE BUDGETED FOR EDUCATION, MEDICAL SERVICES, SOCIAL WELFARE AND PUBLIC HOUSING.

+THE GOVERNMENT'S GOODWILL AND INTENTION FOR THE WELL-BEING OF THE CITIZENS ARE BEYOND ANY DOUBT,+ MR WONG SAID.

/+HOWEVER, ALL .....

+HOWEVER, ALL THESE INCREASES ARE MADE POSSIBLE AGAINST A TIGHTLY HELD DOWN SPENDING IN OTHER AREAS; AND I AM CONVINCED THAT THERE WOULD BE DECISIVE AND CONSEQUENTIAL EFFECTS TO OUR FUTURE DEVELOPMENTS.

+I FEEL PARTICULARLY CONCERNED ABOUT: FIRSTLY, THE CONTINUING DEFICITS; SECONDLY, INFLATION AND THIRDLY, THE PROMOTION OF SCIENCE AND TECHNOLOGY TO ENSURE OUR FUTURE ECONOMIC VITALITY,+ HE SAID.

COMMENTING ON THE CONTINUING DEFICITS, HE SAID THAT OUR FISCAL RESERVES COULD NOT BE CONTINUOUSLY DRAWN DOWN.

+AS AT 1ST APRIL 1981, OUR FREE FISCAL RESERVES STOOD AT \$11.3 BILLION. ON 1ST APRIL 1982, THEY STOOD AT \$16.1 BILLION. THEY FELL TO \$11.9 BILLION ON 1ST APRIL 1983; AND BY 1ST APRIL 1984, OUR FREE FISCAL RESERVES ARE ESTIMATED TO STAND AT \$8.2 BILLION, WITH THE PROSPECT OF BEING DRAWN FURTHER DOWN BY THE ANTICIPATED CONTINUING DEFICIT OF 1985-86 AS A RESULT OF THE FALL IN LAND SALES REVENUE,+ HE SAID.

POINTING OUT THAT BY END MARCH 1985, OUR FREE FISCAL RESERVES WILL BE ABOUT \$7.1 BILLION, HE ASKED, +HOW MANY MORE YEARS CAN WE RELY ON OUR FISCAL RESERVES TO FINANCE OUR EXPENDITURE?+

+FOR HONG KONG, THIS DIMINISHING BALANCE OF FISCAL RESERVES IS PARTICULARLY UNACCEPTABLE AS WE HAVE NO INHERENT NATURAL RESOURCES - NEITHER OIL NOR MINERAL WEALTH - TO WHICH WE COULD RESORT TO REPLENISH OUR FISCAL RESERVES,+ HE SAID.

ON THE QUESTION OF BOND ISSUE OR BORROWING, HE SAID THAT +DEBT WITHOUT DISCIPLINE+ WOULD LEAD HONG KONG TO JOIN RANKS WITH THE THIRD WORLD COUNTRIES IN THE GLOBAL DEBT CRISIS WHICH, IN THE UNIQUE SITUATION OF HONG KONG, ABSOLUTELY COULD NOT BE TOLERATED.

+THUS, THE ONLY SENSIBLE OPTION WOULD BE TO TRIM DOWN EXPENDITURE, TO PARE DOWN TO THE BONE IF NEED BE, AND TO MAKE OPTIMAL USE OF REVENUE RAISED,+ HE SAID.

WHILE APPRECIATING GOVERNMENT'S EFFORTS TO CONTAIN AND CONSTRAIN PUBLIC EXPENDITURE, HE SUGGESTED THAT FURTHER EFFORTS SHOULD BE MADE TO REDUCE THE RELATIVE SIZE OF THE PUBLIC SECTOR TO BELOW 15 PER CENT.

NOTING GOVERNMENT'S COMMITMENT IN THE PROVISION OF SOCIAL SERVICES, IN PARTICULAR IN MEDICAL AND SOCIAL WELFARE, MR WONG SAID THAT THERE WAS AN URGENT NEED TO ENCOURAGE GROWTH IN GDP BY INCREASING EXPENDITURE ON SELECTED INFRASTRUCTURE PROJECTS, AND TO ACCELERATE ECONOMIC DEVELOPMENT TO SUSTAIN THESE SERVICES IN THE LONG TERM AND, AT THE SAME TIME, TO MAKE EVERY EFFORT TO IMPROVE THESE SERVICES IN THE MOST COST-EFFECTIVE WAY.

+FOR EXAMPLE, PROJECTS SUCH AS PUBLIC HOUSING, ROAD CONSTRUCTION AND CIVIL ENGINEERING WITH HIGH GDP MULTIPLIER EFFECTS COULD FACILITATE ECONOMIC GROWTH AND DEVELOPMENT AND ENSURE ADEQUATE REVENUE TO SUSTAIN AND IMPROVE THESE SOCIAL SERVICES,+ HE ADDED.

/HE SAID, .....

HE SAID, +THUS, IN ACCEPTING THE DESIRABILITY TO PROMOTE OUR STABILITY AND PROSPERITY BY GENEROUS OUTLAY IN MEDICAL AND WELFARE SERVICES, I ALSO URGE THAT PRIORITY BE ALLOCATED TO PROJECTS THAT WOULD EXERT MULTIPLIER EFFECTS ON OUR ECONOMIC GROWTH RATE.+

TURNING TO INFLATION, MR WONG SAID THAT HE CONCURRED WITH THE FINANCIAL SECRETARY'S VIEW AND SUPPORTED THE REVENUE PROPOSALS.

+BUT IN COMMENDING THE FINANCIAL SECRETARY'S 'WISH TO AVOID SUDDEN SHOCKS' AT THIS CRUCIAL AND DIFFICULT PERIOD, I SINCERELY HOPE THIS INTENTION WILL BE TRANSLATED INTO POLICY AS THERE IS THE 'ON-GOING EXERCISE TO KEEP FEES AND CHARGES UP TO DATE',+ HE ADDED.

+THIS EXERCISE, I UNDERSTAND, WILL CONTINUE DURING 1984-85, AND I WISH TO CAUTION THAT, UNLESS AN INCREASE IS JUSTIFIED AFTER THE STRICTEST SCRUTINY, RISES IN FEES AND CHARGES SHOULD BE AVOIDED DURING THE YEAR,+ HE SAID.

DISCUSSING INFLATION, MR WONG SAID, THE +INFLATION DIFFERENTIAL BETWEEN HONG KONG - WHICH IS ESTIMATED AT SEVEN PER CENT FOR 1984-85 - AND ITS MAJOR TRADING PARTNERS AND COMPETITORS WOULD RENDER OUR EXPORTS LESS COMPETITIVE IN FOREIGN MARKETS.+

HE SAID IT WAS IMPORTANT FOR THE IMPROVEMENT IN EXPORT DEMAND TO BE MATCHED BY A RECOVERY IN PRIVATE INVESTMENT EXPENDITURE, OTHERWISE HONG KONG MIGHT NOT BE ABLE TO BENEFIT FROM THE GROWTH IN OUR MAJOR TRADING PARTNERS.

+INVESTMENT AND REVESTMENT IN OUR INDUSTRY REPRESENT TECHNOLOGICAL ADVANCEMENT THAT AFFECT OUR EXPORT CAPABILITY AND FUTURE DEVELOPMENT. THE ADVERSE EFFECTS OF THE CONTINUAL DECLINE IN RECENT YEARS MUST BE MINIMISED,+ HE SAID.

HE ALSO SAW AN URGENT NEED FOR THE ESTABLISHMENT OF A CENTRALISED CO-ORDINATING BODY THAT WOULD PROMOTE AND DISSEMINATE RELEVANT TECHNOLOGICAL INFORMATION TO OUR INDUSTRIALISTS.

+THIS BODY WILL COMPLEMENT OUR EXISTING EFFORTS IN VOCATIONAL AND INDUSTRIAL TRAINING, PROMOTE TECHNOLOGICAL TRANSFER FROM ABROAD, ENCOURAGE PRODUCT DESIGN AND INNOVATION, AND FACILITATE RESEARCH.

+IN SHORT, THIS BODY WILL ESTABLISH AN EFFICIENT AND EFFECTIVE TECHNOLOGICAL INFRASTRUCTURE THAT WOULD ASSIST OUR INDUSTRIALISTS TO MEET THE CHALLENGE OF THE FUTURE COMPETENTLY,+ HE SAID.

HE SAID THAT HE WAS AWARE THAT IN THE PRESENT CLIMATE, IT WOULD NOT BE FEASIBLE FOR GOVERNMENT TO OFFER DIRECT SUBSIDIES OR TAX CONCESSIONS, BUT HE ADDED THAT IT WOULD NOT BE ECONOMICAL IN TERMS OF APPLICATIONS OF RESOURCES TO CONTINUE WITH THE PRESENT FRAGMENTED APPROACH OF LEAVING THE TASK TO INSTITUTIONS AND ORGANISATIONS.

MOST IMPORTANTLY, HE SAID, IT WOULD NOT BE VIABLE FOR THE MAJORITY OF OUR INDUSTRIAL MANUFACTURERS, OVER 90 PER CENT OF WHOM EMPLOY LESS THAN 50 EMPLOYEES, TO UNDERTAKE THE TASK WITHOUT ASSISTANCE OR DIRECTION.

+I ADVOCATE, THEREFORE, THE ESTABLISHMENT OF AN INSTITUTE TO MEET SUCH OBJECTIVES. THE SETTING UP OF SUCH AN INSTITUTE WOULD, OF COURSE, INVOLVE SIZABLE INVESTMENT WHICH, I AM SURE, COULD BE FINANCED BY AN EXPORT LEVY,+ HE SAID.

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MOTION TO INCREASE BETTING DUTY DEFERRED

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THE LEGISLATIVE COUNCIL TODAY APPROVED THE DEFERMENT UNTIL TOMORROW OF A MOTION BY THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE TO INCREASE THE BETTING DUTY BY AMENDING THE BETTING DUTY ORDINANCE.

EXPLAINING HIS REQUEST FOR THE DEFERMENT, SIR JOHN SAID, +IN MY BUDGET SPEECH I SAID THAT I WOULD BE SEEKING YOUR EXCELLENCY'S AUTHORITY FOR THE ISSUE OF AN APPROPRIATE REVENUE PROTECTION ORDER TO GIVE EFFECT TO MY PROPOSAL FOR INCREASED BETTING DUTY.

+I HAVE SINCE LEARNED THAT SUCH AN ORDER COULD BE TAKEN TO BE IN BREACH OF AN UNDERTAKING GIVEN TO UNOFFICIAL MEMBERS IN 1974 IN THE CONTEXT OF AN AMENDMENT TO THE PUBLIC REVENUE PROTECTION ORDINANCE,+.

SIR JOHN SAID WHILE THE SCOPE OF THE UNDERTAKING WAS FAR FROM CLEAR, HE DID NOT WISH TO SEEM TO BE BREACHING IT.

HE EXPLAINED THAT HE HAD THUS DECIDED TO PROCEED BY WAY OF A RESOLUTION UNDER THE BETTING DUTY ORDINANCE.

+AT THE SAME TIME, HOWEVER, IT WOULD BE NEITHER COURTEOUS NOR RIGHT TO MOVE SUCH A RESOLUTION UNTIL UNOFFICIAL MEMBERS HAVE SPOKEN ON THE SECOND READING OF THE APPROPRIATION BILL,+ HE SAID.

STANDING ORDERS 11 AND 12 AND THE PRACTICE OF THE LEGISLATIVE COUNCIL REQUIRE MOTIONS TO BE LISTED AND TO BE TAKEN BEFORE BILLS.

SIR JOHN SAID FOR THIS REASON, HE MOVED THAT STANDING ORDER 11(1) BE SUSPENDED SO THAT THE MOTION MIGHT BE DEALT WITH TOMORROW, AFTER UNOFFICIALS HAVE FINISHED SPEAKING ON THE SECOND READING OF THE APPROPRIATION BILL.

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### GOVERNMENT INDUSTRIAL POLICY EXPLAINED

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THE DIRECTOR OF INDUSTRY, MR JOHN YAXLEY, TODAY (WEDNESDAY) SAID THAT THE GOVERNMENT HAD IN THE PAST MODIFIED ITS INDUSTRIAL POLICY AS CIRCUMSTANCES IN THE ECONOMY CHANGED.

MR YAXLEY WAS ADDRESSING THE LUNCHEON MEETING OF THE ZONTA CLUB OF HONG KONG.

+OUR INDUSTRIAL POLICY IS NOT IMMUTABLE AND IN THE LAST TWO DECADES THERE HAS BEEN AN ON-GOING SERIES OF MODIFICATIONS AND EXTENSIONS TO THE POLICY, IN PARTICULAR SINCE 1977, WHICH HAVE BEEN CONSCIOUSLY INTRODUCED FOR THE BENEFIT OF INDUSTRY.

+DESPITE THE FACT THAT IT MAKES VERY LITTLE PROVISION FOR PLANNING TO ACHIEVE CERTAIN OBJECTIVES, IT IS BY NO MEANS NEGATIVE,+ HE SAID.

HE MENTIONED THE SERIES OF SPECIFIC ACTIONS TAKEN BY THE GOVERNMENT FROM THE 1960S ONWARDS TO ENSURE THE PROVISION OF AN ADEQUATE INFRASTRUCTURE FOR THE INDUSTRY AND THE SERIES OF MODIFICATIONS AND EXTENSIONS TO THE GOVERNMENT'S POLICIES AS RECOMMENDED BY THE ADVISORY COMMITTEE ON DIVERSIFICATION.

+THE POINT ABOUT THESE EVOLVING ASPECTS OF OUR INDUSTRIAL POLICY IS THAT THEY REPRESENT A POSITIVE REACTION BY GOVERNMENT TO CHANGING CIRCUMSTANCES,+ HE SAID.

ON THE GOVERNMENT'S +POSITIVE NON-INTERVENTIONISM+, MR YAXLEY STRESSED THAT THIS POLICY WAS NOT ONLY TOTALLY POSITIVE AND HIGHLY APPROPRIATE FOR HONG KONG'S ECONOMIC AND SOCIO-CULTURAL CIRCUMSTANCE BUT THAT IT WAS DYNAMIC.

+BY THIS I MEAN THAT THE POLICY IS RESPONSIVE AND ADJUSTS TO CHANGING CIRCUMSTANCES.

+OUR INDUSTRIAL POLICY HAS BEEN TO MAINTAIN A FAVOURABLE CLIMATE FOR BUSINESS GIVEN THE SOCIAL ENVIRONMENTAL AND SAFETY CONSTRAINTS IMPOSED ON AND ACCEPTED BY A MODERN SOCIETY,+ HE ADDED.

MR YAXLEY POINTED OUT THAT IN VIEW OF COMPETITION FROM NEIGHBOURING COUNTRIES AND INCREASING PROTECTIONIST PRESSURE FROM HONG KONG'S MAJOR MARKETS, THE GOVERNMENT WAS NOW UNDER INCREASING PRESSURE TO PROVIDE AN EVER GROWING VARIETY OF SUPPORT SERVICE.

FOR EXAMPLE, THE 47 PROPOSALS RECOMMENDED BY THE ADVISORY COMMITTEE ON DIVERSIFICATION AND ACCEPTED IN FULL BY THE GOVERNMENT, ARE NOW IN VARIOUS STAGES OF IMPLEMENTATION.

IN LINE WITH THE COMMITTEE RECOMMENDATION THAT THE GOVERNMENT SHOULD PLAY A MORE ACTIVE ROLE IN THE IMPROVEMENT OF INDUSTRIAL SUPPORT FACILITIES AND TECHNICAL BACK-UP SERVICES, MR YAXLEY SAID THE GOVERNMENT HAD TAKEN THE FOLLOWING POSITIVE ACTION.

/\* THE ESTABLISHMENT .....

- \* THE ESTABLISHMENT OF A GOVERNMENT LABORATORY ACCREDITATION SYSTEM AS PART OF AN IMPROVED AND MORE CLEARLY INDEPENDENT RANGE OF QUALITY CERTIFICATION SERVICES. THE FIRST ACCREDITATION HOPEFULLY WILL TAKE PLACE NEXT YEAR;
- \* THE SETTING UP OF A GOVERNMENT STANDARDS AND CALIBRATION LABORATORY. THE INDUSTRY DEPARTMENT HAS TAKEN OVER THE PREMISES AND THE EQUIPMENT AT A COST OF \$15 MILLION. THE LABORATORY SHOULD BE OPEN TO THE PUBLIC FOR THE CALIBRATION OF EQUIPMENT LATER THIS YEAR;
- \* THE ENLARGEMENT OF THE MICROPROCESSOR DEVELOPMENT LABORATORY IN THE HONG KONG PRODUCTIVITY CENTRE, THE FUNCTIONS OF WHICH ARE TO PROMOTE THE APPLICATION OF MICROPROCESSORS IN INDUSTRY;
- \* THE PROVISION OF FUNDS AMOUNTING TO \$4 MILLION AT HONG KONG UNIVERSITY, THE CHINESE UNIVERSITY AND THE HONG KONG POLYTECHNIC FOR RESEARCH INTO VARIOUS PROBLEMS ASSOCIATED WITH THE FABRICATION AND USE OF INTEGRATED CIRCUITS AND INTO THE COMPUTER AIDED DESIGN OF ELECTRONIC SYSTEMS.

ANOTHER EXAMPLE OF THE GOVERNMENT'S POSITIVE INVOLVEMENT WAS THE ESTABLISHMENT IN FEBRUARY 1982 OF THE VOCATIONAL TRAINING COUNCIL.

THIS COUNCIL IS VESTED WITH THE DEVELOPMENT OF A COMPREHENSIVE SYSTEM OF INDUSTRIAL TRAINING FOR THE NEEDS OF INDUSTRY, THE ESTABLISHMENT OF THREE NEW TECHNICAL INSTITUTIONS WITHIN THE NEXT FEW YEARS AND THE SETTING UP OF TWO INDUSTRIAL TRAINING CENTRE COMPLEXES.

ALSO, THE INDUSTRIAL DEVELOPMENT BOARD WAS APPOINTED, WITH THE RESPONSIBILITY TO PLAN, MONITOR AND ADVISE THE GOVERNMENT ON VARIOUS PROGRAMMES IN THE FIELD OF INDUSTRIAL DEVELOPMENT.

THE BOARD KEEPS THE GOVERNMENT AND IN PARTICULAR THE INDUSTRY DEPARTMENT ON ITS TOES SO AS TO ENSURE THAT THE IMPETUS GAINED BY SETTING UP THE ADVISORY COMMITTEE ON DIVERSIFICATION IS NOT LOST IN WHAT MR YAXLEY DESCRIBED AS +A SOGGY MASS OF BUREAUCRATIC COTTON WOOL+.

HE SAID THAT THESE WERE ONLY A FEW EXAMPLES OF THE GOVERNMENT'S INCREASING SUPPORT FOR INDUSTRY.

+I HAVE NOT MENTIONED, FOR EXAMPLE THAT THE GOVERNMENT HAS ALSO FUNDED REPORTS ON THE ELECTRONICS INDUSTRY, ON THE FACILITATION OF TECHNOLOGY TRANSFER OR ON THE LIGHT METALS INDUSTRY OR INDEED THE WHOLE RANGE OF SUPPORT FACILITIES PROVIDED BY THE HONG KONG PRODUCTIVITY COUNCIL WHICH IN 1984-85 WILL RECEIVE ASSISTANCE FROM PUBLIC FUNDS TO THE TUNE OF ALMOST \$30 MILLION.

+WHILE WE REMAIN CONVINCED THAT INDUSTRY SHOULD NOT BE UNDULY INTERFERED WITH, WE ARE NOT BLIND TO THE FACT THAT AS AN INDUSTRIAL SOCIETY SUCH AS OURS CONTINUES TO DEVELOP AND TO BECOME MORE SOPHISTICATED, THE GOVERNMENT IS UNDER INCREASING PRESSURE TO PROVIDE AN EVER GROWING VARIETY OF SUPPORT SERVICES,+ MR YAXLEY SAID.

NOTE TO EDITORS:

TRANSPORT REQUIREMENT STUDY

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A PRESS CONFERENCE ON A CONSULTANCY STUDY INTO TRANSPORT REQUIREMENTS IN MID-LEVELS AND CENTRAL DISTRICT WILL BE HELD AT THE LANDS AND WORKS BRANCH CONFERENCE ROOM ON THE 21ST FLOOR OF MURRAY BUILDING TOMORROW (THURSDAY) AT 11 AM.

SENIOR OFFICERS OF THE ENGINEERING DEVELOPMENT DEPARTMENT, THE HIGHWAYS OFFICE AND THE CONSULTANTS WILL GIVE DETAILS OF THE STUDY AND ANSWER PRESS QUESTIONS.

YOU ARE INVITED TO ATTEND.

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MORE HOSTELS PLANNED FOR THE ELDERLY

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TWENTY-THREE HOSTELS FOR THE ELDERLY WITH A TOTAL OF 3 800 PLACES ARE PLANNED TO BE OPENED IN THE NEXT FIVE YEARS, BRINGING THE TOTAL NUMBER OF SUCH PLACES TO 6 500 BY 1988.

THIS WAS STATED TODAY (WEDNESDAY) BY THE DEPUTY DIRECTOR OF SOCIAL WELFARE, MRS ANSON CHAN, WHEN SHE OPENED THE TUNG WAH GROUP OF HOSPITALS' TAI YUEN HOSTEL FOR THE ELDERLY AT TAI YUEN ESTATE, TAI PO.

+FOLLOWING THE PUBLICATION OF THE WHITE PAPER ON 'SOCIAL WELFARE INTO THE 1980S', THE GOVERNMENT HAS STEPPED UP ITS PLANS TO EXPAND VARIOUS TYPES OF RESIDENTIAL SERVICES FOR THE ELDERLY,+ SHE SAID.

THESE SERVICES INCLUDE HOSTELS, OLD PEOPLE'S HOMES AND CARE-AND-ATTENTION HOMES.

+IT IS IN THE PROVISION OF HOSTELS THAT WE HAVE ACHIEVED THE MOST SIGNIFICANT RESULTS.

+THIS ACHIEVEMENT, IN TERMS OF QUANTITY AND QUALITY, WOULD NOT BE POSSIBLE WITHOUT THE SUPPORT OF VOLUNTARY AGENCIES LIKE THE TUNG WAH GROUP,+ SHE SAID.

MRS CHAN POINTED OUT THAT MOST OF THE HOSTELS WERE LOCATED IN PUBLIC HOUSING ESTATES, WHERE THE ELDERLY RESIDENTS COULD MAINTAIN REGULAR CONTACT WITH OTHER PEOPLE AND THUS FEEL VERY MUCH A PART OF THE COMMUNITY.

/SHE SAID .....

SHE SAID THAT THE GOVERNMENT'S POLICY WAS TO PROVIDE ONE HOSTEL WITH 160 PLACES IN EVERY NEW PUBLIC HOUSING ESTATE WITH OVER 3 000 FLATS.

THE FIRST HOSTEL, OPENED IN 1969, WAS DESIGNED FOR THOSE ELDERLY PEOPLE WHO COULD DO THEIR OWN SHOPPING AND COOKING AND TAKE CARE OF THEMSELVES.

SINCE THEN, THE SCOPE OF THE SERVICES PROVIDED EXPANDED GREATLY SO THAT TODAY MEALS, PROFESSIONAL COUNSELLING, NURSING CARE AS WELL AS RECREATIONAL ACTIVITIES WERE AVAILABLE, MRS CHAN SAID.

THERE ARE NOW 23 HOSTELS FOR THE ELDERLY WITH A TOTAL CAPACITY OF 2 700 PLACES.

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DISTRICT FIGHT CRIME COMMITTEE VISITS INSTITUTIONS  
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ELEVEN MEMBERS OF THE YAU MA TEI DISTRICT FIGHT CRIME COMMITTEE VISITED THREE INSTITUTIONS OF THE CORRECTIONAL SERVICES DEPARTMENT TODAY (WEDNESDAY) TO LEARN MORE ABOUT CORRECTIONAL PROGRAMMES AND FACILITIES FOR PRISONERS.

LED BY THE YAU MA TEI DISTRICT OFFICER, MR WILFRED WONG WHO IS ALSO CHAIRMAN OF THE COMMITTEE, THE PARTY FIRST ARRIVED AT THE STAFF TRAINING INSTITUTE IN STANLEY WHERE THEY SAW MODERN TRAINING FACILITIES PROVIDED FOR CORRECTIONAL SERVICES STAFF.

THEY NEXT PROCEEDED TO THE MAXIMUM SECURITY STANLEY PRISON WHERE THEY TOURED THE CELLS, THE HOSPITAL AS WELL AS SAW PRISONERS AT WORK IN VARIOUS WORKSHOPS.

THEIR LAST STOP WAS THE ADJACENT TUNG TAU CORRECTIONAL INSTITUTION WHERE THEY WERE SHOWN ITS DORMITORIES, CHAPEL, LIBRARY, WORKSHOPS AND OTHER FACILITIES.

AFTER THE VISIT, THEY HELD DISCUSSIONS WITH THE COMMISSIONER OF CORRECTIONAL SERVICES, MR THOMAS GARNER, WHO IS ALSO AN OFFICIAL MEMBER OF THE GOVERNMENT'S MAIN FIGHT CRIME COMMITTEE.

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NOTE TO EDITORS:

ILLEGAL STRUCTURES TO BE CLEARED

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A CLEARANCE OPERATION INVOLVING SEVEN ILLEGAL STRUCTURES ON THE BACKLANES OF SUN CHUN STREET AND BROWN STREET IN WAN CHAI WILL BE CARRIED OUT ON FRIDAY (MARCH 30).

THE OPERATION IS THE FINAL PHASE OF THE TAI HANG CLEARANCE PROGRAMME WHICH STARTED LAST MAY.

SO FAR, 71 ILLEGAL STRUCTURES AND EXTENSIONS HAVE BEEN CLEARED IN THE AREA BOUNDED BY TUNG LO WAN ROAD, WAN SHA STREET AND TAI HANG ROAD.

CO-ORDINATED BY THE DISTRICT OFFICE, THE CLEARANCE ON FRIDAY WILL BE JOINTLY CONDUCTED BY THE POLICE, THE URBAN AREA DEVELOPMENT ORGANISATION AND THE LANDS, HOUSING, URBAN SERVICES, FIRE SERVICES AND SOCIAL WELFARE DEPARTMENTS.

MEDIA REPRESENTATIVES WISHING TO COVER THE CLEARANCE SHOULD ASSEMBLE OUTSIDE 25, SUN CHUN STREET AT 9.30 AM.

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PLB PROHIBITED ZONES

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FROM 10 AM ON FRIDAY (MARCH 30), PUBLIC LIGHT BUSES OTHER THAN THOSE AUTHORISED BY THE TRANSPORT DEPARTMENT WILL BE PROHIBITED FROM ENTERING THE FOLLOWING ROADS:

- \* THE SECTION OF ROAD P3 SOUTH-EAST OF ITS JUNCTION WITH ROAD L2.
- \* THE SECTION OF ROAD P3 NORTH-WEST OF ITS JUNCTION WITH TAI PO ROAD TAI WAI INTERCHANGE.
- \* ROAD L.

FROM THE SAME DAY, THE FOLLOWING ROADS IN SHA TIN WILL BE DESIGNATED RESTRICTED ZONES FROM 7 AM TO MIDNIGHT DAILY:

- \* THE SECTION OF ROAD P3 BETWEEN ITS JUNCTION WITH CHE KUNG MIU ROAD AND THE ACCESS ROAD TO MEI LAM ESTATE.
- \* THE SECTION OF ROAD D11 FROM ITS JUNCTION WITH ROAD P3 TO A POINT ABOUT 350 METRES SOUTH-WEST OF THE SAME JUNCTION.

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- \* THE SECTION OF TSUEN NAM ROAD FROM ITS JUNCTION WITH ROAD P3 TO A POINT ABOUT 800 METRES NORTH-EAST OF THE SAME JUNCTION.
- \* THE SECTION OF ROAD L FROM ITS JUNCTION WITH ROAD P3 TO A POINT ABOUT 600 METRES NORTH-EAST OF THE SAME JUNCTION.

WITHIN THE RESTRICTED ZONES, ALL MOTOR VEHICLES EXCEPT FRANCHISED BUSES WILL BE PROHIBITED FROM PICKING UP OR SETTING DOWN PASSENGERS; OR FROM LOADING OR UNLOADING GOODS.

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BAN ON LEARNER DRIVERS LIFTED

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FROM 10 AM ON FRIDAY (MARCH 30), THE EXISTING LEARNER DRIVERS PROHIBITION AT AP LEI CHAU MAIN STREET WILL BE LIFTED.

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SPEED LIMIT ON KAM SHEUNG ROAD

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FROM 10 AM ON FRIDAY (MARCH 30), KAM SHEUNG ROAD IN YUEN LONG SHALL BE A RESTRICTED ROAD SUBJECT TO A SPEED LIMIT OF 40 MILES PER HOUR.

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