



DAILY INFORMATION BULLETIN

WEDNESDAY, MARCH 2, 1977

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FOUR TAX CONCESSIONS PROPOSED

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FOUR SETS OF TAX CONCESSION PROPOSALS CONCERNING GENERAL RATES, PERSONAL TAXATION, STAMP DUTIES AND ESTATE DUTY WERE ANNOUNCED TODAY WHEN THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, PRESENTED THE 1977-78 BUDGET TO THE LEGISLATIVE COUNCIL.

HE SAID THAT THE TOTAL COST OF THESE PROPOSALS TO THE REVENUE IN THE COMING FINANCIAL YEAR WOULD BE ABOUT \$127 MILLION, THUS REDUCING ESTIMATED REVENUE FROM \$8,412 MILLION TO \$8,285 MILLION.

HE ADDED THAT AS ESTIMATED EXPENDITURE IN THE COMING FINANCIAL YEAR WAS \$8,245 MILLION, THIS WOULD LEAVE HIM WITH A SMALL SURPLUS OF \$40 MILLION.

+SO, EFFECTIVELY, I AM STILL BUDGETTING FOR A BALANCE,+ HE SAID.

GENERAL RATES

MR. HADDON-CAVE ANNOUNCED THAT THE TOTAL RATES PAYABLE IN THE URBAN AREAS IN 1977-78 WOULD BE 11-1/2 PER CENT OF RATEABLE VALUES (THAT IS, 7-1/2 PER CENT GENERAL RATE, PLUS FOUR PER CENT URBAN COUNCIL RATE), COMPARED WITH THE PRESENT 18 PER CENT (THAT IS, 12 PER CENT GENERAL RATE PLUS SIX PER CENT URBAN COUNCIL RATE).

HE ALSO PROPOSED THAT THE GENERAL RATE PERCENTAGE FOR TSUEN WAN/KWAI CHUNG (NEW TERRITORIES) BE 11 PER CENT.

HE POINTED OUT THAT SEVEN ADDITIONAL AREAS IN THE NEW TERRITORIES WHICH WERE BROUGHT INTO ASSESSMENT IN APRIL 1976 WOULD BE REQUIRED TO PAY A GENERAL RATE OF SEVEN PER CENT.

THEY ARE YUEN LONG, TAI PO, SHA TIN, TUEN MUN, CLEARWATER BAY ROAD, LUEN WO MARKET/ON LOK TSUEN AND SHEK WU HUI.

+THE PROPOSED SCHEME OF RELIEF WILL COST SOME \$46 MILLION IN THE FIRST YEAR. REVENUE FROM GENERAL RATES IN THE 1977-78 IS, THEREFORE, NOW PUT AT \$721 MILLION, THAT IS, AN INCREASE OF 16.8 PER CENT ONLY OVER THE REVISED ESTIMATE FOR 1976-77, COMPARED WITH AN AVERAGE ANNUAL INCREASE OF 18.7 PER CENT OVER THE FOUR YEARS 1973-74 TO 1976-77,+ HE SAID.

+ALL THIS MEANS THAT, FOR THE GENERALITY OF RATEPAYERS, THE AVERAGE INCREASE IN RATES PAYABLE FOR 1977-78 WILL BE ABOUT 15 PER CENT. ON AVERAGE, THE REVISED RATES IN 1977-78 WILL MEAN ONLY A VERY SMALL INCREASE IN THE TOTAL COST OF ACCOMMODATION: THE INCREASE WILL BE BETWEEN 1.17 PER CENT AND 2.31 PER CENT OF MARKET RENTALS, INCLUSIVE OF RATES, FOR THE BULK OF POST-WAR DOMESTIC UNITS.+

THE FINANCIAL SECRETARY POINTED OUT THAT HIS PROPOSAL WAS THAT, IRRESPECTIVE OF INCREASES IN RATEABLE VALUES, THE RATES PAYABLE BY A RATEPAYER IN 1977-78 SHOULD NOT INCREASE BY MORE THAN 33-1/3 PER CENT OF THE RATES PAID BY HIM IN 1976-77, AND THE RATES PAYABLE BY A RATEPAYER IN 1978-79 SHOULD NOT INCREASE BY MORE THAN 33-1/3 PER CENT OF THE RATES PAID BY HIM IN 1977-78.

HE ADDED THAT A MOTION ASKING THE COUNCIL TO MAKE A RESOLUTION UNDER SECTION 18 OF THE RATING ORDINANCE GIVING EFFECT TO THESE PROPOSALS WOULD BE PUT TO THE COUNCIL ON MARCH 31.

+THIS MEANS THAT DEMAND NOTES FOR THE SECOND QUARTER WILL BE ISSUED A FEW DAYS LATER THAN USUAL,+ HE SAID.

PERSONAL TAXATION

REGARDING PERSONAL TAXATION, THE FINANCIAL SECRETARY SAID HIS PROPOSAL WAS TO RETAIN THE BASIC PERSONAL ALLOWANCE OF \$10,000 FOR A SINGLE PERSON AND \$20,000 FOR A MARRIED PERSON, BUT TO SUPPLEMENT EACH WITH AN ALLOWANCE OF \$2,500 AND \$5,000 RESPECTIVELY, WHICH WOULD BE REDUCED BY 20 PER CENT OF THE AMOUNT BY WHICH THE TAXPAYER'S INCOME EXCEEDS THE SUPPLEMENTED BASIC ALLOWANCE UNTIL THE POINT WAS REACHED WHERE THE ENTIRE SUPPLEMENT DISAPPEARED.

+IN OTHER WORDS, FOR EVERY DOLLAR OF INCOME IN EXCESS OF \$12,500 IN THE CASE OF A SINGLE PERSON AND \$25,000 IN THE CASE OF A MARRIED PERSON, 20 CENTS OF THE SUPPLEMENTARY ALLOWANCE WILL BE RECOVERED, OR CLAWED BACK, UNTIL THE ALLOWANCE IS ELIMINATED AND THE TAXPAYER SIMPLY ENJOYS THE BASIC PERSONAL ALLOWANCE OF \$10,000 OR \$20,000 AS THE CASE MAY BE,+ HE EMPHASISED.

IN ABSOLUTE TERMS, HE DISCLOSED, TAXPAYERS WITH INCOMES OF ABOUT \$3,000 PER MONTH WOULD RECEIVE THE GREATEST BENEFIT.

HE ADDED THAT THIS PROPOSAL WOULD HAVE THE EFFECT OF REMOVING 45,000 SMALL TAXPAYERS FROM THE TAX NET, KEEPING OUT A FURTHER 10,000 WHO WOULD OTHERWISE BECOME LIABLE FOR PROVISIONAL TAX FOR THE YEAR OF ASSESSMENT 1977-78 AND BRINGING SOME RELIEF TO SALARIES (AND PERSONAL ASSESSMENT) TAXPAYERS IN THE LOWER AND MIDDLE INCOME RANGES.

IN ADDITION TO THE SUPPLEMENTARY ALLOWANCE, MR. HADDON-CAVE SAID HE PROPOSED TO INTRODUCE SOME RELIEF TO PERSONS WITH FAMILIES. AS THIS WOULD NOT BE SO EXPENSIVE IN TERMS OF REVENUE, THERE WOULD BE NO NEED TO PROVIDE FOR A CLAW-BACK.

+I PROPOSE, THEREFORE, THAT THE ALLOWANCE FOR THE FIRST CHILD SHOULD BE INCREASED FROM \$3,000 TO \$4,000= FOR THE SECOND CHILD FROM \$2,500 TO \$3,000= AND FOR THE THIRD CHILD FROM \$1,500 TO \$2,000.+ HE SAID.

HE WENT ON TO SAY THAT THE NUMBER OF SALARIES TAXPAYERS AND POTENTIAL SALARIES TAXPAYERS BENEFITING FROM THE INCREASES WOULD BE ABOUT 192,000. OF THESE ABOUT 55,000 WOULD BE COMPLETELY REMOVED FROM THE SALARIES TAX NET. THE NUMBER OF PERSONAL ASSESSMENT TAXPAYERS AFFECTED WOULD BE ABOUT 18,000 AND 5,000 RESPECTIVELY.

HE POINTED OUT THAT THE COST TO THE REVENUE IN THE FINANCIAL YEAR 1977-78 OF THESE TWO PROPOSALS WOULD BE \$64 MILLION= AND, FOR THE SAME GROUP OF TAXPAYERS, AND ASSUMING THEIR INCOMES WERE UNCHANGED, THE COST WOULD BE \$38 MILLION IN 1978-79 WHEN ONLY ONE SET OF ADDITIONAL ALLOWANCES -- ON PROVISIONAL TAX FOR 1977-78 -- WOULD BE INVOLVED.

STAMP DUTIES

THE FINANCIAL SECRETARY SAID HIS THIRD SET OF REVENUE PROPOSALS INVOLVED, FIRST, THE ELIMINATION OF FIVE ARCHAIC HEADS FROM THE SCHEDULE TO THE STAMP ORDINANCE AT A COST OF ONLY \$30,000, BUT THE LEGAL AND FINANCIAL PROFESSIONS WOULD BE SPARED SOME INCONVENIENCE.

THE FIVE HEADS ARE : HEAD 7, AGREEMENT OF SERVICE WITH A CORPORATE BODY= HEAD 17, COMPRADORE NOTE= HEAD 33, LETTER OF ALLOTMENT= AND HEADS 35 AND 51, ASSIGNMENT OF LETTERS OF PATENT AND TRADE MARKS.

+AND SECONDLY, AS A FURTHER EARNEST OF THE GOVERNMENT'S INTENTION TO PROMOTE HOME OWNERSHIP, I PROPOSE THAT THE CONCESSIONARY RATES OF DUTY ON CONVEYANCES OF LOW VALUE PROPERTIES PROVIDED FOR UNDER HEAD 19(1) OF THE SCHEDULE, SHOULD APPLY TO PROPERTIES OF \$100,000 AND \$175,000 RESPECTIVELY, COMPARED WITH \$75,000 AND \$150,000 AT PRESENT,+ HE STATED.

+THIS IS TO SAY, ON PROPERTIES UP TO \$100,000 ONLY THE FIXED CHARGE OF \$20 WILL BE LEVIED AND ON PROPERTIES UP TO \$175,000 THE AD VALOREM RATE OF ONE PER CENT. THE COST TO THE REVENUE IN 1977-78 WILL BE \$12 MILLION.+

+AT THE SAME TIME,+ MR. HADDON-CAVE SAID, +THESE NEW PLATFORMS WILL HAVE TO BE EXTENDED TO HEAD 53(1), VOLUNTARY DISPOSITIONS INTER VIVOS= AND, ALSO, I PROPOSE TO REMOVE THE ANOMALOUS BIAS AGAINST THE GIFT ELEMENT IN VOLUNTARY DISPOSITIONS INTER VIVOS AT A TOTAL COST TO THE REVENUE OF \$3 MILLION.

+THIS LIFTING OF THE PLATFORMS BY 33-1/3 PER CENT AND 16-2/3 PER CENT RESPECTIVELY MEANS THAT, AT PRESENT DAY PRICES 80 PER CENT OF ALL RESIDENTIAL PROPERTIES WILL BE AFFECTED, COMPARED WITH 70 PER CENT AFFECTED BY THE PRESENT PLATFORMS. A REVENUE PROTECTION ORDER WILL MAKE THESE CONCESSIONS EFFECTIVE FROM APRIL 1.+

ESTATE DUTY

ALTHOUGH THE ESTATE DUTY CONTINUES TO MAKE A MOST USEFUL CONTRIBUTION TO THE REVENUE, THE FINANCIAL SECRETARY THOUGHT THAT THE EXEMPTION LIMIT SHOULD BE RAISED FROM \$300,000 SET IN 1974 TO \$400,000 FOR THE ESTATES OF PERSONS DYING AFTER THE ENACTMENT OF THE NECESSARY LEGISLATION.

+THIS WILL ALSO HAVE THE EFFECT OF MAKING THE LOWER STEPS IN THE SCHEDULE MORE LOGICAL AND WILL REMOVE FROM THE TAX NET ABOUT 50 ESTATES A YEAR,+ HE POINTED OUT.

THE FINANCIAL SECRETARY ALSO PROPOSED THAT THE LIMIT ON FUNERAL EXPENSES SHOULD BE INCREASED FROM \$5,000 TO \$10,000 AND THE FURTHER LIMITATION OF 2-1/2 PER CENT OF THE VALUE OF THE ESTATE ALLOWABLE FOR FUNERAL EXPENSES SHOULD BE ABOLISHED.

+THE COST TO THE REVENUE OF THIS, MY FOURTH SET OF REVENUE PROPOSALS, IN A FULL YEAR WILL BE ABOUT \$1.8 MILLION,+ HE ADDED.

TURNING TO WATER CHARGES, MR. HADDON-CAVE SAID ALTHOUGH HE WAS NOW IN A POSITION TO PROPOSE A CHANGE TO THE PRESENT WATER PRICING SYSTEM, HE DID NOT INTEND TO DO SO YET, FOR THE NOTIONAL COMMERCIAL ACCOUNTS OF THE WATERWORKS AUTHORITY WOULD SHOW AN ACCUMULATED SURPLUS OF \$49 MILLION AT MARCH 31, THIS YEAR.

HE POINTED OUT THAT IT WAS TRUE THAT THIS WAS LARGELY BROUGHT FORWARD FROM 1974-75 AND 1975-76 WHEN THE AUTHORITY EARNED SURPLUSES OF \$22 MILLION AND \$40 MILLION, COMPARED WITH A MERE \$100,000 IN 1976-77.

+IT IS ALSO TRUE THAT, ON PRESENT CHARGES, THERE MIGHT WELL BE A DEFICIT AS HIGH AS \$85 MILLION CONVERTING THE ACCUMULATED SURPLUS OF \$49 MILLION AT MARCH 31, 1977 INTO AN ACCUMULATED DEFICIT AT MARCH 31, 1978 OF \$36 MILLION,+ HE INDICATED.

+THIS ACCUMULATED DEFICIT IS EXPECTED TO RISE TO \$300 MILLION BY MARCH 31, 1981. THERE CAN BE NO QUESTION, THEREFORE, OF A REVISION OF WATER CHARGES BEING DELAYED INDEFINITELY FOR, TAKING ONE YEAR WITH ANOTHER, THE AUTHORITY MUST PAY ITS WAY.+

INITIAL BUILDING PROGRAMME UNDER HOME OWNERSHIP SCHEME BEGINS
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SITES WITH A POTENTIAL CAPACITY ON DEVELOPMENT OF 35,000 FLATS OR SO IN THE HOME OWNERSHIP SCHEME HAVE BEEN IDENTIFIED AND THE GOVERNMENT IS NOW PROCEEDING WITH THE FIRST PHASE OF AN INITIAL BUILDING PROGRAMME OF 7,200 FLATS ON FIVE OF THESE SITES, SAID THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE.

REVEALING THIS IN HIS BUDGET SPEECH TODAY, MR. HADDON-CAVE SAID CONSTRUCTION OF THE 7,200 FLATS WOULD BEGIN WITHIN THE NEXT FEW MONTHS, AND SO THE DRAFT ESTIMATES FOR 1977-78 PROVIDED FOR THE TRANSFER, FROM THE GENERAL REVENUE INTO THE HOME OWNERSHIP FUND, OF AN INITIAL SUM OF \$102.5 MILLION.

HE SAID THE HOUSING AUTHORITY HAD AGREED TO BE THE GOVERNMENT'S AGENT FOR DESIGNING, BUILDING AND SELLING THE FLATS.

MR. HADDON-CAVE SAID: +THE HOME OWNERSHIP SCHEME HAS NOW BEEN DEvised TO ASSIST HOUSEHOLDS WHOSE MONTHLY INCOME DOES NOT EXCEED \$3,500 AND WHO, ADDITIONALLY, SATISFY CERTAIN OTHER CRITERIA OF ELIGIBILITY TO BECOME HOME OWNERS.

+THESE HOUSEHOLDS WILL BE ABLE TO BUY FLATS AT COST, UNDER CERTAIN CONDITIONS OF SALE, INSTEAD OF AT OPEN MARKET VALUE AND THE GOVERNMENT IS ARRANGING A PACKAGE OF SUITABLE MORTGAGE FACILITIES TO ENABLE THEM TO MEET THE DEBT REPAYMENTS,+ SAID THE FINANCIAL SECRETARY.

+BEFORE WE REACH THE STAGE OF INVITING APPLICATIONS FROM MEMBERS OF THE PUBLIC TO PARTICIPATE IN THE SCHEME, IT WILL BE NECESSARY FOR THE HOUSING AUTHORITY TO PRICE THE FLATS, TO WORK OUT THE PROCEDURES AND CONDITIONS FOR SELLING THEM AND TO MAKE ADEQUATE CONVEYANCING ARRANGEMENTS.+

MR. HADDON-CAVE SAID THE WORKING PARTY SET UP BY THE GOVERNMENT LAST JULY WITH THE TASKS TO CO-ORDINATE THE EFFORTS OF VARIOUS DEPARTMENTS INVOLVED IN PLANNING THE PRODUCTION OF FLATS FOR SALE- TO WORK OUT A PRACTICAL SCHEME OF MORTGAGE FACILITIES AND TO DECIDE HOW, AND BY WHOM, SUCH A SCHEME SHOULD BE MANAGED, WOULD NOW NEED TO ENTER INTO FORMAL NEGOTIATIONS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS TO DETERMINE UNDER WHAT CONDITIONS AND TO WHAT EXTENT THEY WOULD BE PREPARED TO PROVIDE SUITABLE MORTGAGE FINANCE.

+WHEN WE REACH THE STAGE WHERE THESE ARRANGEMENTS ARE BEING FINALISED, THE GOVERNMENT WILL NEED TO APPOINT A CENTRAL AGENCY OF SOME KIND TO VET APPLICATIONS FOR MORTGAGE LOANS,+ HE ADDED.

MR. HADDON-CAVE SAID THE GOVERNMENT'S ORIGINAL INTENTION WAS TO SELL THESE FLATS ONLY TO PERSONS ALREADY LIVING IN PUBLIC HOUSING ESTATES SO AS TO MAKE ROOM FOR OTHERS MORE IN NEED OF LOW-RENT ACCOMMODATION TO MOVE IN, BUT SUBSEQUENTLY, THE EMPHASIS SHIFTED TO THE PROMOTION OF HOME OWNERSHIP AS A DESIRABLE, SOCIAL OBJECTIVE IN ITS OWN RIGHT.

ON PUBLIC HOUSING AS A WHOLE, THE FINANCIAL SECRETARY SAID OVER THE NEXT FOUR YEARS FROM 1977-78 TO 1980-81, ACCOMMODATION FOR A FURTHER 770,500 PERSONS IS EXPECTED TO BE COMPLETED, REPRESENTING TWO AND A HALF TIMES THE ADDITION TO THE HOUSING STOCK IN THE FOUR YEARS FROM 1973-74 TO 1976-77.

THESE INCLUDE AN ESTIMATE OF 10,500 FLATS, PROVIDING ACCOMMODATION FOR ABOUT 52,000 PERSONS, TO BE BUILT BY THE HOUSING AUTHORITY UNDER PHASES I AND II OF THE HOME OWNERSHIP SCHEME.

HE SAID, +WORK ON FURTHER ESTATES WILL BE IN PROGRESS AT THE END OF 1980-81 FOR COMPLETION IN SUBSEQUENT YEARS. SO WE CAN EXPECT THAT, BY 1984, ADEQUATE HOUSING WILL BE AVAILABLE TO MEET A VERY LARGE PROPORTION OF THE COMMUNITY'S NEEDS.+

ON THE PROBLEM WHICH THE HOUSING AUTHORITY HAS TO FACE IN RECONCILING, ON THE ONE HAND, THE NEED FOR RENTS TO COVER ALL COSTS, AND, ON THE OTHER HAND, THE MEANS OF ITS TENANTS, MR. HADDON-CAVE SAID, +THIS PROBLEM HAS BEEN EXAMINED OVER THE PAST FEW MONTHS AND, AS A RESULT, THE GOVERNMENT HAS IN MIND PUTTING TO THE AUTHORITY A PACKAGE OF REVISED FINANCIAL ARRANGEMENTS WHICH WOULD HAVE THREE MAIN OBJECTIVES.+

THEY ARE: FIRST, TO RELIEVE THE AUTHORITY OF ITS INORDINATELY LARGE DEBT LIABILITY TO THE GOVERNMENT WHICH IT IS UNABLE TO DISCHARGE, AND TO GIVE IT A RATIONAL CAPITAL BASE= SECONDLY, TO ENSURE THAT THE AUTHORITY CAN DISCHARGE ITS STATUTORY OBLIGATION TO MEET RECURRENT EXPENDITURE ON ITS ESTATES FROM RENT INCOME AND PREMIA FOR COMMERCIAL TENANCIES= AND, THIRDLY, TO PERMIT THE AUTHORITY TO BE MORE FLEXIBLE IN DETERMINING RENTS, HAVING REGARD TO TENANTS' ABILITY TO PAY, TO RENTS IN THE PRIVATE SECTOR AND TO SUCH FACTORS AS LOCATION AND QUALITY OF ACCOMMODATION.+

DURING 1977-78, THE FINANCIAL SECRETARY SAID, THE HOUSING DEPARTMENT ESTIMATED THAT IT WOULD SPEND ABOUT \$302 MILLION ON THE HOUSING AUTHORITY'S EXISTING BUILDING PROGRAMME FOR RENTED ACCOMMODATION, OF WHICH ABOUT \$175 MILLION, OR NEARLY 60 PER CENT, WOULD BE MET FROM BORROWINGS FROM THE DEVELOPMENT LOAN FUND, AND THE BALANCE FROM THE AUTHORITY'S OWN FUNDS.

+THE PUBLIC WORKS DEPARTMENT,+ HE SAID, +WOULD CONTINUE CONSTRUCTION WORK ON THOSE ESTATES ON WHICH PLANNING HAD ALREADY STARTED WHEN THE NEW HOUSING AUTHORITY WAS FORMED AND EXPECTS TO SPEND \$131 MILLION ON THEM DURING 1977-78.

+BUT THE DRAFT ESTIMATES ENVISAGE, OVER AND ABOVE THIS SUM, THE EXPENDITURE OF \$96 MILLION ON COMMUNITY FACILITIES TO ENSURE BALANCED DEVELOPMENT,+ MR. HADDON-CAVE SAID.

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SEVEN PER CENT GROWTH IN GDP FORECAST

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THERE WILL BE A SEVEN PER CENT INCREASE THIS YEAR IN HONG KONG'S REAL GROSS DOMESTIC PRODUCT, INCLUDING STOCK CHANGES, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, PREDICTED IN HIS BUDGET TODAY.

FORECASTING HONG KONG'S SHORT-TERM ECONOMIC OUTLOOK, MR. HADDON-CAVE WARNED: +FURTHER GROWTH WILL BE CONSTRAINED BY THE GROWTH IN THE LABOUR FORCE AND IN PRODUCTIVITY,+ AS IT IS ACCEPTED THAT THE ECONOMY REACHED FULL CAPACITY DURING 1976.

HE NOTED THAT THE LABOUR FORCE WAS UNLIKELY TO GROW MUCH MORE THAN THREE TO FOUR PER CENT AND THE MAXIMUM THAT COULD BE EXPECTED FOR PRODUCTIVITY GROWTH WAS ANOTHER THREE TO FOUR PER CENT.

+THIS SUGGESTS, THEREFORE, A CEILING FOR 1977 OF BETWEEN 6 AND 8 PER CENT.+

MR. HADDON-CAVE SAID CONSUMER PRICES THIS YEAR WOULD BE INFLUENCED BY THE EXPECTED ACCELERATION OF WORLD PRICES OF FOODSTUFFS AND CONSUMER GOODS. HE DID NOT THINK THAT THERE WOULD BE FURTHER PROTECTION FROM A STRENGTHENING HONG KONG DOLLAR.

FOR LOCALLY DETERMINED PRICES, HE ADDED, THE MORE RAPID INCREASE IN PRIVATE CONSUMPTION EXPENDITURE COMPARED WITH THE TOTAL GROSS DOMESTIC PRODUCT WOULD ALSO EXERT SOME UPWARD PRESSURE.

+I EXPECT THE CONSUMER PRICE INDEX IN 1977 WILL BE ON AVERAGE FIVE TO SIX PER CENT HIGHER THAN THE AVERAGE FOR 1976, WITH FOOD PRICES ABOUT FOUR PER CENT HIGHER (THOUGH THIS WILL DEPEND ON THE SUPPLY POSITION),+ HE SAID.

ON THE CONSTRUCTION INDUSTRY, MR. HADDON-CAVE EXPECTED AN INCREASE IN DEMAND SOME 20 TO 30 PER CENT HIGHER THAN LAST YEAR'S OUTPUT.

HE SAID IT SEEMED LIKELY THAT THERE WOULD BE AN EXCESS DEMAND EQUAL TO ABOUT 10 PER CENT OF THE INDUSTRY'S CAPACITY.

+BECAUSE THE ESTIMATES FOR CAPITAL EXPENDITURE BY THE PUBLIC SECTOR ARE MORE REALISTIC, I BELIEVE PRESSURES ON COSTS ARE MORE LIKELY THAN SHORTFALLS BECAUSE OF CROWDING OUT BY THE PRIVATE SECTOR,+ HE ADDED.

IN THE MEDIUM TERM, THE FINANCIAL SECRETARY SOUNDED A NOTE OF WARNING THAT THE RAPID RECOVERY IN WORLD TRADE LAST YEAR WAS EXPECTED TO SLOW DOWN GRADUALLY DURING THIS AND THE NEXT YEAR.

/HE POINTED

HE POINTED OUT THE RECOVERY IN THE MAJOR INDUSTRIALISED ECONOMIES STARTED AT A TIME WHEN INFLATION RATES WERE HIGH AND, FROM A FEAR OF INFLATION, THESE COUNTRIES WERE MORE LIKELY TO ENGAGE IN POLICIES MORE RESTRICTIVE IN TERMS OF EXPANSION.

MR. HADDON-CAVE SAID THE FUTURE GROWTH OF HONG KONG DEPENDED ON THE TRADE POLICIES PURSUED BY THE GOVERNMENTS OF COUNTRIES TO WHICH IT EXPORTED.

UNDER THE GENERAL AGREEMENT ON TARIFFS AND TRADE, HE SAID, WHEN A MEMBER INTRODUCED IMPORT RESTRICTIONS, THEY SHOULD BE APPLIED TO IMPORTS FROM ALL SOURCES.

+SOME MEMBER COUNTRIES WOULD LIKE TO CHANGE THIS RULE SO THAT SUCH RESTRICTIONS COULD BE APPLIED ON A SELECTIVE BASIS. THIS IS AN IDEA WHICH HOLDS CONSIDERABLE DANGERS FOR HONG KONG,+ THE FINANCIAL SECRETARY WARNED.

MR. HADDON-CAVE FURTHER CAUTIONED THAT IF EVER THERE WAS A YEAR IN WHICH BUDGETARY POLICY MUST BE CONSIDERED IN THE CONTEXT OF THE PERIOD TO FOLLOW, IT WAS 1977/78.

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GARDEN ESTATE HOMES FOR 6,000 IN TAI PO

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THE GOVERNMENT HAS GIVEN THE GO-AHEAD TO A PLAN TO CONVERT MORE THAN 50 HECTARES OF AGRICULTURAL LAND AT TAI PO INTO A GARDEN ESTATE PROVIDING 2-STOREY HOMES FOR 6,000 PEOPLE.

THE SECRETARY FOR THE NEW TERRITORIES, MR. DAVID AKERS-JONES, TODAY SIGNED THE LEASE CONDITIONS FOR LAND WITH THE PRIVATE DEVELOPMENT COMPANY WHICH WILL UNDERTAKE THE PROJECT.

THE SITE, AT HONG LOK YUEN, TWO MILES NORTH OF TAI PO ON TAI PO/FANLING ROAD, WILL BE DEVELOPED BY LUEN SANG FAT ENTERPRISES CO., LTD. ONE OF THE COMPANY'S DIRECTORS, MR. Y.W. LEE, SIGNED THE DOCUMENTS WITH MR. AKERS-JONES.

MR. AKERS-JONES SAID THAT THE DEVELOPMENT WOULD TAKE PLACE ON A VERY BEAUTIFUL RURAL SITE.

+EVERY EFFORT WILL BE MADE TO PRESERVE THE NATURAL SETTING OF THE AREA,+ HE SAID. WHEN COMPLETED THE ESTATE WILL PROVIDE FIRST CLASS HOUSING FOR THE MANAGERIAL LEVEL WHO WILL BE ATTRACTED TO THE DISTRICT BECAUSE OF THE RAPID DEVELOPMENT OF TAI PO, PARTICULARLY THE NEW INDUSTRIAL ESTATE.

MR. AKERS-JONES SAID THAT UNDER THE TERMS OF THE LEASE THE COMPANY WILL BE REQUIRED TO SPEND A TOTAL OF \$30 MILLION ON DEVELOPING THE SITE WITHIN THE NEXT EIGHT YEARS.

THIS HAD TO BE SPENT IN THREE STAGES - \$15 MILLION IN THE FIRST FOUR YEARS, A FURTHER \$10 MILLION IN THE FOLLOWING TWO YEARS AND THE FINAL \$5 MILLION IN THE SEVENTH AND EIGHTH YEARS.

HE SAID THERE WOULD BE LIMITED COMMERCIAL FACILITIES FOR RESIDENTS AS WELL AS COMMUNITY FACILITIES SUCH AS A PRIMARY SCHOOL.

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TOTAL SPENDING NEXT YEAR UP BY OVER 20 PER CENT
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THE DRAFT ESTIMATES FOR 1977-78 PROVIDE FOR TOTAL EXPENDITURE OF \$8,245 MILLION - AN INCREASE OF \$1,402 MILLION OR 20.5 PER CENT OVER THE REVISED ESTIMATES FOR 1976-77 OF \$6,843 MILLION, THE FINANCIAL SECRETARY SAID TODAY.

+IN REAL OR CONSTANT PRICE TERMS, THE INCREASE BUDGETTED FOR 1977-78 IS 15 PER CENT, COMPARED WITH EIGHT PER CENT IN THE REVISED ESTIMATES FOR 1976-77 AND ABOUT ONE PER CENT IN 1975-76,+ THE HON. PHILIP HADDON-CAVE SAID.

THE PROPOSED ESTIMATES COMPRISE \$6,236 MILLION FOR RECURRENT EXPENDITURE, INCLUDING \$100 MILLION FOR ADDITIONAL COMMITMENTS OF AN UNAVOIDABLE NATURE ARISING DURING THE YEAR, AND \$2,009 MILLION FOR CAPITAL EXPENDITURE.

THE PATTERN OF EXPENDITURE PROVIDED FOR IN THE DRAFT ESTIMATES FOR 1977-78 IS AS FOLLOWS : GENERAL SERVICES (INCLUDING LAW AND ORDER) WILL ABSORB 20.2 PER CENT (\$1,670 MILLION) OF TOTAL EXPENDITURE- ECONOMIC SERVICES 8.2 PER CENT (\$680 MILLION)- COMMUNITY SERVICES 20.3 PER CENT (\$1,670 MILLION)- SOCIAL SERVICES 39.3 PER CENT (\$3,243 MILLION) (EXCLUDING EXPENDITURE ON HOUSING WHICH IS FINANCED OUTSIDE THE GENERAL REVENUE ACCOUNT FROM THE HOUSING AUTHORITY'S OWN RESOURCES), AND ALL OTHER SERVICES 12 PER CENT (\$982 MILLION).

THE PROPOSED CAPITAL EXPENDITURE OF \$2,009 MILLION IS MADE UP OF \$833 MILLION FOR THE PUBLIC WORKS PROGRAMME, OTHER THAN NEW TOWNS AND HOUSING, \$631 MILLION FOR NEW TOWNS AND HOUSING AND \$545 MILLION FOR ALL OTHER COMPONENTS. THE LATTER FIGURE INCLUDES \$88 MILLION FOR CAPITAL SUBVENTIONS FOR EDUCATION AND MEDICAL SERVICES AND \$158 MILLION FOR DEPARTMENTAL SPECIAL EXPENDITURE.

PERSONAL EMOLUMENT AND ALLOWANCES (NOT ON-COSTS) AT \$2,421 MILLION ACCOUNT FOR 39 PER CENT OF RECURRENT EXPENDITURE, COMPARED WITH THE REVISED ESTIMATES OF \$2,160 MILLION OR 40 PER CENT IN 1976-77, AND AN AVERAGE OF 41 PER CENT OVER THE PREVIOUS THREE YEARS.

THE FINANCIAL SECRETARY SAID : +I THINK WE SHOULD TAKE 40 PER CENT AS A GUIDELINE FOR PERSONAL EMOLUMENTS, BUT WHETHER IMPROVED PRODUCTIVITY WILL ENABLE US TO CONTROL INCREASES IN THE APPROVED ESTABLISHMENT AS SUCCESSFULLY IN THE FUTURE AS IN THE RECENT PAST REMAINS TO BE SEEN.+

DEPARTMENTAL OTHER CHARGES AT \$991 MILLION HAVE BEEN KEPT TO 15.9 PER CENT OF RECURRENT EXPENDITURE, COMPARED WITH THE REVISED ESTIMATES OF \$851 MILLION OR 15.8 PER CENT IN 1976-77 AND AN AVERAGE OF 16.9 PER CENT OVER THE PREVIOUS THREE YEARS.

/ MR. HADDON-CAVE

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MR. HADDON-CAVE CONSIDERED THAT DEPARTMENTAL OTHER CHARGES TO BE KEPT AT OR BELOW 16 PER CENT OF TOTAL RECURRENT EXPENDITURE WAS REFLECTION OF THE CONTINUED CONCERN OF DEPARTMENTS WITH COST EFFICIENCY.

RECURRENT SUBVENTIONS INCLUDING THOSE FOR THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE ACCOUNT FOR \$1,589 MILLION OR 25.5 PER CENT OF TOTAL RECURRENT EXPENDITURE, COMPARED WITH THE REVISED ESTIMATES OF \$1,407 MILLION OR 26 PER CENT IN 1976-77 AND AN AVERAGE OF 26.6 PER CENT OVER THE PREVIOUS THREE YEARS.

+OVERALL, TAKING RECURRENT AND CAPITAL SUBVENTIONS TOGETHER, MORE THAN A FIFTH OF TOTAL EXPENDITURE IS DISBURSED BY SUBVENTED ORGANISATIONS AND IT IS FOR THIS REASON THAT A NEW BRANCH IN THE AUDIT DEPARTMENT WAS SET UP THIS YEAR SPECIFICALLY TO COVER SUBVENTED ORGANISATIONS, AND THE DIRECTOR OF AUDIT WILL BE TAKING A VERY CLOSE LOOK AT ALL THE LARGER ORGANISATIONS OVER THE NEXT COUPLE OF YEARS,+ SAID THE FINANCIAL SECRETARY.

HONG KONG'S CONTRIBUTION TO THE COST OF ARMED FORCES STATIONED HERE WILL BE \$281 MILLION OR 3.4 PER CENT OF TOTAL EXPENDITURE IN 1977-78, COMPARED WITH 3.2 PER CENT IN 1976-77 AND 1.6 PER CENT IN 1975-76, THE LAST YEAR OF THE PREVIOUS DEFENCE AGREEMENT.

ON THE BROAD TRENDS OF PATTERN OF EXPENDITURE, MR. HADDON-CAVE SAID OVER THE THREE YEARS FROM 1973-74 TO 1975-76, THE PATTERN WAS RATHER DIFFERENT WITH GENERAL SERVICES ABSORBING ONLY 16 PER CENT OF TOTAL EXPENDITURE, BUT COMMUNITY SERVICES ABSORBING AS MUCH AS 26 PER CENT, LARGELY BECAUSE EXPENDITURE ON WATER DEVELOPMENT PROJECTS PEAKED IN THOSE YEARS.

+IN 1976-77, THE PATTERN SHIFTED AGAIN, WITH INCREASED EXPENDITURE ON LAW AND ORDER PUSHING THE SHARE OF TOTAL EXPENDITURE ABSORBED BY GENERAL SERVICES UP FROM 16 PER CENT TO NEARLY 20 PER CENT, AND THE SHARE ABSORBED BY COMMUNITY SERVICES DECLINED TO 21 PER CENT.+

+GIVEN THE INCREASES IN EXPENDITURE PROVIDED FOR IN THE DRAFT ESTIMATES FOR 1977-78, THE PATTERN OF EXPENDITURE BY GROUPS OF SERVICES IS NOT UNSATISFACTORY, BUT WE MUST NOT BE COMPLACENT ABOUT THE COST OF GENERAL SERVICES AND THE VARIOUS SERVICES IN THE RESIDUAL GROUP, FOR WE MUST MAXIMISE OUR EFFORTS IN RESPECT OF ECONOMIC, COMMUNITY AND SOCIAL SERVICES.+ SAID THE FINANCIAL SECRETARY.

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PROPOSAL TO LOWER AGE LIMIT OF ELIGIBILITY FOR
INFIRMITY ALLOWANCE

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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, TODAY SUGGESTED THAT SOME PRIORITY SHOULD BE GIVEN TO LOWERING THE AGE LIMIT OF ELIGIBILITY FOR INFIRMITY ALLOWANCE.

IN HIS BUDGET SPEECH, HE RECALLED THAT HE HAD SUGGESTED LAST YEAR THAT A REVIEW SHOULD BE CARRIED OUT +TO ESTABLISH WHERE THE NEED FOR CONTINUING TO EXPAND SOCIAL SERVICES, APART FROM CASH PAYMENTS TRULY LIES+.

SUCH A REVIEW, HE SAID, WAS BEING CONDUCTED IN RESPECT OF PROPOSALS FOR THE ELDERLY AND FOR PREVENTIVE SOCIAL WORK AMONG YOUNG PEOPLE.

+A REVIEW OF OUR SOCIAL SECURITY PROGRAMMES IS ALSO TO BE CARRIED OUT AND WILL COVER NOT ONLY ADMINISTRATIVE QUESTIONS, BUT ALSO THE EXTENT TO WHICH VULNERABLE GROUPS IN THE COMMUNITY SHOULD BE FURTHER ASSISTED WITH CASH PAYMENTS.+

THE FINANCIAL SECRETARY SAID: +THE DRAFT ESTIMATES PROVIDE FOR EXPENDITURE OF \$433 MILLION ON SOCIAL WELFARE IN THE COMING FINANCIAL YEAR, COMPARED WITH THE REVISED ESTIMATE FOR 1976-77 OF \$368 MILLION.+

THE FIGURE, HE SAID, WAS 5.2 PER CENT OF TOTAL EXPENDITURE IN 1977-78.

HE INDICATED THAT THE PROVISION FOR RECURRENT EXPENDITURE FOR THE COMING FINANCIAL YEAR WAS \$425 MILLION, WHILE ESTIMATED RECURRENT EXPENDITURE ON SOCIAL SECURITY AT \$280 MILLION, ACCOUNTED FOR NEARLY TWO-THIRDS OF THIS PROVISION. THIS REPRESENTED AN INCREASE OF \$39 MILLION OVER THE REVISED ESTIMATE FOR 1976-77.

THIS PROVISION, HE WENT ON, ALSO INCLUDED THE \$68 MILLION FOR SUBVENTIONS, AN INCREASE OF 22 PER CENT ON THE 1976-77 REVISED ESTIMATE.

REFERRING TO THE PUBLIC ASSISTANCE SCHEME, MR. HADDON-CAVE SAID THAT IN THE 12 MONTHS ENDING ON NOVEMBER 30, LAST YEAR, PUBLIC ASSISTANCE CASES DECLINED BY A NET 10 PER CENT, FROM 55,500 TO 50,100.

+I WOULD HAVE EXPECTED A FURTHER NET DECLINE IN PUBLIC ASSISTANCE CASES DURING 1977-78, BUT FOR THE EXTENSION OF PUBLIC ASSISTANCE ELIGIBILITY TO YOUNG PERSONS AGED 15 TO 17 WHO ARE UNEMPLOYED FAMILY MEMBERS, AND TO ABLE-BODIED UNEMPLOYED ADULTS BETWEEN 18 AND 55 WHO, HAVING RESIDED IN HONG KONG FOR OVER TWO YEARS, HAVE BEEN OUT OF WORK FOR A MONTH,+ HE SAID, +THIS EXTENSION WILL COME INTO EFFECT ON APRIL 1, THIS YEAR.+

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ON THE OTHER HAND, HE CONTINUED, DISABILITY AND INFIRMITY CASES INCREASED DURING THE YEAR ENDING ON NOVEMBER 30, 1976 BY OVER 10 PER CENT FROM 63,700 TO NEARLY 70,700.

THE FINANCIAL SECRETARY POINTED OUT THAT A FURTHER INCREASE WAS EXPECTED IN THE COMING FINANCIAL YEAR, LARGELY BECAUSE OF THE INCREASING NUMBER OF APPLICANTS FOR INFIRMITY ALLOWANCES FOR WHICH ALL PERSONS AGED 75 AND OVER WERE ELIGIBLE.

+PROVISION HAD BEEN MADE FOR AN AVERAGE MONTHLY CASELOAD DURING 1977-78 OF 74,700,+ HE SAID.

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\$40 MILLION SURPLUS IN GENERAL REVENUE FORECAST
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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, TOLD THE LEGISLATIVE COUNCIL TODAY THAT THE GOVERNMENT'S GENERAL REVENUE ACCOUNT WOULD BE IN SURPLUS IN 1977-78 BY \$167 MILLION BEFORE ALLOWING FOR HIS TAX CONCESSION PROPOSALS AND \$40 MILLION AFTER ALLOWING FOR THEM.

IN HIS BUDGET SPEECH, MR. HADDON-CAVE SAID : +THE CONSOLIDATED ACCOUNT SHOWS A DEFICIT OF \$44 MILLION BEFORE AND \$171 MILLION AFTER ALLOWING FOR MY TAX CONCESSIONS.+

THIS DEFICIT OF \$171 MILLION ARISES FROM THE HOUSING AUTHORITY'S DEFICIT AND OTHER SMALL DEFICITS OUTSIDE THE GENERAL REVENUE ACCOUNT.

MR. HADDON-CAVE SAID THE DEFICIT WOULD BE FINANCED FROM DRAWINGS ON THE DEVELOPMENT LOAN FUND AND OTHER HONG KONG DOLLAR RESERVES AND WOULD INVOLVE TRANSFERRING HONG KONG DOLLAR DEPOSITS FROM PUBLIC SECTOR TO THE NON-BANK PRIVATE SECTOR.

+THIS WILL BE INFLATIONARY, BUT ONLY TO A VERY SMALL EXTENT AND WILL BE TANTAMOUNT TO THE PUBLIC SECTOR HAVING A NEUTRAL IMPACT ON THE ECONOMY IN MONETARY TERMS,+ HE SAID. +I AM SURE THIS IS RIGHT FOR 1977-78, PARTICULARLY AFTER THIS YEAR'S UNEXPECTED SURPLUS IN THE ACCOUNTS OF THE PUBLIC SECTOR BETWEEN \$800 MILLION AND \$900 MILLION WHICH WILL HAVE HAD A SMALL DEFLATIONARY EFFECT.

+TAKING THE TWO YEARS TOGETHER, THE EFFECT OF THE PUBLIC SECTOR'S OUT-TURN WILL HELP TO MAINTAIN THE EXTERNAL PRICE COMPETITIVENESS OF THE ECONOMY AT A TIME WHEN IT HAS BEEN OPERATING NEAR FULL CAPACITY AND WHEN IT WILL CONTINUE TO DO SO,+ SAID THE FINANCIAL SECRETARY.

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WIDER PROVISION OF EDUCATIONAL
SERVICES IN 1977/78
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MORE MONEY WILL BE SPENT ON EDUCATION IN THE COMING FINANCIAL YEAR.

MOVING THE SECOND READING OF THE APPROPRIATION BILL 1977 IN THE LEGISLATIVE COUNCIL TODAY, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE INDICATED THAT THE DRAFT ESTIMATES PROVIDED FOR EXPENDITURE OF \$1,658 MILLION ON EDUCATION IN 1977/78, REPRESENTING 20.1 PER CENT OF THE TOTAL EXPENDITURE.

THE REVISED ESTIMATE FOR EXPENDITURE ON EDUCATION IN 1976/77 STOOD AT \$1,453 MILLION.

THE FIGURE OF \$1,658 MILLION FOR 1977/78 IS MADE UP OF \$1,507 MILLION FOR RECURRENT EXPENDITURE BY THE EDUCATION DEPARTMENT, ON SUBVENTIONS AND BY THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE AND \$151 MILLION FOR CAPITAL EXPENDITURE.

THE FINANCIAL SECRETARY STRESSED THAT THE GOVERNMENT'S POLICY ON PRIMARY EDUCATION WAS TO PROVIDE A GOVERNMENT OR AIDED PLACE FOR EVERY CHILD OF PRIMARY SCHOOL AGE (6-11).

+THIS OBJECTIVE IS ALREADY MORE THAN PROVIDED FOR,+ HE SAID.

HE EXPLAINED THAT, ON THE BASIS OF THE 1971 CENSUS, THE NUMBER OF CHILDREN OF PRIMARY SCHOOL AGE WOULD BE 500,000 BY THE END OF THE CURRENT FINANCIAL YEAR.

+TAKING NO ACCOUNT OF VACANT CLASSROOMS, THE NUMBER OF PLACES AVAILABLE IN GOVERNMENT AND AIDED PRIMARY SCHOOLS AT 621,000 IS WELL IN EXCESS OF THE NUMBER IN THE AGE GROUP.

+ESTIMATED TOTAL ENROLMENT AT 537,000 IN GOVERNMENT AND AIDED SCHOOLS AND 85,000 IN PRIVATE SCHOOLS ALSO EXCEEDS THE NUMBER IN THE AGE GROUP FOR A VARIETY OF REASONS,+ HE SAID.

HOWEVER, MR. HADDON-CAVE ADDED THAT THIS DID NOT MEAN NEW PRIMARY SCHOOLS WOULD NOT BE OPENED, FOR +THE GOVERNMENT'S AIM IS TO ENSURE THAT NO CHILD WILL HAVE TO TRAVEL AN UNREASONABLE DISTANCE TO ATTEND PRIMARY SCHOOL+.

WITH THE SHIFT OF POPULATION TO THE NEW TOWNS AND OTHER DEVELOPING AREAS, HE CONTINUED, IT WOULD BE NECESSARY TO PROVIDE A SUBSTANTIAL NUMBER OF NEW PLACES IN THESE AREAS AND THE DRAFT ESTIMATES ENVISAGED THAT SOME 12,240 NEW PLACES WOULD BE SO PROVIDED.

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ON SPECIAL EDUCATION, THE FINANCIAL SECRETARY DISCLOSED THAT 3,700 MORE PLACES IN SPECIAL SCHOOLS AND SPECIAL CLASSES WOULD BE PROVIDED DURING 1977/78 TO BRING THE TOTAL UP TO 15,870 BY SEPTEMBER THIS YEAR.

+ALTHOUGH THIS IS STILL SOME WAY FROM THE APPROVED TARGET OF 18,400 PLACES, SPECIAL EDUCATION IS A DIFFICULT FIELD,+ HE EXPLAINED.

HE NOTED THAT THE DRAFT ESTIMATES MADE PROVISION FOR REDUCTIONS IN SOME CLASS SIZES, FOR IMPROVING TEACHER-CLASS RATIOS TO RECOGNISE THE PROBLEMS OF TEACHING HANDICAPPED CHILDREN, FOR PROVIDING PROMOTION PROSPECTS FOR TEACHERS SIMILAR TO THOSE IN ORDINARY SCHOOLS AND FOR INTRODUCING ALLOWANCES FOR TEACHERS IN RECOGNITION OF THEIR QUALIFICATIONS IN SPECIAL EDUCATION.

TURNING TO THE CONTINUING EXPANSION OF SECONDARY EDUCATION, THE FINANCIAL SECRETARY SAID THE DRAFT ESTIMATES SOUGHT TO INCREASE THE NUMBER OF FORM I PLACES IN 1977/78 FROM THE PRESENT 63,300 TO 74,500.

FOR CHILDREN WISHING TO PROCEED BEYOND FORM III, THE DRAFT ESTIMATES PROVIDE FOR AN ADDITIONAL 1,500 PLACES IN FORMS IV AND V, INCREASING THE TOTAL NUMBER OF SUCH PLACES TO 39,500 BY SEPTEMBER THIS YEAR.

AT THE SAME TIME, THERE WILL BE AN INCREASE OF SOME 1,300 PLACES IN FORM VI, BRINGING THE TOTAL NUMBER TO 11,200.

MR. HADDON-CAVE NOTED THAT TO AUGMENT THE SECONDARY SCHOOLS BUILDING PROGRAMME, BUILDING WORK ON 15 NEW SECONDARY SCHOOLS WILL START DURING 1977/78 AND 32 NEW ONES WILL BE COMPLETED.

REFERRING TO TECHNICAL INSTITUTES, THE FINANCIAL SECRETARY SAID THE TOTAL ENROLMENT IN SEPTEMBER THIS YEAR WAS EXPECTED TO BE THE EQUIVALENT OF ABOUT 4,520 FULL-TIME STUDENTS, AN INCREASE OF 2,200 OVER LAST SEPTEMBER.

THIS INCLUDES A FOURTH TECHNICAL INSTITUTE AT CHEUNG SHA WAN, EXPECTED TO OPEN THIS SEPTEMBER WITH AN INITIAL INTAKE OF 720 FULL-TIME STUDENTS. IN ADDITION, WORK ON A FIFTH INSTITUTE AT KOWLOON TONG WILL BEGIN DURING 1977/78.

AT THE TERTIARY LEVEL, THE FINANCIAL SECRETARY SAID THE GOVERNMENT AIMED TO ACHIEVE TARGETS OF 8,850 STUDENTS AT THE UNIVERSITIES AND 9,850 FULL-TIME STUDENTS (INCLUDING EVENING STUDENTS) AT THE POLYTECHNIC BY 1977/78.

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OVER 260 ACRES OF LAND TO BE FORMED
IN NEW TOWNS
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THE GOVERNMENT IS EXPECTED TO SPEND ABOUT \$457 MILLION IN 1977-78 ON THE INFRASTRUCTURE WORKS TO DEVELOP NEW TOWNS WHERE 264 ACRES OF LAND INCLUDING 47 ACRES FOR INDUSTRIAL USE WILL BE FORMED IN THE COMING FINANCIAL YEAR, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID TODAY.

IN HIS BUDGET SPEECH TO THE LEGISLATIVE COUNCIL, HE SAID:
+THIS INFRASTRUCTURE COMPRISES THE FORMATION OF LAND FOR BOTH PUBLIC AND PRIVATE DEVELOPMENT, THE PROVISION OF ROADS, SERVICES AND WATER SUPPLIES AND THE BUILDING OF COMMUNITY FACILITIES.+

HE SAID DURING 1976-77, \$297 MILLION WOULD HAVE BEEN SPENT ON SUCH WORKS IN THE NEW TOWNS AND COMPARABLE FIGURES FOR THE MARKET TOWNS AND RURAL TOWNSHIPS WERE \$7 MILLION IN 1976-77 AND \$43 MILLION IN 1977-78.

THE AMOUNT OF LAND FORMED IN THE NEW TOWNS IN 1976-77 WILL TOTAL 119 ACRES, OF WHICH 22 ACRES WOULD BE FOR INDUSTRY.

IN THE MARKET TOWNS AND RURAL TOWNSHIPS ONLY EIGHT ACRES WILL HAVE BEEN FORMED IN 1976-77 BUT, IN 1977-78, 114 ACRES WILL BE FORMED OF WHICH FIVE ACRES WILL BE INDUSTRIAL LAND.

THIS DOES NOT INCLUDE THE TAI PO INDUSTRIAL ESTATE WHERE A TOTAL OF 79 ACRES OF INDUSTRIAL LAND WILL HAVE BEEN FORMED BY MARCH 1978.

ON THE DEVELOPMENT OF VARIOUS NEW TOWNS, MR. HADDON-CAVE SAID THE EMPHASIS ON DEVELOPMENT IN TSUEN WAN NEW TOWN WOULD STILL BE ON THE PROVISION OF MORE LAND IN TSING YI AND ON THE DEVELOPMENT OF COMMUNITY FACILITIES IN THE OLD TOWN.

+THE DEVELOPMENT OF SHA TIN NEW TOWN IS LESS ADVANCED, AND THE EMPHASIS THERE WILL STILL BE ON THE PROVISION OF LAND AND BASIC ENGINEERING SERVICES TO PERMIT FURTHER DEVELOPMENT.

+A UNIQUE FEATURE OF THE DEVELOPMENT OF SHA TIN NEW TOWN IS THE SUBSTANTIAL INVOLVEMENT OF PRIVATE DEVELOPERS WHO ARE FORMING LARGE AREAS OF LAND FOR THE GOVERNMENT.

+IN RETURN,+ SAID THE FINANCIAL SECRETARY, +THE DEVELOPERS WILL RETAIN SOME OF THE LAND THEY HAVE FORMED.

MR. HADDON-CAVE ALSO SAID THAT ENGINEERING DEVELOPMENT WORKS WOULD CONTINUE TO BE GIVEN PROMINENCE IN TUEN MUN NEW TOWN, WHERE DEVELOPMENT ON STAGE IB WOULD BE WELL UNDER WAY THIS YEAR, WITH INVESTIGATIONS CONTINUING INTO THE SUBSEQUENT DEVELOPMENT OF STAGE II.

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MORE TO BE SPENT ON MEDICAL SERVICES

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THE FINANCIAL SECRETARY TODAY PROPOSED AN INCREASE IN THE ESTIMATE OF EXPENDITURE ON MEDICAL SERVICES IN 1977-78 TO IMPLEMENT THE FIRST STAGE OF THE REGIONALISATION SCHEME FOR THE ADMINISTRATION OF MEDICAL AND HEALTH SERVICES AND A PILOT SCHEME FOR COMMUNITY NURSING.

THE DRAFT ESTIMATES PROVIDE FOR EXPENDITURE OF \$781 MILLION ON MEDICAL SERVICES COMPARED WITH THE REVISED ESTIMATE FOR 1976-77 OF \$662 MILLION. THIS REPRESENTS 9.5 PER CENT OF TOTAL EXPENDITURE IN 1977-78.

IN HIS BUDGET SPEECH, MR. HADDON-CAVE SAID THE REGIONALISATION SCHEME FOR THE ADMINISTRATION OF MEDICAL AND HEALTH SERVICES WOULD FACILITATE THE TRANSFER OF PATIENTS BETWEEN HOSPITALS AND THUS IMPROVE THE UTILISATION OF BEDS AND OTHER HOSPITAL FACILITIES.

+TO ENABLE SUCH TRANSFERS TO BE MADE, IT WILL BE NECESSARY TO INTRODUCE THE NEW STANDARD CHARGE OF \$5 A DAY FOR THIRD-CLASS MAINTENANCE IN ALL GOVERNMENT AND SUBVENTED HOSPITALS INCLUDED IN THE SCHEME.+

+TO THIS END,+ HE SAID,+PROVISION HAS BEEN MADE TO BRING THE POK OI AND BUDDHIST HOSPITALS ON A FULL DEFICIENCY GRANT BASIS SO THAT THEIR CHARGE MAY BE BROUGHT INTO LINE.+

ON THE PILOT SCHEME FOR COMMUNITY NURSING, THE FINANCIAL SECRETARY SAID THIS IMPORTANT SERVICE HAD BEEN PIONEERED BY CERTAIN VOLUNTARY AGENCIES WITH SOME SUCCESS AND IT WAS APPROPRIATE THAT SUPPORT SHOULD NOW BE GIVEN FROM PUBLIC FUNDS.

+THE PILOT SCHEME WILL BE ASSESSED BY THE MEDICAL DEVELOPMENT ADVISORY COMMITTEE DURING THE NEXT THREE YEARS WITH A VIEW TO FORMULATING PLANS FOR THE DEVELOPMENT OF THIS SERVICE.+

MR. HADDON-CAVE SAID THAT PLANNING WOULD CONTINUE IN 1977-78 ON THE SHA TIN HOSPITAL AND, WITH THE HELP OF THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE, ON THE NEW MEDICAL AND DENTAL SCHOOLS.

+CONSIDERATION WILL ALSO BE GIVEN TO THE BUILDING OF A NEW BLOOD COLLECTION AND TRANSFUSION CENTRE, AND THE MEDICAL DEVELOPMENT ADVISORY COMMITTEE WILL BE GIVING FURTHER THOUGHT TO THE NEED OF A THIRD NURSES TRAINING SCHOOL,+ SAID THE FINANCIAL SECRETARY.

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GOVT. TO SPEND MORE ON LAW AND ORDER SERVICES
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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, TODAY PROPOSED FURTHER INCREASE IN EXPENDITURE ON LAW AND ORDER SERVICES IN 1977-78 WITH THE INTENTION OF CREATING MORE POSTS IN THE POLICE FORCE.

PRESENTING HIS BUDGET IN THE LEGISLATIVE COUNCIL, MR. HADDON-CAVE SAID THE DRAFT ESTIMATES PROVIDED FOR EXPENDITURE OF \$952 MILLION ON LAW AND ORDER SERVICES IN 1977-78, COMPARED WITH THE REVISED ESTIMATE FOR 1976-77 OF \$791 MILLION.

THE PROPOSED ESTIMATES FOR THESE SERVICES REPRESENT 11.5 PER CENT OF TOTAL EXPENDITURE IN 1977-78.

MR. HADDON-CAVE SAID: +THE POLICE FORCE WILL COST \$658 MILLION IN 1977-78. THIS REPRESENTS AN INCREASE OF \$110 MILLION, OR 20 PER CENT, OVER THE REVISED ESTIMATE FOR 1976-77 OF \$548 MILLION, AND IS ACCOUNTED FOR MAINLY BY OUR INTENTION TO CREATE SOME 1,400 ADDITIONAL POSTS AND TO MAINTAIN THE FORCE AT OR NEAR FULL STRENGTH.

+IF THESE POSTS ARE APPROVED, THE ESTABLISHMENT OF THE FORCE WILL EXCEED 21,800, AN INCREASE OF MORE THAN 2,500 POSTS OVER THE ESTABLISHMENT APPROVED IN THE 1976-77 ESTIMATES.+

HE SAID IT WAS ENCOURAGING TO NOTE THAT THE NUMBER OF VIOLENT CRIMES APPEARED TO BE FALLING FOR THE SECOND CONSECUTIVE YEAR, AND THE GROWTH RATE OF SERIOUS CRIMES GENERALLY ALSO SEEMED TO HAVE BEEN CONTAINED WITH THE HELP OF INCREASED MANPOWER.

+A SUSTAINED EFFORT IS ESSENTIAL IF WE ARE TO REDUCE CRIME FURTHER AND THE GOVERNMENT INTENDS TO EMPLOY ADDITIONAL RESOURCES TO THIS END.+

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MAJOR INVESTMENT IMPLICATIONS OF
TRANSPORT STUDIES
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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, TOLD LEGISLATIVE COUNCIL TODAY THAT THERE WERE TWO TRANSPORT STUDIES WHICH HAD +MAJOR IMPLICATIONS FOR PUBLIC INVESTMENT+ OVER THE NEXT FEW YEARS.

PRESENTING HIS BUDGET FOR 1977/78, MR. HADDON-CAVE SAID THE FIRST WAS THE COMPREHENSIVE TRANSPORT STUDY, COMPLETED AT A COST OF \$10 MILLION LAST NOVEMBER AND DESIGNED TO FORECAST THE FUTURE DEMAND FOR, AND SUPPLY OF, TRANSPORT FACILITIES FOR BOTH PASSENGERS AND FREIGHT OVER THE NEXT 15 YEARS.

A WHITE PAPER ON TRANSPORT POLICY IS NOW BEING DRAFTED IN THE LIGHT OF THE CONSULTANTS' FINDINGS.

THE FINANCIAL SECRETARY INDICATED THAT THE IMPLICATIONS FOR CAPITAL EXPENDITURE COULD BE OF THE ORDER OF \$12,000 MILLION.

THE SECOND STUDY, WHICH IS ABOUT TO START, CONCERNS THE LONG TERM FUTURE OF THE KOWLOON-CANTON RAILWAY.

MEANWHILE, MR. HADDON-CAVE SAID, THE FACILITIES ON THE EXISTING RAILWAY WERE BEING IMPROVED. TO FACILITATE DOUBLE TRACKING, THE ENTIRE TRACK WILL BE REBALLASTED IN STAGES, AND CONSTRUCTION OF A NEW TUNNEL THROUGH BEACON HILL WILL BEGIN IN 1977/78.

AT THE SAME TIME, WORK ON THE KOWLOON-CANTON RAILWAY AND MASS TRANSIT RAILWAY INTERCHANGE STATION AT KOWLOON TONG IS IN AN ADVANCED STAGE OF PLANNING.

REFERRING TO THE HIGHWAYS CONSTRUCTION PROGRAMME, THE FINANCIAL SECRETARY SAID IT WOULD REGAIN MOMENTUM IN THE COMING FINANCIAL YEAR, WITH CONTRACTS ON A NUMBER OF MAJOR PROJECTS HAVING BEEN LET IN 1976/77.

EXPENDITURE IS ESTIMATED TO BE \$255 MILLION IN 1977/78 COMPARED WITH THE REVISED ESTIMATE FOR 1976/77 OF \$215 MILLION, AND WILL RISE TO \$460 MILLION IN 1980/81.

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TELEVISION TALK ON BUDGET BY FINANCIAL SECRETARY
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THE FOLLOWING IS THE TEXT OF THE TALK BY THE FINANCIAL SECRETARY BROADCAST TONIGHT: -

GOOD EVENING,

THIS AFTERNOON I PRESENTED MY SIXTH BUDGET TO THE LEGISLATIVE COUNCIL - THE BUDGET FOR THE FINANCIAL YEAR 1977-78.

I WAS ABLE TO REPORT THAT THE PUBLIC ACCOUNTS AT THE END OF THIS YEAR WILL SHOW A SURPLUS OF AT LEAST \$600 MILLION, RATHER THAN THE DEFICIT OF OVER \$300 MILLION I BUDGETTED FOR. THIS SURPLUS WILL BE ADDED TO OUR RESERVES WHICH WILL, THEREFORE, BE IN A HEALTHIER STATE THAN FOR SEVERAL YEARS. THIS WILL MAKE IT EASIER FOR US TO COPE WITH ANY SHORT TERM DIFFICULTIES WE MAY ENCOUNTER IN THE FUTURE, FOR SHORT TERM DIFFICULTIES SHOULD NOT THROW US OFF COURSE- ALTHOUGH WE MUST ALWAYS ADJUST TO SERIOUS RECESSIONS IN WORLD TRADE.

THERE ARE TWO REASONS FOR THIS RATHER UNEXPECTED SURPLUS IN 1976-77: FIRST, ALTHOUGH TOTAL EXPENDITURE WILL BE NEARLY \$6,900 MILLION OR 13-1/2 PER CENT MORE THAN IN 1975-76, IT WILL BE LESS THAN I BUDGETTED FOR. THIS IS BECAUSE PROGRESS ON CAPITAL PROJECTS HAS NOT PROCEEDED AS FAST AS I HAD EXPECTED AND, ALSO, CONTRACT PRICES HAVE BEEN LOWER THAN ANTICIPATED. SECONDLY, WE HAVE ENJOYED BETTER REVENUE YIELDS THAN I EXPECTED A YEAR AGO LARGELY BECAUSE OF THE SPEED WITH WHICH OUR ECONOMY RECOVERED FROM THE RECESSION FROM MID-1975 ONWARDS.

THUS IN 1976 OUR ECONOMY EXPANDED BY NO LESS THAN 16 PER CENT IN REAL TERMS, THAT IS TO SAY, IN TERMS OF THE OUTPUT OF GOODS AND SERVICES. THIS MEANT THAT, BY THE END OF THE YEAR, EMPLOYMENT IN MANUFACTURING WAS 30 PER CENT HIGHER, AND REAL WAGES WERE 16-1/2 PER CENT HIGHER, THAN AT THE BOTTOM OF THE RECESSION IN MARCH 1975. UNEMPLOYMENT GENERALLY BY THE END OF 1976 HAD BEEN REDUCED TO ITS NORMAL LEVEL OF ABOUT 4-1/2 PER CENT OF THE TOTAL LABOUR FORCE.

SO WE FARED WELL IN 1976, BUT LET US NOT FORGET THAT EXPORTS, EMPLOYMENT AND REAL WAGES, HAVING REACHED A PEAK IN 1973, SLUMPED DRAMATICALLY FOR 18 MONTHS IN 1974 THROUGH TO MID-1975. OUR ESTIMATES OF THE GROSS DOMESTIC PRODUCT REFLECT THIS: AFTER INCREASING BY 14 PER CENT IN 1973, THE ECONOMY GREW VERY SLOWLY IN 1974 AND 1975. AS THE MANAGEMENT OF THE PUBLIC FINANCES MUST BE GEARED TO SUCH FLUCTUATIONS, THE BRAKES HAD TO BE APPLIED IN 1975-76. THIS WAS PARTLY RESPONSIBLE FOR THE RAPIDITY OF OUR ADVANCE IN 1976 FOR WE WERE VIRTUALLY INFLATION FREE AND SO ABLE TO TAKE FULL ADVANTAGE OF SUCH RECOVERY OF WORLD TRADE AS TOOK PLACE.

/ THE QUESTION

THE QUESTION NOW IS: HOW CAN WE VIEW THE NEXT FOUR YEARS? I THINK WE MAY SAFELY ASSUME THAT THE FLUCTUATIONS OF THE PAST FOUR YEARS ARE SAFELY BEHIND US. WE CANNOT EXPECT SUCH A RAPID RATE OF GROWTH IN 1977 AS IN 1976, BUT THE OUTPUT OF GOODS AND SERVICES AS MEASURED BY THE GROSS DOMESTIC PRODUCT SHOULD INCREASE BY ABOUT 7 PER CENT - AND THIS I WOULD REGARD AS MOST SATISFACTORY. CONSUMER PRICES WILL INCREASE A LITTLE FASTER THIS YEAR - PERHAPS BY AS MUCH AS 6 PER CENT COMPARED WITH THE INCREASE OF 3-1/2 PER CENT DURING 1976. BY WORLD STANDARDS THE INCREASE IN PRICES IN 1976 WAS A COMMENDABLE PERFORMANCE AND REFLECTED IN PART THE EXTERNAL STRENGTH OF THE HONG KONG DOLLAR. AFTER 1977 THE LIKELY COURSE OF THE WORLD ECONOMY ON WHICH WE ARE SO DEPENDENT IS NOT CLEAR, BUT UNDUE WORRY IS NOT CALLED FOR AT THIS STAGE. I SUGGEST ALSO THAT WE ARE A LITTLE LESS VULNERABLE TO EXTERNAL FORCES THAN WE USED TO BE SINCE THE PATTERN OF OUR EXPORTS IS BECOMING MORE DIVERSIFIED AND THERE ARE THE BENEFITS ACCRUING FROM THE EMERGING FINANCIAL SECTOR OF OUR ECONOMY.

IT WAS AGAINST THIS BACKGROUND OF SATISFACTORY RESERVES, FAST RECOVERY IN 1976 AND A FORECAST OF CONTINUING GROWTH INTO 1977 THAT I PREPARED THE 1977-78 BUDGET. AFTER CONSIDERING OUR REVENUE PROSPECTS, I DECIDED THAT WE COULD INCREASE PUBLIC EXPENDITURE BY ABOUT 15 PER CENT IN TERMS OF GOODS AND SERVICES, OR BY 20 PER CENT IN PURELY MONEY TERMS. IF WE ACTUALLY MANAGE TO DO THIS WE SHALL HAVE MADE UP FOR THE DELIBERATE SLOW DOWN IN 1975-76 AND THE SOMEWHAT DISAPPOINTING PERFORMANCE IN 1976-77. CERTAINLY, I BELIEVE WE CAN AFFORD THE EXPENDITURE I HAVE BUDGETTED FOR OF \$8,245 MILLION BECAUSE REVENUE IS ESTIMATED AT \$8,412 MILLION. AND, INDEED, I FELT ABLE TO CONSIDER CERTAIN TAX CONCESSIONS WHICH I BELIEVE TO BE DESIRABLE IN THEIR OWN RIGHT FOR SOCIAL AND ADMINISTRATIVE REASONS.

BUT TO LOOK AT THE EXPENDITURE SIDE OF THE BUDGET FIRST: NEARLY 40 PER CENT OR OVER \$3,200 MILLION WILL BE SPENT ON OUR SOCIAL SERVICES INCLUDING HOUSING, EDUCATION, MEDICAL SERVICES AND SOCIAL WELFARE. THIS IS 20 PER CENT MORE THAN WE SHALL SPEND THIS YEAR AND WILL ENABLE US, FOR EXAMPLE, TO COMPLETE NEW PUBLIC HOUSING ACCOMMODATION IN 1977-78 FOR NEARLY 109,000 PEOPLE AND OTHER ESTATES WILL BE IN THE COURSE OF CONSTRUCTION FOR COMPLETION IN LATER YEARS. A START WILL ALSO BE MADE ON THE BUILDING OF 7,200 FLATS FOR SALE UNDER THE GOVERNMENT'S HOME OWNERSHIP SCHEME. MORE THAN 12,000 PRIMARY PLACES WILL BE PROVIDED IN NEW SCHOOLS, MAINLY IN THE NEW TOWNS, AND A FURTHER 3,700 PLACES WILL BE PROVIDED IN SPECIAL SCHOOLS AND SPECIAL CLASSES. THE BUILDING OF 15 NEW SECONDARY SCHOOLS WILL BE STARTED AND 32 NEW SECONDARY SCHOOLS WILL BE COMPLETED - AND, OF COURSE, OUR INTENTION TO PROVIDE EVERY PRIMARY SIX LEAVER WITH A PLACE IN A SECONDARY SCHOOL IN THE PUBLIC SECTOR WILL BE ACHIEVED ON TIME, THAT IS TO SAY, BY SEPTEMBER 1978. AND IN THE FIELD OF SOCIAL WELFARE, PUBLIC ASSISTANCE WILL BE EXTENDED TO ALL ABLE-BODIED UNEMPLOYED ADULTS SUBJECT TO CERTAIN CONDITIONS.

ANOTHER 20 PER CENT OF TOTAL EXPENDITURE OR \$1,670 MILLION WILL BE SPENT ON IMPROVING AND DEVELOPING THOSE SERVICES AND WORKS SO ESSENTIAL TO THE ORDINARY LIFE OF THE COMMUNITY SUCH AS WATER SUPPLIES, VARIOUS CIVIL ENGINEERING WORKS, FIRE SERVICES, ROADS AND TRANSPORT FACILITIES. THIS IS 16 PER CENT MORE THAN WE SHALL SPEND THIS YEAR.

AN AREA OF INTEREST TO US ALL IS LAW AND ORDER. HERE WE SHALL BE SPENDING NEXT YEAR NEARLY \$1,000 MILLION OR NEARLY 12 PER CENT OF THE TOTAL BUDGET. THIS IS 20 PER CENT MORE THAN WE SHALL HAVE SPENT THIS YEAR. AMONG OTHER THINGS, THIS INCREASE WILL ENABLE US TO EXPAND THE POLICE FORCE BY 1,400 MEN AND WOMEN AND MAINTAIN THE FORCE AT OR NEAR FULL STRENGTH. THE GOVERNMENT IS DETERMINED TO CONTINUE THE FIGHT AGAINST VIOLENT CRIME.

THE REVENUE ESTIMATES SHOW THAT WE SHALL BE COLLECTING ABOUT \$170 MILLION MORE THAN WE SHALL NEED TO FINANCE THESE VAST EXPENDITURE PROGRAMMES. AND I SAY VAST BECAUSE LET US NOT FORGET THAT IN THE LAST YEAR OF THE 1960S WE SPENT A MERE ONE QUARTER OF WHAT WE ARE PLANNING TO SPEND IN THE COMING YEAR. BUT, GIVEN THE SATISFACTORY STATE OF OUR RESERVES, I PROPOSED THIS AFTERNOON THAT WE SHOULD FOREGO ABOUT \$130 MILLION WORTH OF NEXT YEAR'S REVENUE IN ORDER TO IMPLEMENT CERTAIN TAX CONCESSIONS AND REFORMS.

IN THE FIRST PLACE, I PROPOSED A RELIEF SCHEME FOR RATEPAYERS WHO, DESPITE THE REDUCTION IN THE TOTAL CHARGE FROM 18 PER CENT TO 11-1/2 PER CENT, WILL BE FACED WITH A SUBSTANTIAL INCREASE IN RATES BECAUSE OF THE INCREASE IN RATEABLE VALUES.

SECONDLY, I PROPOSED IMPROVED BASIC PERSONAL ALLOWANCES AND CHILD ALLOWANCES FOR SALARIES AND PERSONAL ASSESSMENT TAXPAYERS. THE EFFECT WILL BE TO REMOVE 60,000 TAXPAYERS FROM THE TAX NET AND ANOTHER 150,000 MAINLY AT THE LOWER END OF THE TAX RANGE WILL ENJOY SOME BENEFIT. THOSE TAXPAYERS ON ABOUT 3,000 DOLLARS A MONTH WILL ENJOY THE GREATEST BENEFIT.

THIRDLY, I PROPOSED THAT THE MINIMUM SIZE OF ESTATE LIABLE TO ESTATE DUTY SHOULD BE RAISED FROM \$300,000 TO \$400,000.

AND, FINALLY, I PROPOSED THAT CONCESSIONARY RATES OF STAMP DUTY SHOULD APPLY TO MORE PROPERTIES THUS FURTHER ENCOURAGING PEOPLE IN THE LOWER INCOME RANGES TO ACQUIRE THEIR OWN HOMES.

SO THERE IT IS: THAT IS THE BUDGET FOR THE COMING YEAR. I BELIEVE IT WILL ENABLE US TO PROCEED WITH OUR PROGRAMMES WITH ALL DUE SPEED WHILE, AT THE SAME TIME, PROVIDING CERTAIN TAXPAYERS WITH A MEASURE OF RELIEF. I BELIEVE ALSO THE BUDGET IN NO WAY PUTS AT RISK AND, INDEED, WILL HELP TO SECURE THE GROWTH RATE OF OUR ECONOMY IN 1977 AND IT IS THE GOVERNMENT'S HOPE THAT THE BENEFITS OF OUR PROSPERITY WILL BE WIDELY ENJOYED.

PROVISIONAL TRADE FIGURES FOR JANUARY

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THE CENSUS AND STATISTICS DEPARTMENT TODAY PUBLISHED THE PROVISIONAL FIGURES FOR HONG KONG'S EXTERNAL MERCHANDISE TRADE DURING JANUARY 1977. THE VALUE OF DOMESTIC EXPORTS FOR JANUARY WAS \$2,690 MILLION, IMPORTS WERE WORTH \$3,832 MILLION AND RE-EXPORTS \$841 MILLION.

THE FIGURES FOR THE PERIOD NOVEMBER 1976 TO JANUARY 1977 (LATEST THREE MONTHS) SHOWED INCREASES, BY VALUE, COMPARED WITH THE PERIOD NOVEMBER 1975 TO JANUARY 1976 OF 20.2 PER CENT FOR DOMESTIC EXPORTS, 18.7 PER CENT FOR IMPORTS AND 22.8 PER CENT FOR RE-EXPORTS.

COMPARED WITH THE SAME MONTH IN 1976, INCREASES, BY VALUE, OF \$108 MILLION OR 4.2 PER CENT IN EXPORTS, \$595 MILLION OR 18.4 PER CENT IN IMPORTS AND \$111 MILLION OR 15.2 PER CENT IN RE-EXPORTS WERE RECORDED.

THE SHORT TERM CHANGES, JANUARY 1977 COMPARED WITH DECEMBER 1976, SHOWED DECREASES OF \$402 MILLION OR 13.0 PER CENT FOR DOMESTIC EXPORTS AND \$234 MILLION OR 5.8 PER CENT FOR IMPORTS. THE VALUE OF RE-EXPORTS ROSE BY \$29 MILLION OR 3.6 PER CENT.

THE FIGURES FOR THE 12-MONTH PERIOD FROM FEBRUARY 1976 TO JANUARY 1977 COMPARED WITH THOSE OF THE PREVIOUS 12-MONTH PERIOD SHOWED INCREASES, BY VALUE, OF 37.5 PER CENT FOR DOMESTIC EXPORTS, 27.9 PER CENT FOR IMPORTS AND 25.7 PER CENT FOR RE-EXPORTS.

THE FOLLOWING TRADE TABLE GIVES THE COMPARATIVE FIGURES:

LATEST 3 MONTHS	NOVEMBER 1976 TO JANUARY 1977	NOVEMBER 1975 TO JANUARY 1976	INCREASE OR DECREASE	
	\$ MN.	\$ MN.	\$ MN.	%
DOMESTIC EXPORTS	8,573	7,130	+1,443	+20.2
IMPORTS	11,599	9,774	+1,825	+18.7
RE-EXPORTS	2,470	2,012	+ 458	+22.8

/ SAME MONTH

<u>SAME MONTH LAST YEAR</u>	<u>JANUARY 1977</u>	<u>JANUARY 1976</u>	<u>INCREASE OR DECREASE</u>	
	\$ MN.	\$ MN.	\$ MN.	%
DOMESTIC EXPORTS (% OF TOTAL EXPORTS)	2,690 (76.2%)	2,582 (78.0%)	+ 108	+ 4.2
IMPORTS	3,832	3,236	+ 595	+18.4
RE-EXPORTS (% OF TOTAL EXPORTS)	841 (23.8%)	730 (22.0%)	+ 111	+15.2
<u>LAST MONTH</u>	<u>JANUARY 1977</u>	<u>DECEMBER 1976</u>	<u>INCREASE OR DECREASE</u>	
	\$ MN.	\$ MN.	\$ MN.	%
DOMESTIC EXPORTS (% OF TOTAL EXPORTS)	2,690 (76.2%)	3,092 (79.2%)	- 402	-13.0
IMPORTS	3,832	4,066	- 234	- 5.8
RE-EXPORTS (% OF TOTAL EXPORTS)	841 (23.8%)	812 (20.8%)	+ 29	+ 3.6
<u>LAST 12 MONTHS</u>	<u>FEBRUARY 1976 TO JANUARY 1977</u>	<u>FEBRUARY 1975 TO JANUARY 1976</u>	<u>INCREASE OR DECREASE</u>	
	\$ MN.	\$ MN.	\$ MN.	%
DOMESTIC EXPORTS	32,737	23,806	+8,930	+37.5
IMPORTS	43,888	34,302	+9,586	+27.9
RE-EXPORTS	9,039	7,188	+1,851	+25.7

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DECLARATION OF 1977-78 VALUATION LIST

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THE VALUATION LIST FOR 1977-78 WILL BE DECLARED BY THE COMMISSIONER OF RATING AND VALUATION, MR. R.A. FRY, TOMORROW (THURSDAY).

THE LIST COVERS 28 AREAS OF HONG KONG HITHERTO SPECIFIED FOR RATING, INCLUDING EIGHT IN THE NEW TERRITORIES NEWLY BROUGHT INTO RATING IN ACCORDANCE WITH THE POLICY OF EXTENDING RATING FURTHER IN THE NEW TERRITORIES.

THE VALUATION LIST FOR 1977-78 IS THE LARGEST EVER, COMPRISING 287 VOLUMES CONTAINING SOME 450,000 ASSESSMENTS WITH A TOTAL RATEABLE VALUE OF ABOUT \$9,150 MILLION.

FOLLOWING THE DECLARATION, THE LIST WILL BE DELIVERED TO THE DIRECTOR OF ACCOUNTING SERVICES, MR. F. CRABB WHO, AS COLLECTOR OF RATES, IS RESPONSIBLE FOR THE COLLECTION OF RATES AND FOR PAYING THE URBAN COUNCIL ITS RATE.

THE LIST WILL BE ON DISPLAY DURING NORMAL OFFICE HOURS FOR A PERIOD OF 21 DAYS COMMENCING ON SATURDAY (MARCH 5) AT THE OFFICE OF THE COLLECTOR OF RATES IN HANG CHONG BUILDING, 5 QUEEN'S ROAD CENTRAL, 2ND FLOOR, ROOM 202.

COMMENTING ON THIS, A SPOKESMAN FOR THE RATING AND VALUATION DEPARTMENT SAID THAT DURING THIS PERIOD OF 21 DAYS ANY PERSON WHO DISAGREES WITH AN ENTRY OR OMISSION OF A TENEMENT IN OR FROM A LIST, OR THE RATEABLE VALUE ASSESSED, MAY SERVE ON THE COMMISSIONER OF RATING AND VALUATION A PROPOSAL TO ALTER THE LIST.

ANY SUCH PROPOSAL MUST BE IN THE SPECIFIED FORM (R20A). COPIES OF SUCH FORMS ARE OBTAINABLE AT THE DEPARTMENT'S OFFICES AT 1 GARDEN ROAD (TEL. 5-249021) AND NEW MERCURY HOUSE, 17TH FLOOR, 22 FENWICK STREET, HONG KONG (TEL. NO. 5-281424).

WHEN A PROPOSAL IS MADE TO ALTER AN ENTRY IN THE VALUATION LIST, THE COMMISSIONER WILL HAVE THE ASSESSMENT RE-EXAMINED BY A SENIOR PROFESSIONAL OFFICER, WHO WILL ALSO SIGN THE NOTICE OF DECISION. IF THE PERSON WHO MADE THE PROPOSAL IS NOT PREPARED TO ACCEPT THIS DECISION HE/SHE MAY LODGE AN APPEAL WITH THE LANDS TRIBUNAL.

THE SPOKESMAN ADDED THAT PERSONS DISSATISFIED WITH THEIR ASSESSMENTS AND INTENDING TO LODGE A PROPOSAL ARE INVITED TO FIRST GET IN TOUCH WITH THE VALUER RESPONSIBLE FOR THE AREA IN WHICH THE PREMISES ARE SITUATED, WHEN ASSISTANCE AND ADVICE WILL GLADLY BE GIVEN. GENERALLY, ENQUIRIES IN THIS RESPECT SHOULD BE DIRECTED TO NEW MERCURY HOUSE BUT THOSE IN RESPECT OF PREMISES SITUATED IN THE NEW TERRITORIES SHOULD BE MADE AT 1 GARDEN ROAD.

IT WAS EMPHASISED THAT, NOTWITHSTANDING THE LODGING OF A PROPOSAL OR AN APPEAL, RATES MUST BE PAID BY THE DUE DATE. IN THE CASE OF RATE DEMANDS FOR THE SECOND QUARTER 1977 THIS MEANS THAT PAYMENT MUST BE MADE BY THE END OF APRIL. ANY SUCH PAYMENTS MADE AFTER THE END OF APRIL WILL BE SUBJECT TO A SURCHARGE. HOWEVER, IF THE RATEABLE VALUE IS SUBSEQUENTLY REDUCED, AN ADJUSTMENT WILL BE MADE EFFECTIVE FROM APRIL 1, 1977.

WEDNESDAY, MARCH 2, 1977

- 25 -

KOWLOON WALK FOR A MILLION TRAFFIC ARRANGEMENTS
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SPECIAL TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED FOR THE KOWLOON +WALK FOR A MILLION+ WHICH WILL TAKE PLACE ON SUNDAY, MARCH 6.

PO LAM ROAD, THE UNNAMED LINK ROAD BETWEEN SAU MAU PING ROAD AND ANDERSON ROAD, AND THE SECTION OF ANDERSON ROAD BETWEEN THE UNNAMED LINK ROAD AND PO LAM ROAD WILL BE CLOSED TO ALL VEHICULAR TRAFFIC EXCEPT FRANCHISED BUSES AND EMERGENCY VEHICLES FROM 7.30 A.M. TO 2 P.M.

THE NORTHBOUND CARRIAGEWAY OF JUNK BAY ROAD FROM LEI YUE MUN ROAD TO SAU MAU PING ROAD WILL BE TEMPORARILY CLOSED TO VEHICULAR TRAFFIC FOR THE WALKERS.

TWO-WAY TRAFFIC WILL BE MAINTAINED ON THE SOUTHBOUND CARRIAGEWAY.

A TRANSPORT DEPARTMENT SPOKESMAN URGED MOTORISTS IN RENNIE'S MILL, KO CHIU ROAD, SHUNG SHUN STREET, KO FAI ROAD, CHA KWO LING ROAD, YAU TONG ROAD AND LEI YUE MUN ROAD TO DRIVE WITH EXTRA CARE AND TO GIVE WAY TO PARTICIPANTS OF THE WALK.

POLICE WILL BE ON HAND TO GUIDE TRAFFIC.

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WATER CUT
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WATER SUPPLY TO A NUMBER OF PREMISES IN TSUEN WAN WILL BE TURNED OFF FOR FIVE HOURS FROM 1 A.M. ON FRIDAY (MARCH 4) TO ALLOW THE WATER SUPPLIES DEPARTMENT TO CARRY OUT A NIGHT LEAKAGE TEST.

THE AREA AFFECTED IS BOUNDED BY CASTLE PEAK ROAD, SHA TSUI ROAD, TAI CHUNG ROAD, THE SEAFRONT AND PUN SHAN STREET, INCLUDING CHAI WAN KOK STREET.

ON THE SAME DAY, WATER SUPPLY TO A NUMBER OF PREMISES IN CHAI WAN WILL BE TURNED OFF FOR EIGHT HOURS FROM 10 P.M.

THIS IS TO ENABLE THE WATER SUPPLIES DEPARTMENT TO CARRY OUT CERTAIN WORK IN THE AREA.

AFFECTED WILL BE NOS. 395-399 CHAI WAN ROAD, ALL FACTORY BUILDINGS IN ON YIP STREET AND SUN YIP STREET, CHAI WAN RECLAMATION CLASS II LICENSED AREA NOS. 3 AND 4, THE CHINA MOTOR BUS COMPANY DEPOT AND THE CALTEX OIL CO. LTD.

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