



DAILY INFORMATION BULLETIN

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SIR JOHN CAUTIOUS AGAINST UNDUE OPTIMISM

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THE GOVERNMENT MUST BE PRUDENT AND CAREFUL IN ALL ITS FINANCIAL, ECONOMIC AND BUDGETARY POLICIES AS HONG KONG WAS STILL VERY EXPOSED TO EXTERNAL FORCES OVER WHICH IT HAD NO CONTROL, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

WINDING UP THE RESUMED BUDGET DEBATE, SIR JOHN CAUTIONED AGAINST UNDUE OPTIMISM OR COMFORTING BELIEF THAT ALL HIS PROJECTIONS WERE OVER CONSERVATIVE.

+I BELIEVE IT IS NOW EVIDENT TO MOST PEOPLE WHAT ARE THE GOVERNMENT'S AIMS, HOW WE HAVE SET OUT TO ACHIEVE THEM AND WHAT IS OUR RATE OF SUCCESS,+ HE SAID.

REPLYING TO POINTS RAISED DURING THE DEBATE, THE FINANCIAL SECRETARY AGREED THAT FRESH INDIRECT TAXATION OF INDULGENCIES MIGHT PROVE INCREASINGLY CONTENTIOUS AND DIFFICULT TO IMPLEMENT.

+THE LOGICAL END OF THIS PARTICULAR ROAD IS A GENERAL SALES TAX OR VAT, BOTH OF WHICH I SHOULD PREFER TO AVOID. IT MUST BE ADMITTED, HOWEVER, THAT OTHER FLOURISHING ECONOMIES EMBRACE THEM WITHOUT OBVIOUS DAMAGE TO THEIR STRUCTURES, SO I SUPPOSE THAT WE SHOULD AT LEAST REMAIN OPEN-MINDED.

+AGAIN I EMPHASISE MY HOPE THAT MORE REAL INCREASES CAN BE AVOIDED. BUT THE KEY FACTOR IS THE 179 PER CENT OF GDP REPRESENTED BY OUR TRADE. WE ARE VULNERABLE ALWAYS TO EXTERNAL SHOCKS,+ HE SAID.

ON VARIOUS SUGGESTIONS FOR POSSIBLE NEW TAX MEASURES, SIR JOHN SAID HE DID NOT LIKE THE IDEA OF A FLAT IMPORT TAX.

+OUR FREE PORT STATUS HAS SERVED US WELL AND THE GOVERNMENT WILL NOT LIGHTLY CAST IT ASIDE. IF NEEDS MUST, HOWEVER, THE POSSIBILITY EXISTS.+

ON SUGGESTIONS TO CHARGE FOR CHINA PASSENGER TRANSIT FACILITIES, SIR JOHN SAID HIS CONCERN WAS SENSITIVE TIMING OF IMPLEMENTATION.

HE ADDED THAT HE HAD CAREFULLY CONSIDERED A TAX ON ADVERTISING BUT HAD REJECTED THE IDEA FOR THIS YEAR FOR THREE MAIN REASONS.

+FIRSTLY, IT WOULD UNDOUBTEDLY INFLICT FINANCIAL DAMAGE ON PRESS AND TELEVISION AND COULD THEN BE TAKEN AS A DELIBERATE AND UNTIMELY ATTACK ON FREEDOM OF EXPRESSION.

+SECONDLY, WHILE I DO NOT DUCK A FIGHT, THE SHRILL CRIES FROM THE COSMETICS AND SOFT DRINKS LOBBIES WOULD SEEM BUT A FAINT PIPING IN THE DISTANCE COMPARED WITH THE TRUMPETING WHICH THE ADVERTISING INDUSTRY WOULD PRODUCE.

+THIRDLY, IT WAS NOT NECESSARY OR RATHER SEEMED TO HAVE LESS MERIT THAN MY OTHER PROPOSALS,+ HE SAID.

THE FINANCIAL SECRETARY SAID HE WAS AGAINST ANY APPRECIABLE CHARGES TO THE TAXATION OF BUSINESS FRINGE BENEFITS BECAUSE THEY WOULD BE DIFFICULT TO ADMINISTER AND WOULD NOT BE VERY PRODUCTIVE OF REVENUE; THEY WOULD BE MOST UNPOPULAR, PARTICULARLY WITH THOSE CONSIDERING NEW INVESTMENT FROM OVERSEAS INVOLVING POSTINGS; THEY WOULD FALL HEAVIEST ON THE 28 000 WHO ALONE PAID TAX AT THE TOP RATE OF 17 PER CENT; AND THEY WOULD THUS BE A FORM OF INCREASED SALARIES TAX.

+SHOULD THERE BE SIGNS OF ABUSE, HOWEVER, THE GOVERNMENT WOULD BE READY TO RECONSIDER ITS POSITION,+ HE SAID.

ON PRIVATISATION OF SERVICES, THE FINANCIAL SECRETARY SAID HE WAS NOT OPPOSED TO THE IDEA PER SE.

+MEMBERS WILL HAVE NOTED THE ADMINISTRATION'S APPROACH TO THE FINANCING OF THE TUEN MUN LIGHT RAIL SYSTEM, THE EASTERN HARBOUR CROSSING, AND THE HONG KONG NUCLEAR INVESTMENT CO,+ HE SAID.

+ANYTHING NEW THAT CAN PROPERLY BE DONE BY THE PRIVATE SECTOR, SHOULD BE.

+IT MUST, HOWEVER, BE REMEMBERED THAT WE HAVE TO BALANCE THE ATTRACTIONS THAT PRIVATISATION MAY SEEM TO OFFER IN SOME EXISTING AREAS AGAINST BOTH THE MORALE OF THE CIVIL SERVICE AND THE CONSIDERABLE COSTS OF AND MANAGEMENT TIME INVOLVED IN DISESTABLISHMENT.

+THE STABILISATION OF THE SIZE OF THE CIVIL SERVICE HAS INTRODUCED A NEW FACTOR. IT MUST REQUIRE REDEPLOYMENT, WHICH PRIVATISATION COULD FURTHER WITHOUT AFFECTING EMPLOYMENT PROSPECTS.

+A DEGREE OF CONTRACTING OUT OF SERVICES, ESPECIALLY NEW SERVICES, PRESENTS LESS OBVIOUS DIFFICULTIES AND MUST INDEED ALWAYS BE CONSIDERED,+ HE SAID.

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PROSPECT OF BALANCED BUDGET MUCH CLOSER -- FS
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THE PROSPECT OF A BALANCED BUDGET NEXT YEAR WAS MUCH CLOSER WITH THE REVISED ESTIMATES FOR 1984-85 SHOWING IMPROVED YIELDS FROM PROFITS TAX, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, TOLD THE LEGISLATIVE COUNCIL TODAY.

CONCLUDING THE DEBATE ON THE SECOND READING OF THE APPROPRIATION BILL, SIR JOHN SAID THIS IMPROVEMENT GAVE HIM THE OPPORTUNITY TO TRANSFER AN ADDITIONAL \$500 MILLION TO THE CAPITAL WORKS RESERVE FUND.

/+THIS WILL

+THIS WILL LEAVE THE FUND WITH IMPROVED BALANCES AT THE END OF 1984-85 PROVIDING A FURTHER USEFUL CUSHION TO CARRY INTO 1985-86, AND ENABLING ME TO REDUCE TRANSFERS IN FUTURE YEARS.

+THE EFFECT IS TO REDUCE SLIGHTLY THE EXPECTED DEFICIT ON GENERAL REVENUE ACCOUNT FOR 1984-85 (EXCLUDING THE BOND ISSUE) FROM \$1 757 MILLION INDICATED IN MY BUDGET SPEECH TO \$1 695 MILLION - SAY \$1.7 BILLION,+ SIR JOHN SAID.

TURNING TO REVISED ECONOMIC PROSPECTS FOR 1985, SIR JOHN SAID THERE HAD BEEN NOTEWORTHY DEVELOPMENTS IN EXCHANGE RATES AND DOMESTIC EXPORTS.

+BECAUSE OF OUR LINKED EXCHANGE RATE SYSTEM, IF THE RECENT DOWNWARD MOVEMENT OF THE U.S. DOLLAR WERE SUSTAINED IT SHOULD MEAN THAT DOMESTIC EXPORTS WILL BE ABLE TO REGAIN SOME OF THE PRICE COMPETITIVENESS THEY HAVE LOST OVER THE PAST YEAR OR SO,+ HE SAID.

HE POINTED OUT THAT DOMESTIC EXPORTS TO THE UNITED STATES AND TO THE MAJOR EUROPEAN MARKETS IN THE FIRST TWO MONTHS OF THIS YEAR WERE LOWER THAN WAS EXPLICIT IN HIS FORECAST.

+DOMESTIC EXPORTS TO CHINA ON THE OTHER HAND HAVE BEEN CONSIDERABLY HIGHER,+ HE SAID.

+INCREASING TRADING AND OTHER ECONOMIC LINKS WITH CHINA ARE THUS PROVIDING OUR ECONOMY WITH AN IMPORTANT NEW SOURCE OF GROWTH.+

+AS REGARDS DOMESTIC DEMAND, MY FORECAST FOR PRIVATE CONSUMPTION EXPENDITURE MAY TURN OUT TO BE CONSERVATIVE IF CONSUMER CONFIDENCE CONTINUES TO GROW,+ HE SAID.

TURNING TO INFLATION, SIR JOHN SAID THE PRESENT RATE OF AROUND FOUR PER CENT MADE HIS FORECAST OF 5.5 PER CENT ON AVERAGE FOR 1985 SEEM PESSIMISTIC.

+IT ALLOWS, HOWEVER, FOR SOME DEPRECIATION OF THE HONG KONG DOLLAR AGAINST OTHER MAJOR CURRENCIES DURING THE YEAR AND FOR A MILD INFLATIONARY IMPACT OF THE TAX CHANGES IN MY BUDGET.

+DESPITE THE UNFAVOURABLE CONSEQUENCES FOR INFLATION, SOME DEPRECIATION OF THE HONG KONG DOLLAR WOULD BE USEFUL IN RESTORING THE COMPETITIVENESS OF OUR EXPORTS,+ HE SAID.

IN CONCLUSION, SIR JOHN SAID WHILE HE ACCEPTED ON BALANCE THAT THERE MIGHT NOW BE A HIGHER RISK OF THE ACTUAL GROWTH OF DOMESTIC EXPORTS IN 1985 NOT REACHING HIS FORECAST OF 11 PER CENT, IT WAS FAR TOO EARLY TO CONTEMPLATE REVISING EITHER THAT FORECAST OR THAT FOR THE GDP OF SEVEN PER CENT.

+THE APPROPRIATE TIME FOR ANY REVISIONS THAT MAY BE NECESSARY WILL BE MY MID-YEAR REVIEW IN SEPTEMBER,+ HE SAID.

BUDGETARY FORECASTS COULD BE MISLEADING

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THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID HE WOULD NOT MAKE LONG TERM BUDGETARY FORECASTS BECAUSE HE BELIEVED THAT THESE FORECASTS +IN EXPOSED AND VOLATILE HONG KONG COULD BE SERIOUSLY MISLEADING+.

SIR JOHN WAS SPEAKING AT THE RESUMED BUDGET DEBATE TODAY WHEN HE SAID IT WAS AS YET UNCLEAR WHETHER THE GOVERNMENT WOULD CONSIDER NEXT YEAR FURTHER REAL INCREASES IN TAXATION AS OPPOSED TO MAINTENANCE OF YIELD, OR WHETHER INCREASED REVENUE IN REAL TERMS WOULD FLOW SUFFICIENTLY FROM INCREASED PROSPERITY.

+IT IS NOT DIFFICULT TO ASSUME MY PREFERENCE. AN END TO THE RESTRUCTURING PROCESS WOULD BE A MARVELLOUS TONIC. BUT WE MUST WAIT AND SEE.

+WE LIVE IN AN UNCERTAIN WORLD WHICH SAVAGELY PENALISES DOGMATISM. THIS IS ONE REASON WHY, UNLIKE MISS LYDIA DUNN AND MISS MARIA TAM, I BELIEVE THAT LONG TERM BUDGETARY FORECASTS IN EXPOSED AND VOLATILE HONG KONG COULD BE SERIOUSLY MISLEADING. I WILL NOT MAKE THEM,+ HE SAID.

POINTING OUT THAT +ALL TAXATION HAS BEEN UNPOPULAR SINCE THE BEGINNING OF TIME+ AND ECHOING MISS DUNN'S VIEW THAT +A DEGREE OF INEQUITY IS INEVITABLE+, SIR JOHN NOTED THAT IN HONG KONG IT WAS NORMALLY TO MEET ESSENTIAL GOVERNMENT EXPENDITURE.

+GIVEN THAT IN OUR PARTICULAR CIRCUMSTANCES BUDGETS MUST PRUDENTLY BE BALANCED OVER A CYCLE OF YEARS, THE VIEWS OF THE PEOPLE OF HONG KONG MUST BE HEARD WITH REGARD TO ACCEPTABLE APPROACHES TO REVENUE AND EXPENDITURE.

+BUT NOTHING COMES FREE. HIM NOT ME IS NO CRITERION. IF WE ARE TO AVOID HIGH DIRECT TAXATION, IT WILL ALWAYS BE ESSENTIAL TO HOLD DOWN VIGOROUSLY THE GROWTH OF PUBLIC SECTOR EXPENDITURE.

+DESPITE MISS DUNN'S CONCERN, IT HAS INDEED BEEN CONTAINED SIGNIFICANTLY BELOW GDP GROWTH IN RECENT YEARS.

+BUT IN A PROSPERING HONG KONG PROPER GROWTH THERE MUST ALSO BE, PROVIDED ONLY THAT IT IS ALWAYS SUBJECT TO GDP GROWTH; AND CLEARLY IT MUST BE PAID FOR SOMEHOW,+ HE SAID.

+THE SOMEHOW INVOLVES APPROPRIATE TAXES. I HAVE DONE MY BEST, BUT I CANNOT SUIT EVERY VESTED INTEREST,+ HE SAID.

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PUBLIC SPENDING IS 16 PER CENT OF GDP

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HONG KONG'S PUBLIC SECTOR EXPENDITURE AS A PERCENTAGE OF GDP, AT 16 PER CENT, WOULD BE BY FAR THE LOWEST IN THE COMPARABLE WORLD, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMIDGE, SAID TODAY.

+THE NEXT LOWEST IS JAPAN AT 34.5 PER CENT,+ SIR JOHN SAID IN CONCLUDING THE DEBATE ON THE SECOND READING OF THE APPROPRIATION BILL.

+AS A BROAD BRUSH COMMENT, I DO NOT MYSELF BELIEVE THAT OURS CAN REASONABLY GO MUCH LOWER WHILE OUR ECONOMY AND THE CREATION OF WEALTH FLOURISH, THUS GIVING RISE TO GROWING AND ENTIRELY PROPER ASPIRATIONS WITH REGARD TO THE PROVISION OF BETTER CENTRAL SERVICES.

+PRIVATE AFFLUENCE AND PUBLIC SQUALOR SHOULD NOT CO-EXIST. TIME AND AN INCREASINGLY REPRESENTATIVE GOVERNMENT WILL DECIDE,+ SIR JOHN SAID.

THUS HE COULD NOT AGREE WITH SUGGESTIONS FOR BASING THE BUDGET ON REVENUE, SIR JOHN SAID.

EXCEPT IN EMERGENCY, SIGNIFICANT ADDITIONAL CUTS IN CURRENT LEVELS OF GOVERNMENT EXPENDITURE, FOR EXAMPLE ON HOUSING, SOCIAL WELFARE, EDUCATION OR HEALTH WOULD APPEAR UNFAIR AND INDEED UNNECESSARY, HE SAID.

+RESERVES OF TAXABILITY ARGUABLY DO EXIST. I CERTAINLY HOPE THAT IT WILL REMAIN POSSIBLE TO HOLD OUR TAXES AT THEIR LOW CURRENT LEVEL. THIS IS A KEY TO GROWTH. BUT THERE HAS ALSO TO BE A SENSE OF BALANCE AND JUSTICE.

+WHILE OUR OBVIOUS AND GROWING PROSPERITY CONTINUES I DO NOT BELIEVE THAT MANY WOULD SUPPORT CUTTING MAJOR GOVERNMENT PROGRAMMES FURTHER RATHER THAN (IF NECESSARY) MODERATELY INCREASING THE TAX BURDENS OF THOSE WHO CAN BEAR THEM BEST OR WHO ARE REASONABLY GIVEN A CHOICE OF INDIRECT TAXATION.

+TO PROCEED OTHERWISE WOULD ARGUABLY NOT BE FAIR TO THE COMMUNITY AS A WHOLE. NO ONE, HOWEVER, SHOULD CONCLUDE THAT I BELIEVE THAT NEW REAL TAXATION IS INEVITABLE. I DO NOT. IT DEPENDS ON FUTURE CIRCUMSTANCES, THOUGH YIELDS MUST BE MAINTAINED IN REAL TERMS. NOR SHOULD WE DISCARD THE POSSIBILITY OF SOME REDUCTION IN TAXATION. IT MAY SEEM UNLIKELY NOW BUT IT HAS HAPPENED BEFORE,+ SIR JOHN SAID.

SIR JOHN AGREED WITH THE VIEW ON THE NEED TO RESTRAIN THE GROWTH OF PUBLIC EXPENDITURE AND TO BALANCE THE BUDGET.

/+AS THE

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+AS THE GOVERNMENT'S MOVES TO THIS END SINCE THE COLLAPSE OF THE LAND BOOM HAVE SO FAR BEEN SUCCESSFUL, I DID EXPECT ENCOURAGEMENT THIS YEAR. I GOT IT, BUT WITH MORE GROUSING,+ HE SAID.

NEVERTHELESS, HE SAID, THE GOVERNMENT WOULD SEEMINGLY HAVE RESTRAINED PUBLIC SECTOR EXPENDITURE BY OF THE ORDER OF \$8.5 BILLION THIS YEAR IN THE PAINFUL COURSE OF THE MAJOR RESTRUCTURE WHICH HAD TAKEN PLACE OVER THE LAST THREE YEARS AND WHICH HE HOPED MIGHT WITH GOOD FORTUNE BE CONCLUDED NEXT YEAR IN THE SHAPE OF A BALANCED BUDGET.

+THE DOWNWARD MOVEMENT OF THE RELATIVE SIZE OF THE PUBLIC SECTOR IS FROM 19.1 PER CENT IN 1982-83 TO 18.6 IN 1983-84. IN 1984-85 IT WILL BE A REVISED 16.2 PER CENT AND I STICK TO MY ESTIMATE OF 16 PER CENT FOR THIS FINANCIAL YEAR,+ HE SAID.

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GOVERNMENT ACCOUNTING SYSTEM EXPLAINED

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THE HONG KONG GOVERNMENT'S SYSTEM OF +CASH+ -- THAT IS TO SAY, +RECEIPTS AND PAYMENTS+ -- ACCOUNTING WAS THE SAME AS THAT OF MOST, IF NOT ALL, OTHER GOVERNMENTS, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE POINTED OUT TODAY.

HE WAS REPLYING TO QUESTIONS ABOUT THE ACCOUNTING SYSTEM OF VARIOUS ITEMS, WHICH HE SAID APPARENTLY STEMMED FROM A MISUNDERSTANDING OF THE PURPOSE OF THE GOVERNMENT ACCOUNTING SYSTEM.

THE SYSTEM REQUIRED THAT ALL PAYMENTS BE MADE IN ACCORDANCE WITH THE PROVISIONS OF THE PUBLIC FINANCE ORDINANCE, WHICH HAD BEEN UNANIMOUSLY CONSENTED TO BY THIS COUNCIL AND BROUGHT INTO FORCE ON APRIL 1, 1983, HE SAID.

+IT IS A SYSTEM OF ACCOUNTING DESIGNED PRIMARILY TO SERVE THE PURPOSE OF CONTROL BY THE LEGISLATURE. THE ACCRUALS SYSTEM USED IN THE ACCOUNTS OF A NORMAL COMMERCIAL OPERATION WOULD NOT MEET THIS PURPOSE,+ SIR JOHN SAID.

THE STATEMENT OF ASSETS AND LIABILITIES CONSEQUENTLY SHOWED THE CASH ASSETS AND LIABILITIES OF THE GOVERNMENT. THE DIFFERENCE BETWEEN THE TOTAL ASSETS AND TOTAL LIABILITIES WAS SHOWN AS THE GENERAL REVENUE BALANCE ACCOUNT, ON THAT STATEMENT. THAT BALANCE, WHICH WAS THE SUM OF ACCUMULATED CASH SURPLUSES LESS CASH DEFICITS, WAS AVAILABLE FOR APPROPRIATION BY THE COUNCIL FOR EXPENDITURE ON GOVERNMENT SERVICES.

/+THIS EXPLAINS

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+THIS EXPLAINS THE TREATMENT OF THE GOVERNMENT'S EQUITY INVESTMENT IN THE MTRC, WHICH IS NOT IN A FORM WHICH CAN BE EASILY CONVERTED INTO CASH. EVEN IF IT WERE, IT SHOULD NOT BE INCLUDED AS AN ASSET IN THE STATEMENT OF ASSETS AND LIABILITIES BECAUSE IT IS INTENDED AS A PERMANENT INVESTMENT AND, THEREFORE, IS NOT AVAILABLE FOR APPROPRIATION BY THIS COUNCIL,+ HE SAID.

+TO CONCLUDE BY WAY OF CONSOLIDATION 'CASH' WHICH HAS BEEN PREVIOUSLY APPROPRIATED BY THIS COUNCIL TO OTHER FUNDS BUT NOT YET EXPENDED, AND THE RETAINED EARNINGS OF THESE FUNDS, WOULD CLEARLY DEFLECT FROM THE MAIN PURPOSE OF THE STATEMENT OF ASSETS AND LIABILITIES,+ SIR JOHN SAID.

THE FINANCIAL SECRETARY SAID IT WAS ACCEPTED THAT THE CAPITAL WORKS RESERVE FUND WAS TREATED SOMEWHAT DIFFERENTLY IN THIS RESPECT FROM OTHER FUNDS.

+THIS IS BECAUSE FOR FUND MANAGEMENT PURPOSES IT PROVED DESIRABLE FOR ALL TRANSACTIONS RELATING TO THIS FUND TO BE PROCESSED THROUGH THE MAIN TREASURY BANK ACCOUNT.

+IT IS, HOWEVER, ACCOUNTED FOR AND IDENTIFIED QUITE SEPARATELY ON THE STATEMENTS OF ASSETS AND LIABILITIES AND IS CLEARLY EXCLUDED FROM THE BALANCE AVAILABLE FOR APPROPRIATION,+ HE SAID.

SIR JOHN SAID A SEPARATE ACCOUNT WAS, HOWEVER, STILL KEPT FOR THE CAPITAL WORKS RESERVE FUND, AS WAS THE CASE FOR THE DEVELOPMENT LOAN FUND, HOME OWNERSHIP FUND AND STUDENT LOAN FUND.

+THESE ARE INCLUDED IN THE ANNUAL REPORT OF THE DIRECTOR OF ACCOUNTING SERVICES AS IS THE STATEMENT OF ASSETS AND LIABILITIES.

+THIS REPORT ALSO PROVIDES AMONG OTHER THINGS A STATEMENT OF OUTSTANDING LOANS MADE FROM REVENUE, A STATEMENT OF ASIAN DEVELOPMENT BANK LOANS TO THIS GOVERNMENT AND A STATEMENT OF PUBLIC DEBT,+ HE SAID.

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MORE MERIT IN INDIRECT TAX SPREAD
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A SPREAD OF TAXATION ON AN INDIRECT BASIS, APPLIED WHERE POSSIBLE TO INDULGENCIES NOT NECESSITIES, HAS MORE MERIT THAN UNTOWARD CONCENTRATION ON FURTHER DIRECT TAXATION.

THIS WAS STATED BY THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE WHEN REPLYING TO POINTS ON INDIRECT TAX PROPOSALS IN THE LEGISLATIVE COUNCIL TODAY.

/POINTING OUT

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POINTING OUT THAT THE EXPECTED YIELD IN 1985-86 FROM THE REINTRODUCED DUTIES ON COSMETICS AND SOFT DRINKS WAS \$310 MILLION, SIR JOHN SAID IT WOULD BE POSSIBLE TO SECURE THE SAME OVERALL BUDGETARY RESULTS BY INCREASES IN DIRECT TAX BUT THESE WOULD BE +QUITE UNINTELLIGENT+ IN PRESENT CIRCUMSTANCES.

+NO ONE LIKES THESE NEW DUTIES. I DO NOT. THERE IS, HOWEVER, NO UNOBJECTIONABLE WAY OF RAISING REVENUE. AND IT MUST BE RAISED IF WE ARE TO BALANCE THE BUDGET.

AGAINST THIS BACKGROUND, SIR JOHN SAID HIS JUDGEMENT ABOUT THE MERITS IN 1985-86 OF A MODERATE INCREASE IN INDIRECT TAXATION SEEMED TO HAVE BEEN BROADLY ACCEPTED THOUGH IMPLEMENTATION WAS ANOTHER MATTER.

+GIVEN FULL EMPLOYMENT AND RISING REAL WAGES MOST MEMBERS AND THE PUBLIC IN GENERAL MAY FIND IT AS HARD AS I TO DO MORE THAN SYMPATHISE WITH THE SOFT DRINK AND COSMETIC LOBBIES, WHO LOUDLY CLAIM UNFAIR DISCRIMINATION.

+ALL TAXES AND DUTIES ARE DISCRIMINATORY. LIKE OTHER GOVERNMENTS WE ALREADY DISCRIMINATE SELECTIVELY AGAINST ALCOHOL, CIGARETTES, PETROL AND DIESEL OIL, CARS, CINEMA GOERS, SHARE TRANSFERS, HORSE BETTING - AND INDEED THE ECONOMICALLY SUCCESSFUL,+ SIR JOHN SAID.

HE SAID HE DID NOT GIVE CREDENCE TO HEADLINE WINNING EXAGGERATION BUT ADMITTED THAT +HARD CASES ARE BOUND TO ARISE+, +SELECTIVITY WAS DIFFICULT+ AND +ACCURATE DEFINITIONS WERE ESSENTIAL+.

+BUT AGAIN CLAIMS ON BEHALF OF ONE PARTICULAR POPULAR BEVERAGE THAT ON GROUNDS OF NUTRITIONAL VALUE SOYA BEAN DRINK SHOULD BE GIVEN PREFERENTIAL TAX TREATMENT OVER ITS COMPETITORS COULD LEAD TO THE CONCLUSION THAT ONE POPULAR BRAND OF STOUT WHICH ADVERTISES THAT IS GOOD FOR YOU, SHOULD ALSO BE TAX FREE.

+NOR IS A TAX OF 15 CENTS ON A CARTON DRAMATIC OR LIKELY TO DEPRESS DEMAND FOR LONG. MOREOVER THERE ARE SEVERAL COMPETITIVE SOYA BASED DRINKS, FOR WHICH SIMILAR CLAIMS COULD BE MADE,+ HE NOTED.

SIR JOHN WENT ON TO POINT OUT THAT THE SOFT DRINK MANUFACTURERS, WHILE PROTESTING LOUDLY, HAVE TAKEN THE OPPORTUNITY OF RECOMMENDING THE ADDITON OF 50 PER CENT TO THE TAX, OR 10 CENTS A CAN, THEMSELVES.

+TO THE EXTENT THAT THIS DELAYS A RETURN OF DEMAND THEY HAVE ONLY THEMSELVES TO BLAME. AVAILABILITY OF PARALLEL IMPORTS WILL KEEP PRICES REASONABLE,+ HE SAID, ADDING THAT BOTTLES OF SOFT DRINKS WERE CHEAPER THAN ALUMINIUM CANS BY MORE THAN THE NEW TAX AND THE OPTION WAS THERE.

/MOVING ON

MOVING ON TO COSMETIC DUTIES, THE FINANCIAL SECRETARY REITERATED THAT THE YIELD FROM THE DUTIES WAS ESSENTIAL TO THE UNDERLYING BUDGETARY STRATEGY AND OTHER ALTERNATIVES OFFERED MORE DISADVANTAGES.

HE SAID HE SYMPATHISED ALSO WITH THOSE WHO USED COSMETICS AND NOT UNREASONABLY DISLIKED THE PROSPECT OF PAYING A LITTLE MORE.

+BUT A SOLUTION IS IN THEIR OWN HANDS. MORE ECONOMICAL PRODUCTS GIVING BETTER VALUE FOR MONEY MAY BE ABLE TO INCREASE THEIR MARKET SHARE.

+IT WILL ALSO BE SURPRISING IF TOTAL DEMAND DROPS FOR LONG. IF SO NEITHER RETAILERS NOR MANUFACTURERS NOR AGENTS WILL MUCH SUFFER.

+I DO DRAW THE LINE, HOWEVER, AT BEING ACCUSED OF PROMOTING SKIN CANCER BY TAXING SUNTAN OILS, THE RETAILERS OF WHICH ALREADY APPLY A MARK-UP OF THE ORDER OF BETWEEN 50 PER CENT AND 80 PER CENT,+ HE SAID.

STRESSING THAT FOR STRATEGIC REASONS HE WAS UNABLE TO AGREE TO MAJOR ALTERATIONS WHICH WOULD SERIOUSLY AFFECT THE REVENUE AND THAT TIGHT DEFINITIONS HAVE BEEN DIFFICULT, SIR JOHN SAID HOWEVER THAT AMENDMENTS AS TO DETAIL COULD BE FULLY CONSIDERED AT THE COMMITTEE STAGE AND WOULD INCLUDE A PROPOSAL TO REMOVE ESSENTIAL OILS FROM THE LIST OF DUTIABLE COSMETICS.

ON THE CHARGE THAT THE DUTY ON COSMETICS WAS LIKELY SERIOUSLY TO DETER TOURISTS, SIR JOHN SAID IT FRANKLY LACKED ALL CREDIBILITY.

+THEY CAN BUY ALL THEY WANT DUTY FREE ON DEPARTURE AT KAI TAK. AS MOST COME FROM COUNTRIES WHERE COSMETICS ARE ALREADY HEAVILY TAXED, THEY WILL NOT BE SURPRISED AT THE POSITION HERE.

+NOR INDEED DO I ACCEPT THAT A MAJOR GOAL OF TOURISTS - THE MAJORITY OF WHOM ARE MEN - IS TO STOCK UP IN HONG KONG WITH DUTY FREE EYE SHADOW, FACE CREAM OR LIPSTICKS.

+I ALSO CONFIRM TO DR HO, M.Y.L. CHEUNG AND MR K.C. CHAN THAT THE EXPORT OF COSMETICS FROM HONG KONG CAN BE CONDUCTED EX-BOND AND THEREFORE ON A DUTY FREE BASIS,+ HE SAID.

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NEED FOR CONCESSION CUT OBVIOUS
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CUTTING BACK ON THE DUTY FREE CONCESSION ON ALCOHOL AND CIGARETTES MADE NO FRIENDS, BUT THE NEED WAS OBVIOUS, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID TODAY.

HE POINTED OUT HOWEVER THAT ON IMPLEMENTATION OF THE MEASURES HE HAD HAD TO ACCEPT THE PRAGMATIC ADVICE OF THE COMMISSIONER OF CUSTOMS AND EXCISE WHO HAD CLOSELY CONSULTED WITH THE DIRECTOR OF IMMIGRATION.

+AS 65 000 PEOPLE HAVE ENTERED AT LO WU IN ONE DAY EVEN A 20 SECONDS INDIVIDUAL DELAY WHILE EXAMINING PASSPORTS WOULD BE INTOLERABLE.

+I WOULD ASK MEMBERS AND PARTICULARLY MRS SELINA CHOW TO SEE HOW THE NEW MEASURES WORK. THEN WHEN WE HAVE GOT A LITTLE EXPERIENCE WE CAN SEE WHETHER SENSIBLE CHANGES CAN BE MADE,+ HE SAID.

SIR JOHN EMPHASISED THAT HE WAS ENTIRELY OPEN MINDED PROVIDED THAT THE REVENUE DID NOT SUFFER AND THAT DELAYS DID NOT RESULT.

+I DO NOT BELIEVE IN CONTROL FOR CONTROL'S SAKE, BUT AS SUGGESTED BY MRS CHOW, MR Y.L. CHEUNG AND MRS PAULINE NG WE SHALL ALSO CONSIDER DUTY-FREE CONCESSIONS ON COSMETICS,+ HE SAID.

ON THE AIR PASSENGER DEPARTURE TAX, SIR JOHN SAID THE INCREASE WAS JUST TO PRESERVE THE YIELD IN REAL TERMS.

+I NOTED WITH CYNICAL DETACHMENT THE REPORTED VIEWS OF THE HOTELS ASSOCIATION. DESPITE THEIR OBJECTIONS IN 1983 WE RAISED THE HOTEL TAX FROM FOUR PER CENT TO FIVE PER CENT - ALL OF WHICH GOES TO SUPPORT ON THEIR BEHALF NOT GOVERNMENT REVENUE BUT THE TOURIST ASSOCIATION - AND INTRODUCED THE AIR PASSENGER DEPARTURE TAX.

+SUBSEQUENTLY (IF NOT CONSEQUENTLY) TOURISM HAS BOOMED.

+HOTEL ROOM, FOOD AND BEVERAGE RATES HAVE THEREAFTER BEEN INCREASED CUMULATIVELY BY ABOUT 15 PER CENT TO 20 PER CENT PER YEAR. IN SOME TOP HOTELS THE INCREASES HAVE BEEN HIGHER. THE TREND CONTINUES. THIS HITS THE TOURIST FAR MORE THAN THE BURDEN OF INCREASED TAXES AND DUTIES.+

WHILE CHARGING WHAT THE MARKET WOULD BEAR MIGHT MAKE SHORT TERM ECONOMIC SENSE, IT WAS FOR MANagements TO DECIDE, SIR JOHN NOTED HOWEVER THAT IF IN THE LONG TERM IT PRICED HONG KONG OUT THE GOVERNMENT WOULD NOT BE BLAMED.

/IN REPLY

IN REPLY TO MRS CHOW AND DR HO KAM-FAI'S COMPLAINT ABOUT THE BURDEN BEING LAID ON MOTORISTS, THE FINANCIAL SECRETARY WISHED TO MAKE IT VERY CLEAR THAT HE +HAD MADE AN ESPECIAL CONCESSION TO MOTORISTS IN THAT THE INCREASES ON PETROL AND VEHICLE LICENCE TAXES WERE SIGNIFICANTLY LOWER THAN THE RATE OF INFLATION OVER THE LAST TWO YEARS.

HE SAID THIS WAS DESPITE HIS BELIEF IN GENERAL THAT YIELDS IN TAXATION MUST BE MAINTAINED IN REAL TERMS.

+TAXES IN THESE AREAS ARE LOWER IN REAL TERMS THAN THEY WERE IN 1983. WHAT COULD SEEM MORE REASONABLE AGAINST THE BACKGROUND OF ANOTHER DEFICIT BUDGET?+ HE ASKED.

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CO-OPERATION BETWEEN UNOFFICIALS
AND CIVIL SERVICE IMPORTANT
* * * *

THE NEED FOR A CO-OPERATIVE RELATIONSHIP BETWEEN UNOFFICIAL MEMBERS AND THE CIVIL SERVICE WOULD BECOME NO LESS IMPORTANT AS HONG KONG ENTERED THE ERA OF REPRESENTATIVE GOVERNMENT, THE CHIEF SECRETARY, THE HON SIR PHILIP HADDON-CAVE, SAID TODAY.

+WE SHOULD NURTURE THAT RELATIONSHIP CAREFULLY, EVEN THOUGH THE ERA OF REPRESENTATIVE GOVERNMENT MAY WELL LEAD TO A TENDENCY TO MORE ADVERSARIAL - BUT HOPEFULLY NOT FACTIONAL POLITICS - AND MAY WELL DIMINISH THE EASY INFORMALITY OF THE RELATIONSHIP BETWEEN UNOFFICIAL MEMBERS AND THE CIVIL SERVICE IN THE CONDUCT OF MUCH OF OUR BUSINESS,+ SIR PHILIP SAID AT THE RESUMED BUDGET DEBATE.

+BUT THE CO-OPERATIVE NATURE OF THAT RELATIONSHIP BASED ON TRUST, SEASONED WITH CREATIVE TENSION FROM TIME TO TIME AND EXPRESSED IN OPEN DEBATE IN THIS COUNCIL AND IN FRANK DISCUSSIONS IN MANY OTHER FORUMS, MUST BE PRESERVED AND PRESERVED WHATEVER THE CONSTITUTIONAL SETTING OF THAT RELATIONSHIP IN THE FUTURE,+ SIR PHILIP SAID.

SIR PHILIP ALSO REPLIED TO A NUMBER OF POINTS RAISED BY UNOFFICIAL MEMBERS CONCERNING THE CIVIL SERVICE.

/FOLLOWING IS

FOLLOWING IS THE TEXT OF SIR PHILIP'S SPEECH IN THE BUDGET DEBATE:

SIR,

BEFORE THE FINANCIAL SECRETARY DELIVERS THE CUSTOMARY WINDING-UP SPEECH FOR THIS DEBATE THERE ARE SEVERAL CIVIL SERVICE MATTERS WHICH FALL TO ME AS CHIEF SECRETARY TO DEAL WITH.

SIZE OF THE CIVIL SERVICE

INEVITABLY THE SIZE OF THE CIVIL SERVICE WAS MENTIONED DURING THE DEBATE: FIVE MEMBERS, NAMELY, MR S.L. CHEN, MR PETER C. WONG, MR WONG LAM, MRS PAULINE NG AND MR WONG PO-YAN COMMENTED FAVOURABLY ON THE GOVERNMENT'S EFFORTS TO STABILISE THE SIZE OF THE CIVIL SERVICE IN PRESENT CIRCUMSTANCES. THE STATISTICS OF THE CIVIL SERVICE IN PRESENT CIRCUMSTANCES. THE STATISTICS OF THE APPROVED ESTABLISHMENT PRESENTED IN APPENDICES IX AND X OF VOLUME 2 OF THE DRAFT ESTIMATES INDICATE THAT THESE EFFORTS HAVE MET WITH A GOOD MEASURE OF SUCCESS: THE APPROVED ESTABLISHMENT INCREASED FROM 151 809 POSTS IN 1980 TO 173 663 POSTS IN 1982 OR BY 14.4 PER CENT OVER THOSE TWO YEARS. THE GROWTH RATE WAS THEN HELD TO 1.85 PER CENT IN 1983 AND TO 2.74 PER CENT IN 1984. IT IS INTENDED TO HOLD IT DOWN AGAIN TO 1.33 PER CENT IN 1985. OF THE 2 419 ADDITIONAL POSTS TO BE CREATED IN 1985, 1 473 POSTS ARE FOR ESSENTIAL NEW SERVICES IN THE MEDICAL AND HEALTH DEPARTMENT AND THE ROYAL HONG KONG POLICE FORCE.

MR WONG LAM, WHILE WELCOMING THE GOVERNMENT'S EFFORTS TO SLOW DOWN THE GROWTH OF THE CIVIL SERVICE, EXPRESSED HIS CONCERN OVER THE CONTINUED EXPANSION OF THE ROYAL HONG KONG POLICE FORCE AND SUGGESTED THAT PREFERENTIAL TREATMENT MIGHT HAVE BEEN ACCORDED TO THE POLICE FORCE AT THE EXPENSE OF OTHER, SMALLER DEPARTMENTS. I CAN ASSURE HIM THAT THIS IS NOT THE CASE. A THOROUGH EXAMINATION WAS CONDUCTED OF EACH DEPARTMENT'S REQUEST TO DETERMINE THE MINIMUM NUMBER OF NEW POSTS NECESSARY FOR NEW SERVICES AND FACILITIES. IN THE CASE OF THE POLICE FORCE, THIS EXAMINATION WAS CARRIED OUT IN DETAIL, AND AT A HIGH LEVEL, AND I AM SATISFIED THAT THE FORCE HAS BEEN GIVEN NO MORE THAN IS NECESSARY TO MEET ESSENTIAL REQUIREMENTS AND THAT NO OTHER DEPARTMENT HAS SUFFERED AS A RESULT.

FOR THOSE DEPARTMENTS WHICH FIND THEY NEED ADDITIONAL RESOURCES TO MAINTAIN ESSENTIAL SERVICES INTACT (AND THE SECRETARY FOR SECURITY HAS MENTIONED ONE), ATTENTION WILL NOW HAVE TO BE CONCENTRATED ON INCREASED PRODUCTIVITY, SOMEHOW DEFINED, ON MORE IMAGINATIVE DEPLOYMENT OF STAFF WITHIN DEPARTMENTS AND UNITS AND ON BOLD, IF CONTROVERSIAL, REDEPLOYMENT OF STAFF ACROSS DEPARTMENTAL BOUNDARIES. AT THE SAME TIME, THERE MUST BE SCOPE, OR AT ANY RATE ARGUABLY SO, FOR THE ELIMINATION OF TASKS WHICH THE PASSAGE OF TIME AND DEVELOPING TECHNOLOGY RENDER LESS ESSENTIAL OR EVEN OBSOLETE.

/BUT THE

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BUT THE CIVIL SERVICE IS NOT A VAST INCHOATE MASS: IT IS A DYNAMIC ORGANISATION COMPRISING MORE THAN 60 DEPARTMENTS AND FREE STANDING AGENCIES, ENGAGED IN AN IMMENSE RANGE OF ACTIVITIES AND MANNED BY A VARIETY OF DEPARTMENTAL GRADES AND COMMON SERVICE CADRES. SO I PICK UP A POINT MADE BY MR P.K. YEUNG: IN OUR DESIRE TO CONTAIN THE SIZE OF THE CIVIL SERVICE, WORK PRESSURES - WHICH ARE SOMETIMES, INEVITABLY, UNEVENLY SPREAD - WORK PRESSURES AND MORALE, PARTICULARLY AT MIDDLE AND LOWER LEVELS, MUST NOT BE CASUALLY OVERLOOKED.

MR P.K. YEUNG ALSO SPOKE OF THE VALUABLE WORK OF THE DIRECTOR OF AUDIT IN DRAWING ATTENTION TO WASTE AND INEFFICIENCY WHEREVER IT OCCURS. MAY I ASSURE MR YEUNG, AND I DON'T THINK IT IS NECESSARY TO ASSURE HIM, MAY I ASSURE MR YEUNG THAT THE DIRECTOR'S CRITICISMS DO NOT FALL ON DEAF EARS. THE PUBLIC ACCOUNTS COMMITTEE IN ANY EVENT MAKES CERTAIN THAT THEY DO NOT. INDEED, AS SYSTEMS AND PROCEDURES ARE PROGRESSIVELY IMPROVED, THERE HAVE BEEN FEWER INSTANCES OF UNCOLLECTED REVENUE AND WASTED EXPENDITURE. WHILE THERE IS NO ROOM FOR COMPLACENCY, IT IS SIGNIFICANT HOW RELATIVELY FEW IRREGULARITIES THERE ARE HAVING REGARD TO THE VERY LARGE VOLUME OF TRANSACTIONS ENTERED INTO EACH YEAR.

MR CHAN KAM-CHUEN MADE THE POINT THAT THE GROWTH OF THE CIVIL SERVICE OVER THE LAST DECADE HAS OUTSTRIPPED POPULATION GROWTH. I SHOULD HOPE SO. I CAN SEE NO LOGICAL CONNECTION BETWEEN THE GROWTH RATES OF THESE TWO AGGREGATES, THE CIVIL SERVICE AND POPULATION. I CAN SEE NO LOGICAL CONNECTION BETWEEN THE GROWTH RATES OF THESE TWO AGGREGATES EXCEPT IN THE MOST GENERAL POLICY SETTING. A BETTER CORRELATION WOULD BE WITH THE GDP: IN THE 10 YEARS ENDING 1984, THE GDP IN REAL OR CONSTANT PRICE TERMS INCREASED BY 2-1/3RD TIMES WHEREAS THE APPROVED ESTABLISHMENT OF THE CIVIL SERVICE INCREASED BY (ONLY) JUST OVER A HALF. AS I HAVE SAID BEFORE, BUT I SHALL SAY IT AGAIN, THE GROWTH RATE OF PUBLIC EXPENDITURE (AND, BY EXTENSION, OF THE SIZE OF THE CIVIL SERVICE) IS ESSENTIALLY A FUNCTION OF PUBLIC POLICY. PUBLIC POLICY IS DETERMINED BY EXECUTIVE COUNCIL, SUBJECT TO THE FINANCIAL AUTHORITY OF THIS COUNCIL, PUBLIC POLICY IS NOT DETERMINED BY THE CIVIL SERVICE ACTING ON ITS OWN AUTHORITY. IN DETERMINING PUBLIC POLICY, A WHOLE COMPLEX OF CONSIDERATIONS HAS TO BE TAKEN INTO ACCOUNT. AS THE POPULATION GROWS, MORE SERVICES AND FACILITIES, AND THUS MORE CIVIL SERVANTS TO PROVIDE, THEM ARE REQUIRED. AT THE SAME TIME, THE PRESSURES BUILD UP TO IMPROVE THE QUALITY OF THESE POPULATION-ORIENTED SERVICES AND FACILITIES, ESPECIALLY IN THE FIELDS OF HEALTH, EDUCATION AND SOCIAL WELFARE, AND THESE INVARIABLY INVOLVE ADDITIONAL MANPOWER. ADDITIONALLY, AS OUR SOCIETY BECOMES MORE COMPLEX AND SOPHISTICATED, A WHOLE RANGE OF OTHER SERVICES AND FACILITIES HAVE TO BE PROVIDED, INCLUDING REGULATORY SYSTEMS.

/FRINGE BENEFITS

FRINGE BENEFITS

FRINGE BENEFITS ALSO FEATURED IN SEVERAL SPEECHES. MISS MARIA TAM AND, I THINK, DR IP SUGGESTED IT WAS TIME TO RE-EXAMINE FRINGE BENEFITS GENERALLY. DIVERGENT VIEWS WERE EXPRESSED ON OVERSEAS EDUCATION ALLOWANCES. MR CHEUNG YAN-LUNG THOUGHT THE ALLOWANCES SHOULD BE EXTENDED AND MADE MORE FLEXIBLE TO COVER UNIVERSITY EDUCATION. ON THE OTHER HAND, DR IP QUESTIONED THE BASIC RATIONALE FOR SUCH ALLOWANCES.

I ACCEPT THAT IT IS TIMELY TO LOOK AFRESH AT SEVERAL FRINGE BENEFITS ACCORDED HITHERTO, PARTICULARLY OVERSEAS EDUCATION ALLOWANCES. INDEED, WELL AHEAD OF DR IP, AN IN-HOUSE REVIEW OF OVERSEAS EDUCATION ALLOWANCES AND SOME OTHER BENEFITS WAS RECENTLY PUT IN HAND WITH A VIEW TO SEEING WHETHER THERE IS SCOPE FOR WHAT ONE MIGHT DESCRIBE AS +MODERNISING+ THE FRINGE BENEFITS AVAILABLE. THE REVIEW, WHEN CONCLUDED, WILL BE REFERRED TO THE STANDING COMMISSION ON CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE FOR ADVICE. BUT I SHOULD LIKE TO REMIND MEMBERS THAT, IF THE CIVIL SERVICE IS TO REMAIN A VIABLE ORGANISATION, ITS CONDITIONS OF SERVICE MUST BE SUFFICIENTLY COMPETITIVE TO MAINTAIN OUR ABILITY TO ATTRACT AND RETAIN HIGH CALIBRE STAFF AT ALL LEVELS. FRINGE BENEFITS ARE AN IMPORTANT ELEMENT IN THE OVERALL REMUNERATION PACKAGE, PARTICULARLY FROM THE POINT OF VIEW OF CONTINUITY OF SERVICE AND THE LONG TERM RETENTION OF STAFF AND EXPERIENCE. THE GOVERNMENT INTENDS TO CONTINUE TO BE A GOOD EMPLOYER AND, AS AN EMPLOYER, TO REMAIN COMPETITIVE WITH THE PRIVATE SECTOR.

DR IP ALSO RAISED THE QUESTION OF WHETHER OR NOT IT WOULD BE CHEAPER FOR GOVERNMENT, AND MORE FLEXIBLE - BY WHICH I THINK SHE MEANT MORE CONVENIENT FOR THOSE CONCERNED - IF AT LEAST PART OF THE FRINGE BENEFITS ELEMENT IN THE OVERALL REMUNERATION PACKAGE WAS PAID IN CASH INSTEAD. SOME WOULD ARGUE - BUT I PERSONALLY WOULD NOT - THAT THERE IS NO OBJECTION IN THEORY TO THIS IDEA. THERE IS NO DENYING THAT A CASH PAYMENT WOULD BE MORE FLEXIBLE FROM THE CIVIL SERVANT'S POINT OF VIEW, TOO FLEXIBLE PERHAPS, BUT IT IS QUESTIONABLE WHETHER IT WOULD BE CHEAPER FOR THE GOVERNMENT BECAUSE THE PRESENT TAKE-UP RATE OF FRINGE BENEFITS IS NOT BY ANY MEANS 100 PER CENT. IN ANY CASE, THE IDEA IS UNACCEPTABLE FOR IT AMOUNTS TO CHANGING THE BASIS OF ADMINISTERING FRINGE BENEFITS FROM THE PRESENT ACCOUNTABLE AND STRICTLY CONTROLLED SYSTEM TO AN UNACCOUNTABLE ONE.

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PENSIONS

DR HARRY FANG SUGGESTED THAT, BY WAY OF PROVIDING CIVIL SERVANTS WITH EVIDENCE THAT THEIR PENSIONS ARE BEING TAKEN CARE OF, THE GOVERNMENT SHOULD ISSUE ANNUAL STATEMENTS OF THEIR ACCUMULATED RIGHTS, SIMILAR TO THE STATEMENTS ISSUED TO PARTICIPANTS IN THE WIDOWS' AND CHILDREN'S PENSIONS SCHEME.

I SHOULD EXPLAIN THAT THE WIDOWS' AND CHILDREN'S PENSIONS SCHEME IS A CONTRIBUTORY SCHEME. UNDER THE TERMS OF THE SCHEME, EACH CONTRIBUTOR IS ISSUED WITH A STATEMENT EVERY YEAR OF THE AMOUNT OF PENSION BENEFITS SO FAR ACCRUED FROM BOTH HIS ACTUAL AND THE GOVERNMENT'S NOTIONAL CONTRIBUTIONS IN THE EVENT OF DEATH.

UNLIKE THE WIDOWS' AND CHILDREN'S PENSIONS SCHEME, HOWEVER, THE CIVIL SERVICE PENSIONS SCHEME IS NON-CONTRIBUTORY. A SERVICE PENSION IS ONLY PAYABLE WHEN THE OFFICER RETIRES AND OF COURSE RETIRES UNDER APPROVED CIRCUMSTANCES. THE AMOUNT OF PENSION PAYABLE IS DEPENDENT ON THE OFFICER'S FINAL SALARY AND THE LENGTH OF HIS PENSIONABLE SERVICE ON RETIREMENT. IT IS NOT CALCULATED ON THE BASIS OF ACCRUED BENEFITS AND, THEREFORE, NO STATEMENT OF ACCUMULATED PENSION RIGHTS CAN BE ISSUED. OFFICERS THEMSELVES ARE, OF COURSE, QUITE CAPABLE OF MAKING A PROJECTION OF WHAT THEIR PENSION WILL BE ON THE BASIS OF EXISTING LEVELS OF REMUNERATION IF THEY RETIRE AT A CERTAIN TIME IN THE FUTURE. THE MATHEMATICS FOR DOING THIS ARE SET OUT IN ANNEX XII TO CIVIL SERVICE REGULATIONS FOR THE BENEFITS OF THOSE WITH AN ALGEBRAIC TURN OF MIND. BUT NO PROJECTION CAN ACCURATELY PREDICT THE AMOUNT OF PENSION EVENTUALLY PAYABLE.

I SHOULD ADD THAT, WHILE STATEMENTS OF ACCUMULATED PENSION RIGHTS ARE NOT ISSUED, THE CIVIL SERVICE SHOULD HAVE NO DOUBT ABOUT THE PAYMENT OF PENSIONS AND GRATUITIES. SECTION IV OF ANNEX I OF THAT LEGALLY BINDING AGREEMENT, THE JOINT SINO-BRITISH DECLARATION, PROVIDES THAT THE FUTURE SAR GOVERNMENT WILL PAY ALL CIVIL SERVICE PENSIONS AND GRATUITIES, INCLUDING THOSE ALREADY IN PAYMENT IN 1997. IT ALSO PROVIDES THAT ALL PENSIONS AND GRATUITIES PAYABLE TO RETIRED CIVIL SERVANTS OR TO CIVIL SERVANTS' DEPENDANTS WILL BE ON TERMS NO LESS FAVOURABLE THAN BEFORE, AND THAT THEY WILL BE PAID IRRESPECTIVE OF THE BENEFICIARY'S NATIONALITY OR PLACE OF RESIDENCE.

/CONTRACT TERMS

CONTRACT TERMS FOR CIVIL SERVANTS

DR HENRIETTA IP SUGGESTED THAT THE GOVERNMENT SHOULD PROMOTE THE USE OF GRATUITY-BEARING CONTRACT TERMS FOR CIVIL SERVICE EMPLOYMENT. I SHOULD SAY AT THE OUTSET THAT THE NORMAL TERMS OF EMPLOYMENT IN THE HONG KONG CIVIL SERVICE ARE PERMANENT AND PENSIONABLE. IN COMMON WITH MOST OTHER CIVIL SERVICES, IN THE BRITISH TRADITION AT LEAST, THE HONG KONG CIVIL SERVICE IS A CAREER SERVICE, BASED ON THE TWIN CONCEPTS OF CAPTIVITY AND SECURITY. IT IS SELF-EVIDENT, AT LEAST IN MY VIEW, THAT EMPLOYMENT ON PERMANENT AND PENSIONABLE TERMS IS AN ESSENTIAL PRE-REQUISITE FOR THE MAINTENANCE OF THE IMPARTIALITY AND FREEDOM FROM SECTIONAL PRESSURES OF THE CIVIL SERVICE.

BUT CONTRACT TERMS OF SERVICE ARE USED IN THREE SETS OF CIRCUMSTANCES. FIRST: AS A MATTER OF POLICY, OFFICERS RECRUITED OVERSEAS ARE APPOINTED ON CONTRACT TERMS ONLY ALTHOUGH, UNTIL RECENTLY, THERE WERE TWO EXCEPTIONS TO THIS RULE: FOR THE ADMINISTRATIVE SERVICE AND THE INSPECTORATE OF THE POLICE. THERE ARE SOME 2 200 OVERSEAS OFFICERS PRESENTLY EMPLOYED ON GRATUITY-BEARING CONTRACT TERMS. SECOND: CONTRACT TERMS OF EMPLOYMENT ARE FROM TIME TO TIME USED TO ATTRACT LOCAL CANDIDATES TO GRADES WHERE DIFFICULTIES ARE ENCOUNTERED IN RECRUITING SUFFICIENT NUMBERS ON PERMANENT AND PENSIONABLE TERMS, MAINLY IN CERTAIN PROFESSIONAL GRADES. THERE ARE SOME 700 LOCAL OFFICERS PRESENTLY EMPLOYED ON GRATUITY-BEARING CONTRACT TERMS OF EMPLOYMENT. THIRD: OFFICERS (LOCAL AND OVERSEAS) WHO ARE RE-EMPLOYED AFTER REACHING THE STATUTORY AGE OF RETIREMENT MAY BE EMPLOYED ON CONTRACT TERMS, BUT NOT NECESSARILY ON GRATUITY-BEARING CONTRACTS. THERE ARE PRESENTLY SOME 2 200 OFFICERS SO EMPLOYED, INCLUDING 650 POLICE RANK AND FILE WHO RETIRED BEFORE REACHING THE AGE OF 55 IN ACCORDANCE WITH LONG STANDING REGULATIONS APPLICABLE TO THE POLICE FORCE.

BUT THESE ARE THE EXCEPTIONS AND, WHILE CONTRACT TERMS ARE VALUABLE IN ACHIEVING, AMONGST OTHER THINGS, A DEGREE OF CROSS FERTILISATION OF EXPERTISE AND EXPERIENCE BETWEEN THE PUBLIC AND THE PRIVATE SECTORS, THEY CANNOT BE THE MAIN TERMS OF EMPLOYMENT FOR THE CIVIL SERVICE. A CIVIL SERVICE BASED LARGELY ON CONTRACT TERMS OF EMPLOYMENT, WITH OFFICERS FREE TO COME AND GO IF THEY PLEASED, WOULD NOT BE CONDUCIVE TO MAINTAINING CONTINUITY AND STABILITY. I CAN ALSO ASSURE MEMBERS, AND PARTICULARLY DR IP, THAT THE EMPLOYMENT OF STAFF ON PERMANENT AND PENSIONABLE TERMS DOES NOT FORCE THE GOVERNMENT TO KEEP REDUNDANT OFFICERS ON THE ESTABLISHMENT. THERE ARE WELL-ESTABLISHED RULES WHEREBY CIVIL SERVANTS CAN BE RETIRED COMPULSORILY ON VARIOUS GROUNDS, INCLUDING REDUNDANCY, AND THESE ARE INVOKED FROM TIME TO TIME.

EXTENSION OF SERVICE

MR CHAN YING-LUN QUESTIONED THE RATIONALE BEHIND THE GOVERNMENT'S POLICY ON EXTENSIONS OF SERVICE BEYOND THE STATUTORY RETIREMENT AGE OF 55.

THE PRESENT POLICY WAS ESTABLISHED IN JUNE 1981, ALTHOUGH EXTENSIONS WERE NOT UNCOMMON BEFORE THEN. IN ESSENCE, THE POLICY PERMITS OFFICERS WHO ARE FIT AND EFFICIENT, AND SUBJECT TO THE NEEDS OF THE SERVICE, TO SERVE ON BEYOND THE AGE OF 55 TO 57 OR 59 OR 60, BY EITHER EXTENDING THEIR SERVICE ON PENSIONABLE TERMS, OR RETIRING FROM PENSIONABLE SERVICE AND BEING RE-EMPLOYED ON CONTRACT TERMS. WHILST SO RE-EMPLOYED THEY MAY EITHER DRAW THE NORMAL CONTRACT GRATUITY OF 25 PER CENT OF SALARY, THEIR EARNED PENSION RIGHTS BEING FROZEN, OR THEY MAY DRAW THEIR PENSIONS. THIS POLICY IS DESIGNED TO FACILITATE THE RETENTION OF EXPERIENCED AND EFFICIENT OFFICERS. PERMISSION TO EXTEND AN OFFICER'S SERVICE IS NOT GRANTED AUTOMATICALLY; EACH CASE IS CONSIDERED ON ITS OWN MERITS BY THE HEAD OF DEPARTMENT CONCERNED AND THE SECRETARY FOR THE CIVIL SERVICE, TAKING INTO ACCOUNT THE CAREER PROSPECTS OF OFFICERS JUNIOR TO THEM. THE ADVICE OF THE PUBLIC SERVICE COMMISSION IS ALSO SOUGHT IN RESPECT OF EXTENSIONS FOR OFFICERS IN MIDDLE AND SENIOR RANKS. WHILE DECISIONS ON EXTENSIONS OF SERVICE TAKE ACCOUNT OF CAREER PLANNING CONSIDERATIONS OVER THE PERIOD OF TIME INVOLVED, IN ANY INDIVIDUAL CASE, WHETHER AN OFFICER CAN OR CANNOT BE REPLACED IMMEDIATELY BY ANOTHER OFFICER IN A LOWER RANK IS NOT A PRECONDITION.

THE MERITS OF THIS POLICY ARE IN DISPUTE FROM TIME TO TIME, BUT I SHOULD LIKE TO REMIND OUR INSTANT CRITICS THAT, FIRST, IT IS IN THE PUBLIC INTEREST THAT THE SERVICE OF EXPERIENCED AND EFFICIENT OFFICERS BE RETAINED; SECONDLY, IT CAN BE ARGUED THAT THE STATUTORY RETIREMENT AGE OF 55 IS UNREALISTIC IN THIS DAY AND AGE; AND, THIRDLY, UNLESS OFFICERS WHO HAVE REACHED THE STATUTORY RETIREMENT AGE ARE ELIGIBLE FOR GRATUITY-BEARING CONTRACT TERMS OR ARE PERMITTED TO DRAW THEIR PENSIONS IN ADDITION TO THEIR SALARIES, CONTINUED SERVICE WITH THE GOVERNMENT WILL BE UNATTRACTIVE, GIVEN THAT THE OFFICERS CONCERNED CAN RETIRE WITH THEIR EARNED PENSIONS AND THEN TAKE UP PAID EMPLOYMENT IN THE PRIVATE SECTOR. THE COST TO PUBLIC FUNDS OF EMPLOYING AN OFFICER ON PENSION AFTER RETIREMENT IS VIRTUALLY THE SAME AS THE COST OF THE PENSION PAYABLE TO AN OFFICER WHO LEAVES THE SERVICE PLUS THE EMOLUMENTS OF HIS REPLACEMENT. SO THERE IS NO NET ADDITIONAL COST TO THE TREASURY.

/TRAINING

TRAINING

MR CHAN YING-LUN ALSO SPOKE OF THE NEED TO GROOM UPCOMING OFFICERS TO SHOULDER HEAVIER RESPONSIBILITIES IN THE YEARS AHEAD. I CAN ASSURE MEMBERS THAT THE GOVERNMENT IS TAKING POSITIVE STEPS TO ENSURE THAT CIVIL SERVANTS ARE EQUIPPED WITH THE NECESSARY SKILLS TO COPE WITH THE INCREASING DEMANDS IMPOSED ON THEM AS A RESULT OF THE GROWING DIVERSITY AND COMPLEXITY OF GOVERNMENT BUSINESS. SPECIFICALLY, IN RECENT YEARS, THE GOVERNMENT HAS PLACED INCREASING EMPHASIS ON MANAGEMENT SKILLS, ESPECIALLY FOR OFFICERS WHO ARE EXPECTED TO FILL SENIOR DIRECTORATE POSTS IN THE FUTURE. MORE THAN 60 OFFICERS HAVE ATTENDED A 3-MONTH IN-HOUSE MANAGEMENT TRAINING PROGRAMME RUN BY THE SENIOR STAFF COURSE AND ANOTHER 100 WILL HAVE COMPLETED THE FIFTH COURSE BY JUNE 1986. AND HERE I WOULD LIKE TO PAY A TRIBUTE TO THE STAFF OF THE COURSE AND TO THE ADVISORY BOARD HEADED UP BY MR LEN SNEDDON AND MR F.K. LI RESPECTIVELY. IN ADDITION, A SERIES OF IN-HOUSE COURSES ON FINANCIAL MANAGEMENT FOR SENIOR OFFICERS IS BEING DESIGNED AND THE FIRST ONE IS EXPECTED TO BE CONDUCTED LATER THIS YEAR.

FINALLY, MRS RITA FAN AND MR CARL TONG QUESTIONED THE NEED FOR OVERSEAS TRAINING FOR CIVIL SERVANTS. THE GOVERNMENT IS, OF COURSE, MINDFUL OF THE HIGHER COSTS INVOLVED IN OVERSEAS TRAINING WHEN COMPARED WITH LOCAL TRAINING. AS A MATTER OF POLICY, OVERSEAS TRAINING IS PROVIDED ONLY WHEN NO SUITABLE PROGRAMMES ARE AVAILABLE LOCALLY OR, IF THEY ARE AVAILABLE, WHEN THERE ARE INSUFFICIENT PLACES TO MEET THE DEMAND. OF THE \$23.7 MILLION PROVIDED FOR OVERSEAS TRAINING IN THE 1985-86 DRAFT ESTIMATES, \$8 MILLION (34 PER CENT) WILL BE USED TO FINANCE 171 SCHOLARSHIPS UNDER THE GOVERNMENT TRAINING SCHOLARSHIP SCHEME, MOSTLY IN THE LEGAL AND PARA-MEDICAL FIELDS WHERE WE HAVE ENCOUNTERED PERSISTENT LOCALISATION DIFFICULTIES DUE TO INSUFFICIENT OR NON-EXISTENT TRAINING FACILITIES LOCALLY. COURSES AT OVERSEAS INSTITUTIONS ARE INEVITABLY MORE EXPENSIVE THAN COURSES PROVIDED BY LOCAL INSTITUTIONS NOT JUST BECAUSE THEY ARE OVERSEAS, BUT ALSO BECAUSE THEY OFTEN LAST MUCH LONGER: A DEGREE LEVEL SPEECH THERAPY COURSE, FOR INSTANCE, TAKES FOUR YEARS TO COMPLETE.

THE REMAINING \$15.7 MILLION (66 PER CENT) PROVIDED FOR OVERSEAS TRAINING IN THE DRAFT ESTIMATES WILL BE USED MAINLY TO FINANCE PROGRAMMES WHICH ARE DESIGNED TO DEVELOP SPECIALISED KNOWLEDGE AND SKILLS REQUIRED TO MEET THE OPERATIONAL REQUIREMENTS OF DEPARTMENTS, AND WHICH ARE SIMPLY NOT AVAILABLE IN HONG KONG. EXAMPLES OF THESE COURSES ARE AIRPORT FIRE-FIGHTING, BRIDGE ENGINEERING, VARIOUS FORMS OF SPECIALIST MEDICAL TRAINING AND COMPUTER CRIME INVESTIGATION.

/AS IT

AS IT IS NOT POSSIBLE TO SATISFY ALL THE TRAINING NEEDS OF THE CIVIL SERVICE THROUGH IN-HOUSE COURSES OR PROGRAMMES AVAILABLE AT LOCAL INSTITUTIONS, WE SHALL HAVE TO CONTINUE TO MAKE USE OF TRAINING FACILITIES OVERSEAS. HOWEVER, SIR, TO END ON A REASSURING NOTE, WE HAVE NOW REPLACE OVERSEAS COURSES IN CONCRETE TECHNOLOGY, GAS ENGINEERING AND BELIEVE IT OR NOT THE FORECASTING OF TROPICAL CYCLONES AND SEVERE RAINSTORM BY LOCALLY COMMISSIONED PROGRAMMES.

CONCLUSION

HAVING NOW RESPONDED TO THE VARIOUS POINTS RAISED IN THIS DEBATE BY MEMBERS RELATING TO THE CIVIL SERVICE, MAY I CONCLUDE, SIR, BY TOUCHING ON A MATTER OF PARTICULAR IMPORTANCE TO US ALL, BUT ONE WHICH WE TEND TO TAKE TOO MUCH FOR GRANTED. I REFER, SIR, TO THE WORKING RELATIONSHIP BETWEEN UNOFFICIAL MEMBERS AND THE CIVIL SERVICE.

TRADITIONALLY, AND WITHOUT PREJUDICE TO THE INDEPENDENCE OF EITHER THE CIVIL SERVICE OF UNOFFICIALS, THAT RELATIONSHIP HAS BEEN A CO-OPERATIVE RELATIONSHIP, WITH BOTH SIDES TO THE INTER-FACE REALISING THAT, TO ACHIEVE OUR COMMON OBJECTIVE OF GOOD GOVERNMENT, EACH IS DEPENDENT ON THE OTHER.

AS WE ENTER THE ERA OF REPRESENTATIVE GOVERNMENT, AND WITH A GROWING PREPONDERANCE OF UNOFFICIAL MEMBERS, NOT ONLY IN THIS COUNCIL, BUT ALSO IN THE URBAN AND REGIONAL COUNCILS AND ON THE DISTRICT BOARDS, THE NEED FOR SUCH A CO-OPERATIVE RELATIONSHIP BETWEEN UNOFFICIAL MEMBERS AND THE CIVIL SERVICE WILL BECOME NO LESS IMPORTANT. WE SHOULD NURTURE THAT RELATIONSHIP CAREFULLY, EVEN THOUGH THE ERA OF REPRESENTATIVE GOVERNMENT MAY WELL LEAD TO A TENDENCY TO MORE ADVERSARIAL - BUT HOPEFULLY NOT FACTIONAL POLITICS - AND MAY WELL DIMINISH THE EASY INFORMALITY OF THE RELATIONSHIP BETWEEN UNOFFICIAL MEMBERS AND THE CIVIL SERVICE IN THE CONDUCT OF MUCH OF OUR BUSINESS. BUT THE CO-OPERATIVE NATURE OF THAT RELATIONSHIP BASED ON TRUST, SEASONED WITH CREATIVE TENSION FROM TIME TO TIME AND EXPRESSED IN OPEN DEBATE IN THIS COUNCIL AND IN FRANK DISCUSSIONS IN MANY OTHER FORUMS, MUST BE PRESERVED AND PRESERVED WHATEVER THE CONSTITUTIONAL SETTING OF THAT RELATIONSHIP IN THE FUTURE.

SIR, I HAVE MUCH PLEASURE IN SUPPORTING THE MOTION.

OVERSEAS OFFICES ARE GOVT'S EYES AND EARS
* * * * *

THE OVERSEAS OFFICES ARE THE GOVERNMENT'S EYES AND EARS OVERSEAS FOR ALL RELEVANT PURPOSES, THE SECRETARY FOR ADMINISTRATIVE SERVICES AND INFORMATION, THE HON PETER TSAO, TOLD THE LEGISLATIVE COUNCIL TODAY.

+THE FUNCTIONS OF OUR OVERSEAS OFFICES NOW INCLUDE RESPONSIBILITY FOR KEEPING HONG KONG INFORMED OF ECONOMIC AND POLITICAL EVENTS OF SIGNIFICANCE TO HONG KONG, FOR ENSURING THAT HONG KONG'S CASE ON A VARIETY OF MATTERS IS GIVEN A FAIR HEARING, FOR MAKING AND MAINTAINING CONTACT WITH PERSONS WHO MAY HAVE AN INFLUENCE ON MATTERS AFFECTING HONG KONG, FOR ARRANGING EXCHANGE VISITS, FOR DISSEMINATING INFORMATION ABOUT HONG KONG, FOR PROMOTING AND PROTECTING HONG KONG'S IMAGE OVERSEAS, AND FOR PUBLIC RELATIONS GENERALLY,+ MR TSAO SAID.

REPLYING TO POINTS RAISED BY THE HON STEPHEN CHEONG CONCERNING THE OVERSEAS OFFICES, MR TSAO SAID THAT THE ORIGINAL NEED FOR OVERSEAS REPRESENTATION STEMMED FROM TRADE MATTERS. BUT IN RECENT YEARS IT HAD BECOME INCREASINGLY CLEAR THAT THERE WAS A NEED FOR REPRESENTATION ON A MUCH WIDER RANGE OF ISSUES.

THE OVERSEAS OFFICES HAD CEASED TO BE PURELY TRADE OFFICES WHEN THE OLD TRADE, INDUSTRY AND CUSTOMS DEPARTMENT WAS DEFEDERALISED IN 1982, HE SAID.

IN ANNOUNCING THE CHANGE, MR TSAO SAID, THE CHIEF SECRETARY HAD INFORMED THE LEGISLATIVE COUNCIL THAT RESPONSIBILITY FOR THE OVERSEAS OFFICES IN WASHINGTON, BRUSSELS AND GENEVA WOULD BE ASSUMED BY THE COUNCILS AND ADMINISTRATION BRANCH OF THE GOVERNMENT SECRETARIAT AS AN INITIAL STEP IN TRANSLATING THEM FROM DEPARTMENTAL SUB-OFFICES OVERSEAS INTO HONG KONG GOVERNMENT OFFICES COMPARABLE IN STATUS, IF NOT IN RANGE OF FUNCTIONS, WITH THE LONDON OFFICE, WHOSE PARENT DEPARTMENT WAS THE GOVERNMENT SECRETARIAT.

MR TSAO SAID THE CORRECTNESS OF THIS DECISION HAD BEEN UNDERLINED IN THE PERIOD FOLLOWING THE ANNOUNCEMENT OF THE JOINT DECLARATION ON THE FUTURE OF HONG KONG.

+THIS IS NOT TO SAY THAT THE IMPORTANCE OF TRADE ISSUES HAS DIMINISHED= FAR FROM IT, BUT THE NEED FOR HONG KONG TO HAVE A VISIBLE OVERSEAS PRESENCE HAS TAKEN ON A NEW DIMENSION,+ HE SAID.

MR TSAO SAID THE BALANCE OF WORK BETWEEN THE INDIVIDUAL OFFICES VARIED FROM LOCATION TO LOCATION.

/+THUS THE

+THUS THE GENEVA OFFICE IS PRIMARILY, BUT BY NO MEANS EXCLUSIVELY, CONCERNED WITH THE MULTI-LATERAL ASPECTS OF COMMERCIAL RELATIONS, IN PARTICULAR, MATTERS FALLING WITHIN THE AMBIT OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE. BUT IT ALSO DEALS WITH VIETNAMESE REFUGEE PROBLEMS AND HAS A SUBSTANTIAL ROLE TO PLAY IN KEEPING THE LARGE AND AVIDLY INTERESTED DIPLOMATIC COMMUNITY THERE ABREAST OF EVENTS SURROUNDING HONG KONG'S FUTURE.

+THE NEW YORK OFFICE, ON THE OTHER HAND, IS MAINLY CONCERNED WITH PROMOTING AND PROTECTING HONG KONG'S IMAGE IN THE UNITED STATES, LEAVING OVERSIGHT OF TRADE MATTERS LARGELY, BUT NOT ENTIRELY, TO THE SUBORDINATE WASHINGTON OFFICE,+ HE SAID.

WITH THIS GREATLY EXPANDED ROLE IT WOULD HAVE MADE NO SENSE TO PLACE RESPONSIBILITY FOR THE OFFICES UNDER THE NARROWER AUSPICES OF THE SECRETARY FOR TRADE AND INDUSTRY, LET ALONE KEEP THESE OFFICES AS SUB-OFFICES OF THE NEW TRADE DEPARTMENT, MR TSAO SAID.

+MANY PARTS OF THE GOVERNMENT, AT DIFFERENT TIMES, WILL CALL UPON THE SERVICES OF THE OVERSEAS OFFICES AND IN THEIR TURN WILL BE CALLED ON BY THE OFFICES FOR ASSISTANCE. APART FROM THE SECRETARY FOR TRADE AND INDUSTRY (AND THE TRADE DEPARTMENT), THE SECRETARIES FOR SECURITY, FOR EDUCATION AND MANPOWER, FOR ECONOMIC SERVICES AND FOR THE CIVIL SERVICE AND THEIR ASSOCIATED DEPARTMENTS ARE TO A LESSER OR GREATER EXTENT CLIENTS OF OUR OVERSEAS OFFICES, AS AM I MYSELF UNDER THE INFORMATION HALF OF MY PORTFOLIO,+ HE SAID.

MR TSAO STRESSED THAT THE OVERSEAS OFFICES WERE COMMON SERVICE FACILITIES UPON WHICH ALL SECRETARIAT BRANCHES AND EXECUTIVE DEPARTMENTS MIGHT CALL, AS AND WHEN THE NEED AROSE.

+IT IS THEREFORE ESSENTIAL THAT THE OVERALL RESPONSIBILITY FOR ADMINISTERING THESE OUTPOSTS RESTS WITH ONE, RELATIVELY NEUTRAL PORTFOLIO. IT HAS BEEN DECIDED THAT THE SECRETARY FOR ADMINISTRATIVE SERVICES AND INFORMATION WITH HIS SEVERAL, CENTRAL ADMINISTRATIVE RESPONSIBILITIES BEST FITS THIS BILL AND NO CHANGE IN THESE CAREFULLY THOUGHT OUT ARRANGEMENTS IS CONTEMPLATED,+ MR TSAO SAID.

TURNING TO MR CHEONG'S POINT THAT NOT ENOUGH MANPOWER WAS DEPLOYED IN THESE OFFICES TO DO ALL THAT NEEDED TO BE DONE, MR TSAO SAID MR CHEONG MIGHT WELL BE RIGHT AND THERE WOULD ALWAYS BE ROOM FOR IMPROVEMENT AS RESOURCES FOLLOWED +IN PURSUIT OF OUR ASPIRATIONS.+

HOWEVER, MR TSAO SAID HE DID NOT WISH IT TO BE THOUGHT -- OR EVEN SUSPECTED -- THAT THE OVERSEAS OFFICES WERE INEFFECTIVE.

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+MUCH OF THE WORK WHICH THEY DO IN LIAISON, IN LOBBYING AND IN BUILDING UP INFORMED OPINION IN THEIR HOST COUNTRIES IS NOT READILY QUANTIFIABLE AND WE CANNOT ALWAYS EXPECT THAT EVEN OUR BEST EFFORTS WILL MEET WITH SUCCESS.

+THE FACT THAT WE ENCOUNTERED AN INTRANSIGENT AND UNREASONABLE ADMINISTRATION IN THE U.S.A. IN DISCUSSIONS OVER ITS COUNTRY-OF-ORIGIN RULES ON KNITWEAR IN NO WAY REFLECTS BADLY ON THE CALIBRE OF THE COMMISSIONER IN NEW YORK OR HIS ABLE STAFF IN WASHINGTON,+ HE SAID.

INDEED, MR TSAO SAID, THEY HAD ONLY RECENTLY +SCORED A VERY NOTEWORTHY SUCCESS IN SECURING HONG KONG'S CONTINUED INCLUSION UNDER THE GENERALISED SCHEME OF PREFERENCES, A FEAT ACKNOWLEDGED AS REMARKABLE EVEN BY THOSE LOBBYISTS IN WASHINGTON WORKING FOR INTERESTS OPPOSED TO HONG KONG.

AND THERE WERE OTHER SUCCESSES, PERHAPS LESS OBVIOUS BUT NONETHELESS IMPORTANT, NOT ONLY IN THE TRADE FIELD BUT ALSO IN THE FIELDS OF REFUGEES, OF INVESTMENT, OF EDUCATION, AND OF THE QUIET DIPLOMACY OF CORRECTING MISCONCEPTIONS ABOUT HONG KONG AND ITS FUTURE IN ALL THOSE PARTS OF THE WORLD, WHERE WE HAD ESTABLISHED OFFICES, MR TSAO SAID.

REFERRING TO MR CHEONG'S POINT CONCERNING THE NEED, IN EUROPE PARTICULARLY, TO INFLUENCE +NATIONAL OPINION+ BECAUSE OF THE EFFECT THAT THIS COLLECTIVELY MIGHT HAVE ON EEC +COMMUNITY POLICY+, MR TSAO SAID: +I AM HAPPY TO SAY THAT WE ARE AHEAD OF HIM.

+MINISTER (BRUSSELS) AND HIS STAFF MAKE REGULAR VISITS TO THE CAPITALS OF EUROPE AND ARE CORDIALLY RECEIVED AS HONG KONG REPRESENTATIVES AS THE VERY DETAILED REPORTS WE RECEIVED FROM THEM CLEARLY DEMONSTRATE.

+NONETHELESS, I AM GRATEFUL TO MR CHEONG FOR THIS TIMELY REMINDER THAT MINISTER (BRUSSELS) IS FORMALLY ACCREDITED ONLY VIA THE BRITISH EMBASSY IN BRUSSELS AND THAT THE POSSIBILITY OF GAINING ACCREDITATION IN OTHER MEMBER STATES OF THE EEC SHOULD BE PURSUED.+

MR TSAO SAID THERE WOULD BE AN INCREASING NEED OVER THE NEXT FEW YEARS, AS OTHER COUNTRIES ADJUSTED TO THE POST-AGREEMENT HONG KONG, TO ENSURE THAT HONG KONG'S CASE WAS DETERMINEDLY REPRESENTED AND FAIRLY HEARD IN A VARIETY OF INTERNATIONAL FORUMS.

WHATEVER DECISIONS WERE TAKEN REGARDING HONG KONG, WHETHER WITHIN THE EEC, THE GATT, THE UNITED STATES, OR ELSEWHERE THEY MUST NOT BE TAKEN WITHOUT HONG KONG'S VOICE FIRST BEING HEARD.

/+IT MAY

+IT MAY BE THAT MORE RESOURCES WILL HAVE TO BE DEPLOYED; IT MAY BE THAT GREATER FLEXIBILITY IS NEEDED IN THE WAY EXISTING RESOURCES ARE DEPLOYED, ALTHOUGH THERE ARE LIMITS TO WHAT FLEXIBILITY CAN ACHIEVE; IT MAY BE THAT WE NEED TO LOOK AT DIFFERENT WAYS OF TACKLING OLD PROBLEMS,+ HE SAID.

MR TSAO GAVE ASSURANCE THAT THE GOVERNMENT WAS ALIVE TO ALL THESE POSSIBILITIES.

REFERRING TO THE HON RITA FAN'S SUGGESTION THAT STAFF OF THE CHINESE LANGUAGE DIVISION AND THE GOVERNMENT DATA PROCESSING AGENCY BE DEPLOYED FROM A CENTRAL POOL RATHER THAN BE PART OF THE ESTABLISHMENT OF SEVERAL SEPARATE GOVERNMENT DEPARTMENTS, MR TSAO SAID THIS ARRANGEMENT HAD BEEN SUCCESSFULLY INTRODUCED FOR THE INFORMATION OFFICER GRADE.

+THERE WILL ALWAYS BE ROOM FOR IMPROVING THE MANNER IN WHICH WE DEPLOY OUR RESOURCES AND THE PARALLEL SHE HAS DRAWN SUGGESTS THAT A REVIEW OF THE MANAGEMENT OF THESE TWO GRADES WOULD BE WORTHWHILE,+ HE SAID.

THE POINT WAS TIMELY AND SUCH A REVIEW WOULD BE CARRIED OUT, HE SAID.

HOWEVER, MR TSAO SAID, THERE WAS ONE SIGNIFICANT DIFFERENCE BETWEEN THE INFORMATION OFFICER GRADE ON THE ONE HAND AND BOTH THE DATA PROCESSING AND CHINESE LANGUAGE OFFICER GRADES ON THE OTHER.

+INFORMATION OFFICERS DEAL WITH PUBLIC RELATIONS, WHICH IS SOMEWHAT VOLATILE BUSINESS, AND IT IS THEREFORE ESSENTIAL THAT THEY CAN BE DEPLOYED AND RAPIDLY RE-DEPLOYED AS NECESSARY TO MEET CHANGING CIRCUMSTANCES AND OCCASIONAL CRISIS SITUATIONS, WITH THE MINIMUM OF FUSS.

CHINESE LANGUAGE OFFICERS AND DATA PROCESSING STAFF ON THE OTHER HAND TEND TO SPECIALISE IN CERTAIN FIELDS, AND THEIR MOBILITY TENDS TO BE RATHER LIMITED,+ MR TSAO SAID.

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INDUSTRIAL ZONE IDEA SEEN AS 'KNEE-JERK REACTION'
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THE CALL FOR THE ESTABLISHMENT OF A BORDER ZONE FOR KNITTING FACTORIES USING LABOUR COMMUTING DAILY FROM GUANGDONG PROVINCE WAS A KNEE-JERK REACTION TO A DESPERATE PLIGHT, THE SECRETARY FOR TRADE AND INDUSTRY, MR E.P. HO SAID TODAY AT THE RESUMED BUDGET DEBATE.

+BUT ON SOBER REFLECTION THIS SORT OF ARRANGEMENT COULD NOT JUST HAPPEN OVER-NIGHT, INFRASTRUCTURAL AND LOGISTICAL SUPPORT WOULD BE NEEDED. SO ANY STRUCTURAL ADJUSTMENT FOR OUR KNITWEAR INDUSTRY THROUGH THE EXPEDIENT OF A BORDER ZONE WOULD TAKE NO LESS TIME THAN ADJUSTMENT BY OTHER MEANS,+ MR HO SAID.

HE WAS REPLYING TO THE PROPOSALS FOR THE ESTABLISHMENT OF AN INDUSTRIAL ZONE AT THE BORDER AND FOR THE SETTING UP OF A COMMITTEE TO LOOK INTO THE FEASIBILITY AND ADVISABILITY FOR SUCH A ZONE.

MR HO SAID THAT +THE CONCEPT OF A FACTORY ZONE AT THE BORDER MANNED BY DAILY COMMUTING LABOUR FROM THE GUANGDONG SIDE, BY IMPLICATION MEANT THAT SUCH LABOUR WOULD NOT HAVE THE RIGHT OF RESIDENCE IN HONG KONG.

+SOME MEANS OF ENSURING THAT THE LABOUR RETURNED TO CHINA EACH DAY, AND DID NOT TRY AND SETTLE ILLEGALLY HERE, WOULD HAVE TO BE DEVISED. THE WHOLE OPERATION WOULD IMPOSE AN UNACCEPTABLE BURDEN ON THE POLICE AND IMMIGRATION AUTHORITIES,+ HE SAID.

MR HO NOTED THAT HONG KONG WAS ENGAGED IN A MASSIVE PROGRAMME OF DEVELOPMENT OF NEW TOWNS, ALL WITH BALANCED FACILITIES FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL ACCOMMODATION, FOR EDUCATION AND HEALTH CARE, AS WELL AS FOR CULTURAL AND RECREATIONAL PURSUITS.

+THIS ALONE MUST MEAN THAT WE SHOULD NOT GO OFF AT A TANGENT AND SEEK TO ESTABLISH A FACTORIES-ONLY ZONE ON THE BORDER.+

MOREOVER, THE BASIC REASON FOR A BORDER ZONE WAS THE ASSERTION THAT HONG KONG WAS SHORT OF LABOUR, HE ADDED.

+FINALLY, WE MUST NOT DO ANYTHING WHICH COULD LEAD OUR TRADING PARTNERS TO CALL INTO QUESTION THE ORIGIN OF HONG KONG PRODUCTS, OR HONG KONG'S STATUS, NOT WITHSTANDING THE TRANSFORMATION CRITERIA WE STRICTLY ADHERE TO, - WHICH THE FUTURE HONG KONG SPECIAL ADMINISTRATIVE REGION WILL RETAIN AFTER 30 JUNE 1997 - AS A SEPARATE CUSTOMS TERRITORY.+

ON THE CALL FOR SERVICES AND ASSISTANCE FOR THE MANUFACTURING INDUSTRY, MR HO GAVE ASSURANCE THAT GOVERNMENT WAS COMMITTED TO PROVIDING AN ADEQUATE INFRASTRUCTURE TO ENABLE INDUSTRY TO FUNCTION EFFICIENTLY WITH MINIMUM INTERFERENCE.

/+IN THIS

+IN THIS CONNECTION, THE INDUSTRY DEVELOPMENT BOARD (IDB) HAS FORMULATED A PHASED PROGRAMME FOR CONDUCTING REGULAR TECHNO-ECONOMIC AND MARKETING STUDIES ON THE MAJOR SECTORS OF THE MANUFACTURING INDUSTRY, NAMELY ELECTRONICS, PLASTICS, METAL AND LIGHT ENGINEERING AND GARMENTS/TEXTILES.

MR HO SAID THAT THE IMPORTANCE OF PROMOTING A POSITIVE ATTITUDE TOWARDS INDUSTRIAL AUTOMATION WAS WELL RECOGNISED BY IDB.

+ON THE RECOMMENDATION OF THE BOARD, PROVISIONS HAVE BEEN INCLUDED IN THE 1985-86 ESTIMATES TO EXPAND THE CAPABILITIES OF THE HKPC FOR THE FURTHER DEVELOPMENT OF THE CENTRE'S TWO COMPUTER-AIDED DESIGN SYSTEMS FOR PRINTED CIRCUIT BOARDS DESIGN AND PATTERN GRADING, AND THE DEVELOPMENT OF A MARKET MAKING SYSTEM.

+THE CENTRE HAS ALSO PREPARED, IN CONJUNCTION WITH THE INDUSTRY DEPARTMENT, A FURTHER DEVELOPMENT PLAN FOR AUGMENTING ITS CAPABILITIES ON INDUSTRIAL AUTOMATION AND METAL DEVELOPMENT SERVICES COVERING A THREE-YEAR PERIOD.+

WITH REGARD TO REFERENCE TO THE DELAY IN THE ESTABLISHMENT OF A PRODUCT INNOVATION AND DESIGN UNIT (PIDU), MR HO SAID THAT AT ITS MEETING ON MARCH 25 THIS YEAR THE IDB ENDORSED A DEFINITIVE SCHEME WHICH WAS CURRENTLY ON THE AGENDA OF THE FINANCE COMMITTEE OF THE LEGISLATIVE COUNCIL FOR THE VOTING OF THE NECESSARY FUNDS.

MR HO GAVE AN ACCOUNT OF THE STEPS TAKEN BY THE GOVERNMENT IN RESPECT OF THE ESTABLISHMENT OF PIDU AND MAINTAINED THAT NONE OF THEM COULD HAVE BEEN CUT.

ON THE QUESTION CONCERNING HONG KONG'S INDUSTRIAL INVESTMENT PROMOTION EFFORT AND WHETHER THIS WORK COULD NOT BE MORE EFFECTIVELY CARRIED OUT BY THE HONG KONG TRADE DEVELOPMENT COUNCIL (TDC) THAN BY THE INDUSTRY DEPARTMENT DIRECT, MR HO SAID, +THE ADVISORY COMMITTEE ON DIVERSIFICATION CONSIDERED THAT DIRECT GOVERNMENT INVOLVEMENT IN PROMOTING INDUSTRIAL INVESTMENT OVERSEAS WAS NOT ONLY DESIRABLE BUT NECESSARY.+

THE PRIMARY FUNCTION OF THE TDC IS TO PROMOTE, ASSIST AND DEVELOP HONG KONG'S OVERSEAS TRADE, WITH PARTICULAR REFERENCE TO EXPORTS, WHILE INDUSTRIAL PROMOTION INVOLVES THE TARGETING OF SPECIFIC COMPANIES AND DIRECT EFFORTS TO INTEREST THEM IN HONG KONG.

+EFFECTIVE EFFORTS IN THIS LATTER FIELD NEED A SOUND DATA BASE, WELL-DEVELOPED BACK-UP FACILITIES AND TECHNICALLY COMPETENT SPECIALIST STAFF WITH INDUSTRIAL BACKGROUND SO THAT THEY COULD DISCUSS WITH INDUSTRIALISTS IN THEIR OWN TERMS.

+THUS IF TDC WERE TO TAKE ON THIS SPECIALISED FUNCTION AS WELL, IT WOULD NEED SEPARATE SPECIALIST STAFF. THE TDC, AS PRESENTLY STAFFED, CANNOT TAKE ON THIS EXTRA TASK AND MAINTAIN, MUCH LESS IMPROVE, PERFORMANCE,+ MR HO SAID.

POINTING OUT THAT THERE WAS CONTINUING CLOSE CO-OPERATION BETWEEN THE INDUSTRY DEPARTMENT AND THE MAJOR TRADE AND INDUSTRIAL ORGANISATIONS IN HONG KONG, MR HO SAID THE DEPARTMENT WORKS PARTICULARLY CLOSELY WITH THE TDC, BOTH IN HONG KONG AND OVERSEAS.

MR HO SHARED THE CONCERN EXPRESSED OVER THE VARIOUS ASPECTS OF AMERICAN PROTECTIONIST SENTIMENT AND THE RECENT CONTROVERSY OVER THE U.S. RULES OF ORIGIN.

NOTING THAT HONG KONG WAS OPEN WITHOUT TARIFF OR QUOTA TO U.S. GOODS AND SERVICES AND THAT WE HAD ABIDED BY OUR COMMITMENTS UNDER THE MULTI-FIBRE ARRANGEMENT, MR HO SAID THAT THERE WAS NO CASE FOR THE U.S. TO IMPOSE EVEN TIGHTEN RESTRAINTS ON HONG KONG.

HE HOPED THAT THE RECENT ANNOUNCEMENT OF THE APPOINTMENT OF A LOBBYIST BY THE TDC TO REPRESENT HONG KONG'S INTERESTS IN THE UNITED STATES WOULD GO SOME WAY TO MEETING THE NEED FOR GREATER EFFORTS TOWARDS INFLUENCING OPINION AND PROMOTING HONG KONG'S CASE IN OUR PRINCIPAL MARKETS.

HOWEVER, MR HO DISAGREED WITH A PROPOSAL FOR A HALF PER CENT CHARGE ON THE VALUE OF ALL IMPORTS, OTHER THAN FOOD STUFFS, AS THIS SUGGESTION WOULD BE REGARDED AS COUNTER-PRODUCTIVE TO OUR EFFORTS IN THE EXTERNAL COMMERCIAL RELATIONS FIELD.

+LIKEWISE MISS TAM'S PRIORITY FOR IMPORTED MACHINERY AND EQUIPMENT MADE BY OVERSEAS MANUFACTURERS WITH LOCAL INVESTMENT COULD OFFEND AGAINST THE GATT CODE ON GOVERNMENT PROCUREMENT TO WHICH HONG KONG IS A PARTY,+ HE SAID.

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GOVT KEEPING EYE ON RETAILERS' SERVICE
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SOME CRIMINAL SANCTIONS WOULD BE CALLED FOR IF THE GOVERNMENT HAD TO LEGISLATE TO PREVENT THE ABUSE OF CONSUMERS BY SOME RETAILERS, THE SECRETARY FOR ECONOMIC SERVICES, THE HON PIERS JACOBS, SAID TODAY IN THE LEGISLATIVE COUNCIL.

HE SAID LEGISLATION HAD TO BE CONSIDERED BECAUSE OF THE NUMEROUS COMPLAINTS BY BOTH TOURISTS AND LOCAL RESIDENTS ABOUT THE UNSATISFACTORY SERVICE FROM A NUMBER OF RETAILERS +DEALING PRINCIPALLY IN RADIO EQUIPMENT, CAMERAS AND SO ON.+

BUT HE WAS FIRMLY OF THE VIEW THAT IF POSSIBLE IT WAS FAR BETTER TO RELY ON PERSUASION AND PUBLICITY RATHER THAN LEGISLATION, HE SAID.

+IN HONG KONG WE BELIEVE THAT BUSINESS IS BEST CONDUCTED BY BUSINESSMEN WITH A MINIMUM OF BUREAUCRATIC INTERFERENCE. THIS COMMERCIAL FREEDOM HAS BEEN AND WILL CONTINUE TO BE THE CORNERSTONE OF OUR ECONOMIC SUCCESS.

+BUT FREEDOM DEPENDS TO A GREAT EXTENT ON THE ACCEPTANCE OF CERTAIN ETHICAL STANDARDS,+ HE SAID.

THE GOVERNMENT, HE SAID, WOULD CONTINUE TO WATCH THE SITUATION CAREFULLY.

+I HOPE THAT THOSE FEW RETAILERS WHO NOW ABUSE THE COMMERCIAL FREEDOM AFFORDED TO THEM WILL HEED WHAT I HAVE SAID,+ MR JACOBS SAID.

WHAT WAS UNFORTUNATE, HE SAID, WAS THAT IF INTERVENTION WAS NEEDED, THE BURDEN OF COMPLIANCE COULD FALL ON MANY INNOCENT AND REPUTABLE DEALERS AS WELL AS ON THE GUILTY MINORITY.

MR JACOBS POINTED OUT THAT THE TRADE DESCRIPTIONS ORDINANCE ALREADY PROVIDED FOR PENALTIES UP TO \$500 000 AND IMPRISONMENT FOR FIVE YEARS IN RELATION TO THE OFFENCE OF SUPPLYING ANY GOODS TO WHICH A FALSE TRADE DESCRIPTION IS APPLIED.

DEALING WITH THE QUESTION OF PUBLIC UTILITIES, HE SAID A UNIFORM AND COMPREHENSIVE SYSTEM FOR NEW SCHEMES OF CONTROL OVER ALL PRIVATELY OWNED PUBLIC UTILITIES MIGHT NOT BE APPROPRIATE AS THE CIRCUMSTANCES OF THE VARIOUS PUBLIC UTILITIES WERE DIFFERENT.

WHILE SOME UTILITIES WERE NOT SUBJECT TO FORMAL PROFIT CONTROL SCHEMES, THERE WAS ADEQUATE REGULATION THROUGH OTHER METHODS, HE SAID.

EVEN WHERE THERE WAS NO FORMAL SCHEME OF CONTROL, THE GOVERNMENT COULD REGULATE CHARGES THROUGH A PROVISION REQUIRING THAT CHARGES OR FEES IMPOSED BY THE PUBLIC UTILITY IN QUESTION BE APPROVED BY THE APPROPRIATE AUTHORITY, OR BY THE LEGISLATIVE COUNCIL.

MR JACOBS FURTHER EXPLAINED THAT THE REASON WHY THERE WERE NO STANDARD RULES FOR DETERMINING WHICH AUTHORITY SHOULD DETERMINE OR APPROVE CHARGES WAS SIMPLY THAT THE SCHEMES OF CONTROL OR REGULATORY MECHANISMS WERE NEGOTIATED IN DIFFERING CIRCUMSTANCES.

THUS, MR JACOBS SAID, ARRANGEMENTS WHICH MIGHT SUIT ONE UTILITY DID NOT NECESSARILY SUIT ANOTHER.

+WHAT WE TRY TO ENSURE IS THAT THE SCHEMES AND THE CONTROL MECHANISMS INCLUDING THE APPROVING AUTHORITY ARE APPROPRIATE TO THE PARTICULAR INDUSTRY OR UTILITY INVOLVED.

+THE PROVISIONS OF THE SCHEMES, AND THE LEVELS OF PERMITTED RETURN, ARE INTENDED TO DEAL WITH DIFFERENT OPERATING AND FINANCIAL REQUIREMENTS OF THE VARIOUS COMPANIES,+ HE SAID.

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ON THE NUMBER OF PERSONS ENGAGED IN THE MONITORING PROCESS, MR JACOBS SAID THE CONSULTANTS' REPORT MADE IT CLEAR THAT THE MONITORING ORGANISATION CONSISTED NOT ONLY OF THE FINANCIAL MONITORING UNIT BUT ALSO THE ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT AND CERTAIN DIVISIONS OF THE ECONOMIC SERVICES BRANCH.

+WHILE THE FINANCIAL MONITORING UNIT COMPRISES THE FIVE OFFICERS, THERE ARE OTHERS IN THE ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT WHO ALSO PLAY AN IMPORTANT ROLE AS DO MEMBERS OF THE ECONOMIC SERVICES BRANCH.

+AS TO OTHER PUBLIC UTILITIES A NUMBER OF DEPARTMENTS AND BRANCHES SUCH AS THE POST OFFICE AND TRANSPORT ARE ALSO INVOLVED.

+THE POINT MADE BY THE CONSULTANTS IS THAT THE ARRANGEMENTS SHOULD BE FORMALISED TO A GREATER DEGREE AND THAT THE CO-ORDINATION SHOULD BE MORE EFFECTIVE. A MODEST INCREASE IN STAFF MAY BE NEEDED, + MR JACOBS SAID.

HE ADDED THAT THERE WAS ALSO A UMELCO PUBLIC UTILITIES PANEL WHICH CONCERNED ITSELF WITH THE AFFAIRS OF THE PUBLIC UTILITIES.

REFERRING TO PRICE INCREASES SOUGHT BY PUBLIC UTILITIES, MR JACOBS SAID THAT PUBLIC UTILITIES HAD TO ADJUST THEIR PRICES TO RECOVER THE COST OF THE SERVICES PROVIDED.

BUT OVER A TWO-YEAR PERIOD SOME INCREASES HAD BEEN SO MODEST THAT THERE HAD IN FACT BEEN A DECREASE IN REAL TERMS IN THE PRICES CHARGED BY CERTAIN PUBLIC UTILITIES.

OTHER INCREASES, MR JACOBS SAID, WHILE THEY MIGHT BE LARGE IN PERCENTAGE TERMS, WERE VERY SMALL IN NOMINAL TERMS BECAUSE THE BASE WAS COMPARATIVELY LOW.

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REPORT ON HOUSING SUBSIDY READY SOON

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THE SPECIAL COMMITTEE ON HOUSING SUBSIDY TO PUBLIC HOUSING TENANTS WILL REPORT WITHIN THE NEXT MONTH OR SO, AND A GREEN PAPER WILL BE ISSUED FOR PUBLIC CONSULTATION BEFORE FIRM PROPOSALS ARE PUT TO THE EXECUTIVE COUNCIL.

THIS WAS SAID TODAY BY THE SECRETARY FOR HOUSING, THE HON DAVID FORD, DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL.

HE SAID WITHOUT WISHING TO PRE-EMPT THE REPORT THAT THE BEST SOLUTION WOULD BE FOR RENTAL TENANTS, WHO COULD WELL AFFORD TO UPGRADE THEIR HOUSING, TO MOVE TO HOME OWNERSHIP SCHEME FLATS SO THAT THE RENTAL FLATS THEY GAVE UP COULD BE OFFERED TO THOSE WAITING PATIENTLY IN THE PRIVATE SECTOR.

/CHAired BY

CHAIRMAN BY THE HON F.K. HU, THE SPECIAL COMMITTEE WAS SET UP TO STUDY THE QUESTION IN DEPTH AND TO MAKE RECOMMENDATIONS FOLLOWING WIDE-RANGING PUBLIC CONSULTATION LAST YEAR WHEN THE HOUSING AUTHORITY REVIEWED ITS ALLOCATION POLICY.

MR FORD STRESSED THE POSSIBILITY THAT ANY ACTION TAKEN TO DEAL WITH THE PROBLEMS OF BETTER-OFF TENANTS COULD HAVE FAR-REACHING IMPLICATIONS, INVOLVING THAT SECTOR OF COMMUNITY WHICH HAD FOR MANY DECADES PROVIDED THE POWER-HOUSE OF THE HONG KONG ECONOMY.

+NOTHING WE DO NOW THEREFORE SHOULD PUT AT RISK THE SENSE OF SECURITY AND WELL-BEING WHICH RESULTS FROM THE CERTAINTY OF HAVING A ROOF OVER ONE'S HEAD AND A COMFORTABLE ENVIRONMENT IN WHICH TO LIVE,+ HE SAID.

HOWEVER, MR FORD SAID HE DID NOT BELIEVE IT WAS EQUITABLE THAT WELL-OFF HOUSING TENANTS SHOULD BE ALLOWED TO CONTINUE TO ENJOY, AS THEY HAD FOR SO LONG, THE HEAVILY SUBSIDISED RENTS OF THE HOUSING AUTHORITY.

+THEY PAY A VERY SMALL PROPORTION OF THEIR INCOME USUALLY NOT MORE THAN 10 PER CENT FOR THEIR FLATS AND I BELIEVE IT IS A GENERALLY ACCEPTED VIEW OF THE COMMUNITY AS A WHOLE THAT THEY COULD BE REASONABLY EXPECTED TO CONTRIBUTE A FAIRER SHARE OF INCOME TOWARDS THEIR OWN HOUSING.+

TO ENCOURAGE TENANTS TO MOVE TO HOS FLATS, HE SAID SOME CHANGES IN POLICIES HAD BEEN MADE, WHICH HAD HAD SOME SUCCESS WITH OVER 21 000 RENTAL FLATS HAVING BEEN VACATED AS A RESULT SO FAR.

HOWEVER, HE WARNED THAT THE RESERVOIR OF TENANTS PREPARED TO DO SO WAS LIMITED BECAUSE THE INCREASED FINANCIAL COMMITMENT INVOLVED COULD STILL PRESENT A PROBLEM.

+I DO NOT BELIEVE THEREFORE THAT CARROTS SHOULD BE OFF THE MENU FOREVER ALTHOUGH I ACCEPT JUDICIOUS USE OF THE STICK BY WAY OF HIGHER RENT FOR THOSE WHO CAN AFFORD THEM MAY PROVE NECESSARY.

+FOR THIS REASON ALTHOUGH I LISTENED WITH GREAT INTEREST TO MR WONG LAM'S SPEECH, I AM RELUCTANT TO PURSUE IN THE SHORT TERM HIS SUGGESTION THAT WE SHOULD INCLUDE AN ELEMENT OF LAND VALUE IN THE PRICE OF HOS FLATS.

+I BELIEVE WE SHOULD AIM AT FURTHER INCREASING THE NUMBER OF TENANTS WHO ARE PREPARED TO PURCHASE HOS, SO THAT THE HIGH LEVEL OF PRODUCTION OF PUBLIC RENTAL HOUSING COULD BE REDUCED IN THE LONG TERM.+

HE STRONGLY SUPPORTED A POINT BY MR F.K. HU THAT THE HOUSING AUTHORITY SHOULD DO EVERYTHING POSSIBLE TO CONTRIBUTE MORE TOWARDS THE COST OF THE HOUSING PROGRAMME.

+THE HOUSING AUTHORITY ALREADY CONTRIBUTES 37 PER CENT OF TOTAL EXPENDITURE AND THAT WILL RISE TO 65 PER CENT BY 1988-89. BUT WE ACCEPT THAT WE NEED TO DO MORE TO REDUCE OUR DEPENDANCE ON GOVERNMENT FUNDING AND ARE CONTINUING TO EXPLORE SCHEMES AND POLICIES TO THAT END.+

MR FORD SAID A MAJOR STEP HAD BEEN TAKEN WHICH WOULD FURTHER INCREASE THE CONTROL OF SQUATTER POPULATION.

+FOR THE FIRST TIME, WE ARE UNDERTAKING A SURVEY OF SQUATTER INHABITANTS RATHER THAN SQUATTER HUTS.

+THE RESULTS OF THAT SURVEY, WHICH IS ABOUT HALF-WAY THROUGH, WILL ENABLE US TO QUANTIFY OUR COMMITMENT TO RE-HOUSING THE SQUATTER POPULATION ONCE AND FOR ALL. PEOPLE NOT INCLUDED IN THAT SURVEY WILL NOT BE ENTITLED TO PUBLIC HOUSING.+

REFERRING TO COST OF SQUATTER CONTROL AND WHETHER THERE WERE CHEAPER METHODS OF ACHIEVING THE SAME RESULT, MR FORD SAID THE PROBLEM OF CONTROL LAY IN THE FACT THAT THE NATURE OF SQUATTER RESETTLEMENTS WAS SUCH THAT MODERN METHODS OF SURVEILLANCE EITHER DID NOT WORK OR WERE MORE EXPENSIVE THAN THE PRESENT METHODS.

+WE HAVE LOOKED SERIOUSLY INTO THE POSSIBILITY OF USING HELICOPTERS, AERIAL PHOTOGRAPHS OR WATCHERS WITH TELESCOPE ON HIGH HILLTOPS. BUT NONE OF THESE CAN DETECT AN EXTENSION BUILT BENEATH AN EXISTING ROOF STRUCTURE OR A CAREFULLY CAMOUFLAGED CHANGE OF MATERIAL.

+WE ARE CURRENTLY EXPLORING THE USE OF FEWER PATROLMEN EQUIPPED WITH PERSONAL RADIOS ABLE TO CALL ON A CENTRALLY-HELD RESERVE WHEN THEY NEED HELP. BUT I WOULD STRESS THAT DAILY PATROLS WOULD STILL BE ESSENTIAL IF WE ARE TO MAINTAIN OUR EFFECTIVENESS.+

MR FORD POINTED OUT THAT THE CURRENT HIGH-LEVEL OF CLEARANCE WAS ALREADY ALLOWING THE HOUSING AUTHORITY TO MAKE SUBSTANTIAL ECONOMIES.

+FOLLOWING A VALUE-FOR-MONEY STUDY IN 1983, THE DEPLOYMENT OF SQUATTER CONTROL TEAMS HAS BEEN STREAMLINED WITH THE STAFF REDUCED FROM 3 000 TO 2 400 WITH AN ANNUAL SAVING OF \$6 MILLION IN REAL TERM.

+NO LESS THAN 65 000 SQUATTERS WILL BE CLEARED ANNUALLY UNDER THE DEVELOPMENT AND NON-DEVELOPMENT PROGRAMME. THIS IN TURN SHOULD ALLOW FOR A FURTHER REDUCTION OF SQUATTER CONTROL STAFF, AND I AM CONFIDENT THAT FURTHER SAVINGS CAN BE ACHIEVED YEAR BY YEAR.+

NOW WITH SQUATTING UNDER CONTROL, A COMPREHENSIVE SQUATTER CLEARANCE PROGRAMME AND A CONSTRUCTION PROGRAMME CAPABLE OF RE-HOUSING URBAN SQUATTERS WITHOUT JEOPARDIZING OTHER HOUSING COMMITMENTS, MR FORD SAID: +I BELIEVE WE NOW HAVE A REAL OPPORTUNITY TO SEE A SOLUTION TO THIS PROBLEM OF SQUATTERS WHICH HAS CONCERNED US FOR SO LONG.+

SPENDING ON EDUCATION BEING EXAMINED

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THE GOVERNMENT WAS EXAMINING WHETHER THE BALANCE OF THE INVESTMENT IN EDUCATION WAS THE MOST APPROPRIATE AND PRODUCING THE OPTIMUM RESULT FOR THE RESOURCES DEVOTED TO IT, THE SECRETARY FOR EDUCATION AND MANPOWER, THE HON NEIL HENDERSON, SAID IN THE LEGISLATIVE COUNCIL TODAY.

SPEAKING AT THE RESUMED BUDGET DEBATE, MR HENDERSON POINTED OUT THAT EDUCATION ACCOUNTED FOR THE BIGGEST SINGLE SLICE OF GOVERNMENT EXPENDITURE.

+THE ENORMOUS SUM OF \$7.81 BILLION HAS BEEN PROVIDED FOR EDUCATION IN 1985-86: 17 PER CENT OF TOTAL EXPENDITURE.

+NOTHING COULD MORE CLEARLY DEMONSTRATE GOVERNMENT'S COMMITMENT TO MAINTAINING, EXTENDING AND IMPROVING THE EDUCATIONAL SYSTEM OF HONG KONG, INCLUDING TECHNICAL AND VOCATIONAL EDUCATION,+ MR HENDERSON SAID.

HE SAID NO DOUBT THE CRY WOULD BE HEARD THAT STILL MORE NEEDED TO BE DONE. BUT A WORD OF CAUTION WAS APPROPRIATE HERE.

+FACED WITH EXISTING EXPENDITURE OF THE MAGNITUDE I HAVE REFERRED TO, IT SEEMS CLEAR THAT ANY NEW ADVANCES OF ANY SIZE MAY HAVE TO BE ACCOMPANIED BY A REVIEW OF THE PRESENT METHODS OF FINANCING EDUCATION,+ MR HENDERSON SAID.

ON THE ABILITY OF HONG KONG STUDENTS TO OBTAIN HIGHER EDUCATION OVERSEAS PARTICULARLY IN U.K. NOW THAT THE FULL FEES WERE BEING CHARGED, MR HENDERSON SAID CLEARLY A CONSIDERABLE PART OF THE PROBLEM SHOULD BE EASED OVER THE YEARS AS THE PROGRAMME OF EXPANDING TERTIARY EDUCATION IN HONG KONG PROGRESSED.

MEANWHILE, MR HENDERSON SAID, A JOINT FUNDING SCHEME HAD BEEN CREATED BY THE U.K. AND HONG KONG GOVERNMENTS TO PROVIDE FINANCIAL ASSISTANCE TO STUDENTS PURSUING OR INTENDING TO PURSUE A HIGHER EDUCATION IN THE U.K.

THE SCHEME WAS NOT AIMED AT PROVIDING HONG KONG STUDENTS WITH FREE HIGHER EDUCATION IN THE U.K. NOR WAS IT DESIGNED TO ENCOURAGE ACTIVELY HONG KONG STUDENTS TO FURTHER THEIR STUDIES IN THE U.K.

RATHER, HE SAID, ITS MAIN OBJECTIVE WAS TO PROVIDE NEEDY HONG KONG STUDENTS PURSUING A FIRST DEGREE OR POLYTECHNIC HIGHER NATIONAL DIPLOMA COURSE WITH FINANCIAL ASSISTANCE TO ENABLE THEM TO MEET THE DIFFERENCE BETWEEN THE U.K. HOME AND OVERSEAS RATES OF TUITION FEE, THE LATTER HAVING BEEN PITCHED AT THE FULL COST LEVEL BY HER MAJESTY'S GOVERNMENT FROM 1980.

+BEING A MODEST SIZE AND OF FINITE MEANS, THE SCHEME IS MEANS-TESTED,+ MR HENDERSON SAID.

/HE SAID

HE SAID HOWEVER THE SCHEME, WHICH WAS SET UP IN TIME FOR THE ACADEMIC YEAR 1983-84 AND WAS NOW IN ITS SECOND YEAR OF OPERATION, HAD THROWN UP SOME PROBLEMS, AND IT WAS PROPOSED THAT THE SITUATION BE REVIEWED WITH THE SECRETARIAT OF UPGC WHO MANAGED THE SCHEME.

MR HENDERSON ALSO SAID THAT THE EDUCATION DEPARTMENT'S MANAGEMENT TRAINING UNIT HAD SINCE 1981, BEEN PROVIDING TRAINING FOR THE HEADS OF ALL PUBLIC SECTOR SCHOOLS, WITH PRIORITY BEING GIVEN TO NEW AND INEXPERIENCED HEADS.

ON PROPOSALS TO INTRODUCE A BACHELOR OF EDUCATION DEGREE PROGRAMME TO HELP IMPROVE THE DEVELOPMENT POTENTIAL AND ACADEMIC STATUS OF PRIMARY SCHOOL PRINCIPALS, MR HENDERSON SAID THE PANEL OF VISITORS AND THE EDUCATION COMMISSION HAD BOTH ENDORSED THIS PROGRAMME AND THAT THE ADMINISTRATION WAS LOOKING INTO THE STAFFING AND GRADING IMPLICATIONS OF THIS PROPOSAL WITH A VIEW TO ENABLING THE UNIVERSITY TO INTRODUCE THIS DEGREE PROGRAMME.

HOWEVER, ADDITIONAL RESOURCES WOULD BE REQUIRED FOR SUCH A PROGRAMME AND THIS MIGHT AFFECT THE TIMING OF ITS INTRODUCTION, HE SAID.

REFERRING TO CONCERNS EXPRESSED BY SOME UNOFFICIAL MEMBERS ABOUT THE HIGH COSTS OF THE STUDENT TRAVEL SCHEME RUNNING TO SOME \$260 MILLION FOR THE 1984-85 ACADEMIC YEAR AND THE WIDE SCOPE OF ITS COVERAGE, MR HENDERSON SAID HE AND THE SECRETARY FOR TRANSPORT HAD AGREED THAT A FURTHER REVIEW OF THE SCHEME SHOULD BE CARRIED OUT THIS YEAR.

ON MANPOWER FOR THE LABOUR DEPARTMENT'S FACTORY INSPECTORATE AND THE NEED TO PROVIDE STAFF WITH TRAINING ON THE PREVENTION OF INDUSTRIAL ACCIDENTS CAUSED BY TOXIC SUBSTANCES, MR HENDERSON ASSURED MEMBERS THAT THE PLANNED EXPANSION OF THE FACTORY INSPECTORATE WOULD BE CONTINUED AS SOON AS CIRCUMSTANCES PERMIT.

+THE IMPORTANCE OF PROPER TRAINING TO KEEP ABREAST OF THE LATEST DEVELOPMENTS IN PRODUCTION TECHNOLOGY AND THE USE OF NEW CHEMICALS IN INDUSTRY IS APPRECIATED. ALL INSPECTORS RECEIVE BASIC TRAINING IN RECOGNISING CHEMICAL HAZARDS AND SOME HAVE RECEIVED MORE ADVANCED TRAINING OVERSEAS.

+A WORKING PARTY HAS BEEN SET UP IN THE FACTORY INSPECTORATE TO STUDY HOW TO IMPROVE CONTROL OF THE USE AND HANDLING OF TOXIC SUBSTANCES IN INDUSTRY. SPECIALIST HELP AND ADVICE IS ALSO OBTAINED FROM THE OCCUPATIONAL HEALTH DIVISION AND THE GOVERNMENT CHEMIST.

+MEANWHILE, REGULATIONS UNDER THE FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE ARE PRESENTLY BEING DRAFTED TO PROTECT WORKERS SAFETY BY REQUIRING THE PROPER STORAGE AND HANDLING OF ASBESTOS IN INDUSTRY AND BY PROHIBITING THE MANUFACTURE AND USE OF CERTAIN CARCINOGENIC SUBSTANCES. THESE REGULATIONS SHOULD BE MADE WITHIN THE NEXT FEW MONTHS,+ MR HENDERSON SAID.

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NEED SEEN FOR CONTROL POINT PLANNING

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WITH THE TOTAL NUMBER OF PASSENGERS TRAVELLING THROUGH IMMIGRATION CONTROL POINTS INCREASING IN THE LAST TWO YEARS FROM 25.7 MILLION TO 29.8 MILLION TO 36 MILLION, THE GOVERNMENT WAS ACUTELY CONSCIOUS OF THE NEED FOR LONG TERM PLANNING, THE SECRETARY FOR SECURITY, THE HON DAVID JEAFFRESON, SAID AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY.

+EXAMPLES OF BUILDING WORK COMPLETED OR IN PROGRESS ARE THE EXTENSION OF THE TEMPORARY TERMINAL AT LO WU AND WORK NOW PROCEEDING ON A NEW BUILDING TO BE READY IN MARCH 1987; THE SHA TAU KOK TERMINAL OPENED IN FEBRUARY THIS YEAR; A NEW PERMANENT TERMINAL IN MAN KAM TO TO BE COMPLETED IN 1986; A NEW PERMANENT TERMINAL TO BE COMPLETED FOR THE MACAU FERRY THIS YEAR; A NEW PERMANENT TERMINAL FOR THE CHINA FERRY SERVICES AT TAI KOK TSUI TO BE READY AT THE END OF 1987; A NEW CONTROL POINT AT LOK MA CHAU TO BE COMPLETED IN 1987; AND THE FACILITIES AT THE AIRPORT TO BE EXTENDED BY 1987,+ MR JEAFFRESON SAID.

IN ADDITION, MR JEAFFRESON SAID, PLANNING WAS GOING AHEAD TO EXPAND THE PERMANENT FACILITIES AT LO WU, ONCE THEY WERE COMPLETED, TO DEAL WITH EXPECTED INCREASES IN TRAFFIC, TO IMPROVE THE FACILITIES AT HUNG HOM, AND TO INTRODUCE COMPUTER SYSTEMS FOR ALL CONTROL POINTS.

HOWEVER, MR JEAFFRESON SAID THERE WAS LITTLE HOPE FOR IMMEDIATE TEMPORARY RELIEF.

+THE TRUTH IS THAT IN THE SHORT TERM THE SITUATION GENERALLY IS GOING TO GET, IF ANYTHING, WORSE. THE IMMIGRATION DEPARTMENT IS ALREADY VERY STRETCHED. TO DEAL WITH THE TEN MILLION, AND I REPEAT TEN MILLION, ADDITIONAL TRAVELLERS OVER THE LAST TWO YEARS THE DEPARTMENT WAS ABLE TO CREATE ONLY 78 ADDITIONAL POSTS FOR CONTROL POINTS.

+FOR THE PRESENT FINANCIAL YEAR, BECAUSE THE CIVIL SERVICE IS NOT BEING ALLOWED TO EXPAND, NO PROVISION FOR ANY ADDITIONAL POSTS FOR THE DEPARTMENT HAS BEEN INCLUDED IN THE DRAFT ESTIMATES. IN OTHER WORDS, FOR THE FURTHER INCREASE IN TRAVELLERS THIS YEAR (AND THE INCREASE COULD BE OF THE ORDER OF FIVE OR SIX MILLION) THE DEPARTMENT WILL HAVE TO MANAGE WITH THE STAFF IT HAS GOT,+ MR JEAFFRESON SAID.

REFERRING TO THE TWO CONTROL POINTS AT TAI KOK TSUI AND MAN KAM TO SPECIFICALLY, MR JEAFFRESON SAID THE CONSEQUENCE FOR TAI KOK TSUI WOULD BE THAT BECAUSE OF LACK OF EXTRA STAFF (AND PROBLEMS OVER LUGGAGE HANDLING FACILITIES) IT WAS LIKELY TO PROVE IMPRACTICABLE IN THE CURRENT FINANCIAL YEAR TO TRANSFER ANY OF THE TRAFFIC FROM TAI KOK TSUI TO THE NEW MACAU FERRY TERMINAL TO WHICH IT HAD BEEN HOPED TO MOVE ABOUT 50 PER CENT.

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IN THE CASE OF MAN KAM TO, HE SAID, MOST OF THE NEW FACILITIES DUE TO BE AVAILABLE IN DECEMBER THIS YEAR, WOULD SIMPLY NOT BE MANNED, WHILE THE TRAFFIC WOULD CONTINUE TO INCREASE.

+AT THE PRESENT TIME, THE TEMPORARY FACILITIES THERE INCLUDE FOUR KIOSKS FOR CHECKING VEHICLES AND 14 COUNTERS FOR CHECKING PASSENGERS. OF THESE, THE IMMIGRATION DEPARTMENT HAS NOW ONLY ENOUGH STAFF IN NORMAL CIRCUMSTANCES TO MAN TWO KIOSKS AND FOUR COUNTERS MOST OF THE TIME; ALTHOUGH FOR SHORT PERIODS IF THE TRAFFIC REALLY BUILDS UP THE DEPARTMENT CAN MANAGE A MAXIMUM OF THREE KIOSKS AND SIX COUNTERS.

+THE NEW FACILITIES TO BE READY IN DECEMBER WILL INCLUDE 12 KIOSKS AND 28 COUNTERS. AS I SAY MOST OF THEM WILL HAVE TO REMAIN EMPTY -- AND WITHOUT ADDITIONAL STAFF THERE CAN BE NO QUESTION OF EXTENDING THE HOURS IN WHICH THE TERMINAL IS OPEN, EITHER,+ HE SAID.

AGAINST THIS BACKGROUND, MR JEAFFRESON SAID, +I DOUBT IF WE CAN PURSUE MRS RITA FAN'S IDEA OF INTRODUCING CHARGES AT MAN KAM TO AND LO WU NOW.

+OUR INTENTION HAS BEEN NOT TO CONSIDER MOVING IN THIS DIRECTION UNTIL THE NEW FACILITIES AT BOTH MAN KAM TO AND LO WU ARE READY.

+BUT WE WILL NOW GIVE SOME THOUGHT TO THE POSSIBILITY OF STARTING WITH A SMALLER CHARGE EARLIER AS THE SERVICES AT THE VARIOUS CONTROL POINTS IMPROVE,+ HE SAID.

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HOUSING PROBLEMS OF ELDERLY STUDIED

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AN INTER-DEPARTMENTAL WORKING GROUP HAS BEEN SET UP TO LOOK INTO THE HOUSING PROBLEMS OF THE ELDERLY, IN PARTICULAR THOSE WHO LIVE IN BOARDING HOUSES IN SUB-STANDARD PRIVATE TENEMENT BLOCKS IN THE OLDER URBAN DISTRICTS - THE SO-CALLED +CAGED-MAN+, THE SECRETARY FOR HEALTH AND WELFARE, THE HON JOHN CHAMBERS SAID IN THE LEGISLATIVE COUNCIL TODAY.

SPEAKING AT THE RESUMED BUDGET DEBATE, HE SAID, +I AGREE THAT THE MOST SATISFACTORY LONG TERM SOLUTION OF THIS PROBLEM IS THE REHOUSING OF THESE UNFORTUNATE PEOPLE IN PUBLIC HOUSING OR IN THE VARIOUS TYPES OF ACCOMMODATION PROVIDED FOR THE ELDERLY, BUT CLEARLY WE ARE NOT GOING TO BE ABLE TO ACHIEVE THIS AIM IMMEDIATELY AND I THINK WE SHOULD SEE WHAT CAN BE DONE IN THE INTERIM TO IMPROVE CONDITIONS IN THESE BOARDING HOUSES.+

/HE SAID

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HE SAID THAT THE DIRECTOR OF SOCIAL WELFARE HAD BEEN MADE RESPONSIBLE FOR PLANNING TO MEET THE SHORTFALLS IN THE VARIOUS TYPES OF GROUP ACCOMMODATION FOR THE ELDERLY, AND FOR ENSURING THAT A PROPER INTEGRATION OF FACILITIES WAS ACHIEVED.

AND SHE HAD BEEN ASKED TO REVIEW THE PLANNING STANDARDS FOR VARIOUS TYPES OF GROUP ACCOMMODATION FOR THE ELDERLY IN THE LIGHT OF CURRENT DEMAND.

THE PRIMARY AIM, MR CHAMBERS SAID, WAS TO PROVIDE SERVICES THAT WOULD ENABLE ELDERLY PEOPLE TO RETAIN THEIR SELF-RESPECT AND TO REMAIN IN THE COMMUNITY FOR AS LONG AS POSSIBLE.

THE PRIME NEED WAS OF COURSE FINANCIAL AND ONE OF THE MAIN TASKS OF THE SOCIAL SECURITY SYSTEM WAS TO ENSURE THAT SUCH PEOPLE HAD SUFFICIENT INCOME TO MAINTAIN A DECENT STANDARD OF LIVING, HE SAID.

HE POINTED OUT THAT 63 PER CENT OF PUBLIC ASSISTANCE RECIPIENTS WERE OVER 60 YEARS OF AGE. A FURTHER 211 000 PEOPLE RECEIVED THE OLD AGE ALLOWANCE, REPRESENTING 84 PER CENT OF ALL THOSE AGED 70 OR OVER.

AT PRESENT 11.3 PER CENT OF THE POPULATION ARE AGED OVER 60 AND THIS PROPORTION WAS EXPECTED TO GROW TO 13.4 PER CENT BY 1994.

MR CHAMBERS SAID THAT THERE WERE SEVERAL HOUSING OPTIONS AVAILABLE TO ELDERLY PEOPLE WHO WERE ABLE TO TAKE CARE OF THEMSELVES.

PEOPLE OVER THE AGE OF 60 WHOSE INCOME WAS BELOW THE HOUSING AUTHORITY LIMIT, WHO WERE IN NEED OF HOUSING, AND WERE CAPABLE OF LOOKING AFTER THEMSELVES, WERE ELIGIBLE FOR ACCOMMODATION UNDER THE GOLD COIN HOUSING SCHEME OPERATED BY THE SOCIAL WELFARE DEPARTMENT.

ABOUT 600 PEOPLE HAD ALREADY BEEN HOUSED IN 103 SHARED FLATS IN SHA TIN AND WAN CHAI AND THE SCHEME MIGHT BE EXPANDED WHEN OTHER SUITABLE PREMISES COULD BE LOCATED, HE POINTED OUT.

A FURTHER CATEGORY OF ACCOMMODATION FOR THE ELDERLY CONSISTED OF THE HOSTELS OPERATED BY VOLUNTARY AGENCIES IN PUBLIC HOUSING ESTATES, HE SAID.

FOR THOSE LESS ABLE TO LOOK AFTER THEMSELVES THERE WERE HOMES FOR THE AGED.

/THERE WERE

THERE WERE ALSO PLACES IN CARE-AND-ATTENTION HOMES FOR THOSE REQUIRING A LIMITED AMOUNT OF NURSING CARE, AND INFIRMARY PLACES FOR THOSE WHO NEEDED A GREATER DEGREE OF NURSING AND MEDICAL ATTENTION.

ON AN INTEGRATED APPROACH TO THE PROVISION OF SERVICES FOR THE ELDERLY, MR CHAMBERS SAID THIS SHOULD ENABLE THE CHANGING NEEDS OF ELDERLY PEOPLE TO BE MET IN A SINGLE LOCATION.

HE ALSO SAID THAT THE PROPOSAL THAT THE HOUSING AUTHORITY SHOULD PROVIDE AND OPERATE HOSTELS IN PUBLIC HOUSING ESTATES FOR ELDERLY PEOPLE WHOSE PRIMARY NEED WAS FOR ADEQUATE ACCOMMODATION WAS BEING EXPLORED.

IF THE HOUSING AUTHORITY WERE ABLE TO ASSUME THE RESPONSIBILITY FOR MEETING THIS PARTICULAR NEED, THE WELFARE AGENCIES WOULD BE ABLE TO REDNER OTHER SERVICES SUCH AS COUNSELLING, PERSONAL CARE AND SOCIAL AND RECREATIONAL ACTIVITIES FOR THE ELDERLY, HE SAID.

HE BELIEVED THAT THESE MEASURES WOULD ENABLE THE ACCOMMODATION NEEDS OF HONG KONG'S EXPANDING POPULATION OF ELDERLY PEOPLE TO BE MET IN WAYS THAT WERE BEST SUITED TO EACH INDIVIDUAL'S CIRCUMSTANCES.

ON PROPOSALS FOR CHANGES IN THE ORGANISATION AND FINANCING OF GOVERNMENT HOSPITALS AND CLINICS, MR CHAMBERS SAID THESE WERE PARTICULARLY TIMELY SINCE, A FIRM OF CONSULTANTS HAD RECENTLY BEEN APPOINTED TO REVIEW THE WHOLE QUESTION OF THE DELIVERY OF MEDICAL SERVICES.

HE SAID THAT BOTH PROPOSALS FOR THE MANAGEMENT OF HOSPITALS AND CLINICS BY AUTONOMOUS BOARDS OF GOVERNORS WITH BLOCK GRANTS FROM THE GOVERNMENT, AND SUGGESTIONS ON THE SUBJECT OF FINANCING THROUGH A FORM OF MEDICAL INSURANCE, WOULD BE CAREFULLY CONSIDERED BY THE CONSULTANTS.

ON THE SUGGESTION THAT GENERAL OUTPATIENT CLINICS SHOULD IN FUTURE BE OPERATED BY THE COLLEGE OF GENERAL PRACTITIONERS, MR CHAMBERS SAID THAT CERTAIN PROBLEMS WOULD ARISE IF PRIVATE DOCTORS WERE TO TAKE OVER COMPLETELY THE OPERATION OF GOVERNMENT OUTPATIENT CLINICS.

HE SAID THAT THE CURATIVE ROLE OF THESE CLINICS WAS ONLY ONE OF THEIR FUNCTIONS, AS THEIR ROLE IN THE SURVEILLANCE AND CONTROL OF LOCAL EPIDEMIC AND ENDEMIC DISEASES WAS AT LEAST AS IMPORTANT.

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+THESE FUNCTIONS ARE AN ESSENTIAL PART OF THE GOVERNMENT'S MEASURES TO PROMOTE PUBLIC HEALTH, AND IN MY VIEW AND THAT OF THE DIRECTOR OF MEDICAL AND HEALTH SERVICES, IT WOULD NOT BE APPROPRIATE FOR THE GOVERNMENT TO ABSOLVE ITSELF COMPLETELY FROM THESE RESPONSIBILITIES,+ HE EXPLAINED.

WITH REGARD TO STANDARD COST ARRANGEMENTS FOR SUBSIDISING THE VARIOUS TYPES OF SOCIAL SERVICES PROVIDED BY NON-PROFIT MAKING BODIES, MR CHAMBERS SAID THAT THE STANDARD COST SYSTEM HAD BEEN INTRODUCED FOR A TOTAL OF EIGHT SOCIAL WELFARE SERVICES, BUT SOME DIFFICULTIES HAD BEEN ENCOUNTERED.

HE SAID THAT WHEN STANDARD COST WAS INTRODUCED IT WAS DECIDED TO BASE THE STAFF ELEMENT OF THE GRANTS ON THE MID-POINTS OF SALARY SCALES, BUT THIS HAD RESULTED IN OVER-LARGE SUBVENTIONS BEING PAID TO A NUMBER OF AGENCIES.

A WAY WAS BEING SOUGHT TO OVERCOME THIS PROBLEM, BUT HE FEARED THAT IT MIGHT HAVE TO BE AT THE EXPENSE OF FLEXIBILITY, HE SAID.

REFERRING TO THE PROPOSAL THAT AGENCIES SHOULD BE ALLOWED TO RAISE THEIR OWN FUNDS TO PROVIDE A BETTER SERVICE THAN THE AGREED STANDARD, MR CHAMBERS SAID THIS WAS POSSIBLE UNDER THE PRESENT SOCIAL WELFARE SUBVENTION SYSTEM.

HE SAID THAT THE UNFORTUNATE +SEE-SAW+ EFFECT, WHICH HAD RESULTED IN MONEY RAISED BY THE AGENCIES THEMSELVES BEING DEDUCTED FROM THEIR SUBVENTIONS WAS ABOLISHED SOME YEARS AGO.

BUT HE MAINTAINED THAT THE WHOLE QUESTION OF SUBVENTION ARRANGEMENTS WAS CLEARLY A SUBJECT WHICH NEEDED FURTHER STUDY.

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GOVERNOR GOING TO LONDON

THE GOVERNOR, SIR EDWARD YOUDE, WILL MAKE A SHORT VISIT TO LONDON EARLY NEXT WEEK (APRIL 22, 23 AND 24).

HIS PRIMARY PURPOSE WILL BE TO GIVE HMG A REPORT ON RECENT DEVELOPMENTS IN HONG KONG, IN PARTICULAR THE PREPARATIONS BEING MADE FOR THE SEPTEMBER ELECTIONS TO THE LEGISLATIVE COUNCIL.

HE WILL TAKE THE OPPORTUNITY TO REVIEW OTHER CURRENT ISSUES. DURING HIS VISIT HE HOPES ALSO TO MEET A NUMBER OF MEMBERS OF PARLIAMENT.

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EXCO APPROVES INCREASES IN TRANSPORT FEES

THE EXECUTIVE COUNCIL HAS APPROVED INCREASES IN THE FEES FOR VEHICLE EXAMINATIONS AND VARIOUS OTHER TRANSPORT FEES AND CHARGES, A GOVERNMENT SPOKESMAN SAID TODAY. THE INCREASES WILL TAKE EFFECT FROM APRIL 19.

REGULAR EXAMINATIONS TO CHECK THE ROADWORTHINESS OF VEHICLES ARE CARRIED OUT TO REDUCE ACCIDENTS AND TO CUT DOWN TRAFFIC CONGESTION CAUSED BY VEHICLE BREAKDOWNS. AT PRESENT, ALL PASSENGER SERVICE VEHICLES (BUSES, LIGHT BUSES AND TAXIS), ALL GOODS VEHICLES OVER 9 YEARS OLD AND ALL PRIVATE CARS OVER 12 YEARS OLD HAVE TO BE EXAMINED ANNUALLY AT A GOVERNMENT VEHICLE EXAMINATION CENTRE BEFORE THEY CAN BE RE-LICENSED.

THE REVENUE FROM VEHICLE EXAMINATION FEES IS DESIGNED TO RECOVER THE FULL COSTS OF THE SERVICE. A RECENT REVIEW INDICATED THAT THE EXISTING FEES, WHICH WERE SET IN JULY 1982, ARE INSUFFICIENT TO COVER THESE COSTS.

THE FEE FOR EACH TYPE OF VEHICLE WILL BE INCREASED BY 35 PER CENT AND THE EFFECT OF THIS WILL BE AS FOLLOWS:

<u>TYPE OF VEHICLE</u>	<u>PRESENT FEE \$</u>	<u>NEW FEE \$</u>
(1) MOTORCYCLE	25	35
(2) PRIVATE CAR	120	160
(3) TAXI OR TRAILER	120	160

/(4) GOODS

(4)	GOODS VEHICLE (WITH A PERMITTED GROSS VEHICLE WEIGHT OF 5.5 TONNES OR BELOW)	150	200
(5)	GOODS VEHICLE (WITH A PERMITTED GROSS VEHICLE WEIGHT OF OVER 5.5 TONNES)	220	300
(6)	LIGHT BUS	150	200
(7)	SINGLE-DECKED BUS	190	260
(8)	DOUBLE-DECKED BUS	220	300

THE NEW, HIGHER FEES WILL NOT NEED TO BE PAID BY VEHICLE OWNERS WHO HAVE BOOKED EXAMINATIONS BEFORE APRIL 19 AND PAID THE FEE IN ADVANCE.

A FOUR-MONTH VEHICLE LICENCE COSTS 35 PER CENT OF THE APPROPRIATE ANNUAL LICENCE FEE PLUS AN ADDITIONAL CHARGE OF \$15. THE ADDITIONAL \$15 IS DESIGNED TO DISCOURAGE THE PURCHASE OF FOUR-MONTH LICENCES BECAUSE THEY INCREASE OVERALL ADMINISTRATIVE COSTS. THIS FEE WILL BE INCREASED FROM \$15 TO \$30 TO COVER INCREASES IN ADMINISTRATIVE COSTS SINCE 1967 WHEN IT WAS LAST REVISED.

THE FEES FOR VARIOUS MISCELLANEOUS LICENCES AND PERMITS WILL ALSO BE RAISED EITHER TO COVER INCREASES IN COSTS SINCE THEY WERE LAST REVISED OR TO BRING THEM INTO LINE WITH SIMILAR FEES. THE FEES AFFECT ONLY A SMALL NUMBER OF MOTORISTS. THE DETAILS ARE AS FOLLOWS:-

	<u>TYPE OF FEE</u>	<u>EXISTING FEE</u>	<u>NEW FEE</u>	<u>REMARKS</u>
(1)	REGISTRATION FEE	20	30	
(2)	TRANSFER OF REGISTRATION MARK FEE	500	560	
(3)	TRANSFER OF OWNERSHIP FEE	15	50	
(4)	DUPLICATE REGISTRATION DOCUMENT OR VEHICLE LICENCE FEE	50	60	

/(5) DUPLICATE

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(5)	DUPLICATE TRADE LICENCE OR DUPLICATE PERMIT FEE	10	60	TO BRING IT INTO LINE WITH (4) ABOVE
(6)	INTERNATIONAL FISCAL PERMIT	15	50	TO BRING IT INTO LINE WITH THE FEE FOR AN INTERNATIONAL DRIVING PERMIT
(7)	INTERNATIONAL CERTIFICATE FOR A MOTOR VEHICLE	15	50	- DITTO -
(8)	CERTIFICATE OF MAXIMUM LOAD AND MAXIMUM PERMISSIBLE WEIGHT	15	50	- DITTO -
(9)	EXCEEDS PASSENGERS PERMIT	100	120	
(10)	MOVEMENT PERMIT	100	120	
(11)	LONG LOAD PERMIT	25	30	
(12)	WIDE LOAD PERMIT	25	30	
(13)	FEE FOR TESTING DRIVING INSTRUCTORS	150	330	TO BRING IT INTO LINE WITH THE FEE FOR TESTING LEARNER DRIVERS
(14)	FEE FOR DUPLICATE DRIVING LICENCE, LEARNERS LICENCE OR INSTRUCTORS LICENCE	50	75	TO BRING IT INTO LINE WITH FEE FOR A DUPLICATE HONG KONG IDENTITY CARD

THE EXECUTIVE COUNCIL ALSO APPROVED THE INTRODUCTION OF A FEE FOR CLOSED ROAD PERMITS FOR THE USE OF ROADS ON LANTAU. THESE PERMITS WERE PREVIOUSLY ISSUED FREE-OF-CHARGE BUT IN FUTURE A 12-MONTH PERMIT WILL COST \$120 OR PROPORTIONATELY LESS FOR A PERMIT WITH A SHORTER VALIDITY PERIOD. THE FEE HAS BEEN SET TO COVER ADMINISTRATIVE COSTS.

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1984 AIRBORNE MERCHANDISE TRADE STATISTICS RELEASED

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TOTAL MERCHANDISE TRADE BY AIR IN 1984 WAS VALUED AT \$104 181 MILLION, REPRESENTING AN INCREASE OF 27 PER CENT OVER 1983, ACCORDING TO FIGURES RELEASED TODAY (WEDNESDAY) BY THE CENSUS AND STATISTICS DEPARTMENT.

AIRBORNE DOMESTIC EXPORTS WERE VALUED AT \$39 023 MILLION (UP 27%), AIRBORNE IMPORTS AT \$47 198 MILLION (UP 27%) AND AIRBORNE RE-EXPORTS AT \$17 961 MILLION (UP 30%).

IN 1984, 28 PER CENT OF DOMESTIC EXPORTS, 21 PER CENT OF IMPORTS AND 22 PER CENT OF RE-EXPORTS, ALL BY VALUE, WERE CARRIED BY AIR. IN TERMS OF WEIGHT, AIRBORNE IMPORTS AMOUNTED TO 162 457 TONNE OR 0.4 PER CENT OF THE TOTAL IMPORT TONNAGE, WHILE TOTAL AIRBORNE EXPORTS AMOUNTED TO 254 689 TONNE OR 1.6 PER CENT OF THE TOTAL EXPORT TONNAGE.

THE CHANGES IN AIRBORNE DOMESTIC EXPORTS BY MAJOR MARKET ARE GIVEN IN TABLE 1.

BY COMMODITY, INCREASES IN AIRBORNE DOMESTIC EXPORTS WERE REGISTERED MAINLY IN CLOTHING (BY \$3 682 MILLION OR 35%), OFFICE MACHINES AND AUTOMATIC DATA PROCESSING EQUIPMENT (BY \$2 853 MILLION OR 74%), ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS (BY \$778 MILLION OR 29%); AND JEWELLERY, GOLDSMITHS' AND SILVERSMITHS' WARES AND OTHER ARTICLES OF PRECIOUS OR SEMI-PRECIOUS MATERIALS (BY \$606 MILLION OR 47%).

DECREASES IN VALUE WERE RECORDED IN AIRBORNE DOMESTIC EXPORTS OF TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT (BY \$231 MILLION OR 19%); METALLIFEROUS ORES AND METAL SCRAP (BY \$138 MILLION OR 16%); AND LEATHER, LEATHER MANUFACTURES AND DRESSED FURSKINS (BY \$6 MILLION OR 39%).

FURTHER ANALYSIS OF COMMODITIES BY COUNTRY REVEALED SIGNIFICANT GROWTH IN AIRBORNE DOMESTIC EXPORTS OF CLOTHING TO THE U.S. (BY \$2 388 MILLION OR 40%) AND JAPAN (BY \$691 MILLION OR 72%), OF OFFICE MACHINES AND AUTOMATIC DATA PROCESSING EQUIPMENT TO THE U.S. (BY \$1 386 MILLION OR 48%) AND THE U.K. (BY \$807 MILLION OR 373%), AND OF ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS TO THE U.S. (BY \$185 MILLION OR 16%) AND TAIWAN (BY \$110 MILLION OR 48%).

HOWEVER, DECREASES WERE RECORDED IN AIRBORNE DOMESTIC EXPORTS OF TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT TO THE U.S. (BY \$250 MILLION OR 29%) AND METALLIFEROUS ORES AND METAL SCRAP TO THE U.K. (BY \$311 MILLION OR 45%).

THE CHANGES IN AIRBORNE IMPORTS BY MAJOR SUPPLIER ARE GIVEN IN TABLE 2.

/INCREASES WERE

INCREASES WERE REGISTERED IN AIRBORNE IMPORTS OF ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS (BY \$3 411 MILLION OR 33%), OFFICE MACHINES AND AUTOMATIC DATA PROCESSING EQUIPMENT (BY \$2 374 MILLION OR 93%), TELECOMMUNICATIONS AND SOUND RECORDING AND REPRODUCING APPARATUS AND EQUIPMENT (BY \$706 MILLION OR 67%), LEATHER, LEATHER MANUFACTURES, AND DRESSED FURSKINS (BY \$569 MILLION OR 63%) AND NON-METALLIC MINERAL MANUFACTURES (BY \$455 MILLION OR 13%).

IN CONTRAST, DECREASES WERE NOTED IN IMPORTS BY AIR OF TRANSPORT EQUIPMENT OTHER THAN ROAD AND AIR-CUSHION VEHICLES (BY \$237 MILLION OR 32%) AND CRUDE ANIMAL AND VEGETABLE MATERIALS (BY \$54 MILLION OR 9%).

GROWTH WAS RECORDED IN AIRBORNE IMPORTS OF ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS FROM JAPAN (BY \$1 262 MILLION OR 41%) AND THE U.S. (BY \$989 MILLION OR 33%), AS WELL AS IN OFFICE MACHINES AND AUTOMATIC DATA PROCESSING EQUIPMENT FROM THE U.S. (BY \$1 266 MILLION OR 77%) AND JAPAN (BY \$305 MILLION OR 73%).

ON THE OTHER HAND, DECREASES WERE REGISTERED IN AIRBORNE IMPORTS OF TRANSPORT EQUIPMENT OTHER THAN ROAD AND AIR-CUSHION VEHICLES FROM THE U.S. (BY \$201 MILLION OR 35%), FROM FEDERAL REPUBLIC OF GERMANY (BY \$29 MILLION OR 45%) AND FROM JAPAN (BY \$21 MILLION OR 98%).

AS REGARDS AIRBORNE RE-EXPORTS, SUBSTANTIAL INCREASES IN VALUE WERE REGISTERED FOR ELECTRICAL MACHINERY, APPARATUS AND APPLIANCES, AND ELECTRICAL PARTS (BY \$2 135 MILLION OR 62%) AND BABY CARRIAGES, TOYS, GAMES AND SPORTING GOODS (BY \$371 MILLION OR 298%).

HOWEVER, AIRBORNE RE-EXPORTS OF METALLIFEROUS ORES AND METAL SCRAP DECREASED (BY \$62 MILLION OR 60%).

THE U.S. WAS THE LARGEST MARKET FOR HONG KONG'S AIRBORNE RE-EXPORTS, WITH A VALUE OF \$3 630 MILLION (AN INCREASE OF \$1 270 MILLION OR 54%). NOTABLE INCREASES WERE ALSO REGISTERED IN AIRBORNE RE-EXPORTS TO TAIWAN (BY \$950 MILLION OR 54%), CHINA (BY \$636 MILLION OR 78%), JAPAN (BY \$446 MILLION OR 36%) AND THE REPUBLIC OF KOREA (BY \$322 MILLION OR 49%).

ON THE OTHER HAND, AIRBORNE RE-EXPORTS TO ISRAEL AND NETHERLANDS DECREASED CONSIDERABLY (BY \$88 MILLION OR 39% AND \$79 MILLION OR 34% RESPECTIVELY).

FURTHER DETAILS ARE CONTAINED IN THE COMPREHENSIVE DECEMBER ISSUE OF +HONG KONG EXTERNAL TRADE+ NOW ON SALE AT THE GOVERNMENT PUBLICATION CENTRE.

TABLE 1: AIRBORNE DOMESTIC EXPORTS BY MAJOR MARKET

	1984 (HK\$ MN.)	1983 (HK\$ MN.)	INCREASE (+) (HK\$ MN.)	PERCENTAGE CHANGE (%)
U.S.A.	19 972	15 169	+4 802	+32
F.R. OF GERMANY	3 101	2 648	+ 453	+17
U.K.	2 831	2 261	+ 570	+25
JAPAN	2 830	1 893	+ 937	+49
CANADA	1 215	1 118	+ 97	+ 9
NETHERLANDS	950	715	+ 235	+33
SWITZERLAND	800	766	+ 33	+ 4
FRANCE	757	568	+ 189	+33
SINGAPORE	747	547	+ 200	+37
AUSTRALIA	544	521	+ 24	+ 5

TABLE 2: AIRBORNE IMPORTS BY MAJOR SUPPLIER

	1984 (HK\$ MN.)	1983 (HK\$ MN.)	INCREASE (+) (HK\$ MN.)	PERCENTAGE CHANGE (%)
JAPAN	11 519	9 110	+2 409	+26
U.S.A.	10 707	7 966	+2 741	+34
U.K.	3 046	2 121	+ 925	+44
TAIWAN	2 437	2 060	+ 378	+18
SWITZERLAND	2 368	2 300	+ 68	+ 3
SINGAPORE	2 230	1 882	+ 348	+19
F.R. OF GERMANY	1 971	1 414	+ 557	+39
REP. OF KOREA	1 718	1 535	+ 183	+12
ITALY	1 402	1 117	+ 285	+26
FRANCE	1 266	976	+ 290	+30

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FUNDS SOUGHT FOR AIDS TEST IN BLOOD

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FUNDS WILL BE SOUGHT TOMORROW (THURSDAY) TO ENABLE ALL DONATED BLOOD TO BE SCREENED FOR EVIDENCE OF INFECTION WITH AIDS AND TO PROVIDE LABORATORY FACILITIES FOR THE DIAGNOSIS OF SUSPECTED AIDS CASES.

THIS WILL BE ONE OF THE MATTERS FOR CONSIDERATION BY THE FINANCE COMMITTEE AT ITS PUBLIC MEETING TO BE HELD AFTER THE MEETING OF THE LEGISLATIVE COUNCIL TOMORROW.

THE REQUEST FOR FUNDS IS BASED ON A RECOMMENDATION BY THE EXPERT ADVISORY COMMITTEE ON AIDS SET UP BY THE MEDICAL AND HEALTH DEPARTMENT. IT FOLLOWS THE RECENT LICENSING IN THE UNITED STATES OF A SCREENING TEST FOR ANTIBODY TO THE AIDS VIRUS, USING THE ENZYME LINKED IMMUNOSORBENT ASSAY (ELISA) TECHNIQUE.

IT IS NOW PROPOSED THAT ALL DONATED BLOOD IN HONG KONG SHOULD BE TESTED FOR ANTIBODY TO THE AIDS VIRUS AT THE HONG KONG RED CROSS BLOOD TRANSFUSION CENTRE.

IT IS ALSO FELT ESSENTIAL THAT ADEQUATE SCREENING AND DIAGNOSTIC FACILITIES BE MADE AVAILABLE TO COVER INDIVIDUALS BELONGING TO THE HIGH RISK GROUPS ON A DOCTOR REFERRAL BASIS, PATIENTS HAVING OR SUSPECTED OF HAVING AIDS, AND FOR THE MEDICAL EVALUATION OF PERSONS WITH A POSITIVE ANTIBODY TEST.

IN THIS CONNECTION, THE FINANCE COMMITTEE WILL ALSO BE ASKED TO APPROVE FUNDS FOR SCREENING AND DIAGNOSTIC FACILITIES AT THE GOVERNMENT VIRUS LABORATORY AT QUEEN MARY HOSPITAL, AND THE INSTITUTE OF PATHOLOGY AT PRINCESS MARGARET HOSPITAL AND YAN OI POLYCLINIC.

FACILITIES SOUGHT FOR THE GOVERNMENT VIRUS LABORATORY WILL BE FOR BLOOD TESTS FOR AIDS INFECTION, WHILE THOSE SOUGHT FOR THE INSTITUTE OF PATHOLOGY WILL BE FOR TESTS FOR THE STUDY OF THE DEFENCE MECHANISM OF THE BODY AND ITS DEFICIENCY.

TO IMPLEMENT THE PROPOSED PROGRAMME, THE FINANCE COMMITTEE WILL BE ASKED TO ACCEPT VARIOUS FINANCIAL IMPLICATIONS, ESTIMATED AT \$967 000 IN CAPITAL EXPENDITURE AND \$3 270 000 IN ANNUAL RECURRENT EXPENDITURE IN THE FIRST YEAR, RISING TO \$4 904 000 IN THE SECOND YEAR AND THEREAFTER.

/OTHER ITEMS

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OTHER ITEMS TO BE DISCUSSED AT TOMORROW'S MEETING INCLUDE:

- * A PROPOSED RECURRENT SUBVENTION TO THE HONG KONG WAR MEMORIAL FUND,
- * INCREASED COMMITMENT FOR SLOPE REMEDIAL WORKS NEAR THE TUNG WAH HOSPITAL,
- * INTEREST LIABILITIES OF THE HONG KONG INDUSTRIAL ESTATES CORPORATION,
- * MONETISATION OF LAND EXCHANGE ENTITLEMENTS,
- * ESTABLISHMENT OF A COMPUTER EDUCATION CENTRE, AND
- * SETTING UP OF A PRODUCT INNOVATION AND DESIGN COMPANY TO SERVE HONG KONG'S INDUSTRY.

THE COMMITTEE WILL ALSO BE ASKED TO APPROVE VARIOUS RECOMMENDATIONS OF THE PUBLIC WORKS SUB-COMMITTEE AND THE ESTABLISHMENT SUB-COMMITTEE.

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NOTE TO EDITORS:

MEET THE MEDIA

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THE GOVERNMENT CHEMIST, MR LEE NAM-SANG, AND THE CHIEF CHEMIST OF FORENSIC SCIENCE DIVISION OF THE GOVERNMENT LABORATORY, DR B.N. DAILLY, WILL MEET THE MEDIA TOMORROW (APRIL 18) AT 4 PM IN THE GIS PRESS CONFERENCE ROOM, 5TH FLOOR, BEACONSFIELD HOUSE, CENTRAL.

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BOARD MEETS TO ELECT CHAIRMAN
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THE SAI KUNG DISTRICT BOARD WILL ELECT ITS CHAIRMAN AND REPRESENTATIVE TO THE PROVISIONAL REGIONAL COUNCIL AT A MEETING ON FRIDAY (APRIL 19).

AT THE MEETING, MEMBERS WILL ALSO DISCUSS SUITABLE THEMES FOR COMMEMORATIVE POSTAGE STAMP ISSUE FOR 1987. THE BACKGROUND TO THE PROBLEM OF PRIVATE STREETS AND RECOMMENDATIONS BY A GOVERNMENT WORKING GROUP WILL BE TABLED FOR MEMBERS' INFORMATION.

OTHER ITEMS ON THE AGENDA INCLUDE ALLOCATION OF FUNDS AND THE FORMATION OF VARIOUS COMMITTEES UNDER THE SAI KUNG DISTRICT BOARD.

NOTE TO EDITORS:

YOU ARE WELCOME TO COVER THE SAI KUNG DISTRICT BOARD MEETING ON FRIDAY (APRIL 19) IN THE CONFERENCE ROOM OF SAI KUNG DISTRICT BOARD SECRETARIAT, 2ND FLOOR, SAI KUNG GOVERNMENT OFFICES BUILDING, MAN NIN STREET, SAI KUNG TOWN. THE MEETING WILL START AT 10 AM WITH A CLOSED DOOR SESSION TO ELECT THE DB CHAIRMAN AND THE BOARD'S REPRESENTATIVE TO THE PROVISIONAL REGIONAL COUNCIL.

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SOUTHERN DISTRICT BOARD MEETS TOMORROW
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THE SOUTHERN DISTRICT BOARD WILL ELECT A NEW CHAIRMAN AT ITS FIRST MEETING TOMORROW (THURSDAY) AFTERNOON.

BOARD MEMBERS WILL THEN DISCUSS THE DISTRICT BOARD'S TERMS OF REFERENCE, STANDING ORDERS AND SCHEDULE OF MEETINGS. THEY WILL ALSO CONSIDER INVITING DEPARTMENTAL REPRESENTATIVES TO ATTEND BOARD MEETINGS ON A REGULAR BASIS.

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MOVE TO ENFORCE ORDERS ON ILLEGAL STRUCTURES

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THE BUILDING AUTHORITY WILL BE ENFORCING THE OUTSTANDING ORDERS SERVED ON OWNERS OF SAN PO KONG MANSION FOR THE REMOVAL OF ILLEGAL STRUCTURES FOLLOWING THE EXPIRY OF THE EXTENDED DEADLINE ON APRIL 1, 1985.

A SPOKESMAN FOR THE BUILDINGS ORDINANCE OFFICE SAID TODAY (WEDNESDAY) THAT THE BOO'S TERM CONTRACTOR WOULD BE ENGAGED TO REMOVE THE ILLEGAL BUILDING WORKS AND DEFECTIVE CONCRETE FINS FOUND ON THE OUTSIDE OF THE BUILDING.

SINCE JULY LAST YEAR THE BOO HAD ISSUED 413 ORDERS FOR THE REMOVAL OF 657 ITEMS OF ILLEGAL WORKS.

THESE COMPRISED:

- * 21 STRUCTURES ON THE FLAT ROOF AT THE FIRST FLOOR LEVEL;
- * 445 CAGES AND SIMILAR EXTENSIONS ON THE EXTERNAL WALLS OF THE BUILDING; AND
- * 191 CANOPIES AND RACKS.

ANOTHER ORDER, WHICH HAD BEEN OUTSTANDING SINCE SEPTEMBER 1981, REQUIRED THE OWNERS TO REMOVE THE DEFECTIVE CONCRETE FINS ON THE OUTSIDE OF THE BUILDING.

+ALTHOUGH MORE THAN 290 ILLEGAL STRUCTURES HAVE ALREADY BEEN REMOVED BY OWNERS THEMSELVES, RECENT INSPECTIONS REVEALED THAT NO PROGRESS HAS BEEN MADE ON THE REMAINING 360 STRUCTURES,+ HE SAID.

+AT THE SAME TIME, NO PREPARATIONS HAD BEEN MADE BY THEM TO REMOVE THE DEFECTIVE CONCRETE FINS WHICH ARE A POTENTIAL DANGER TO THE PUBLIC,+ HE SAID.

TO ENABLE THE GOVERNMENT CONTRACTOR TO START WORK WITHOUT POSING A HAZARD TO OCCUPANTS AND THE PUBLIC ALIKE, THE BUILDING AUTHORITY WILL BE APPLYING TO THE KOWLOON DISTRICT COURT FOR CLOSURE ORDERS TO BE POSTED ON THE FLAT ROOF STRUCTURES LOCATED ON THE FIRST FLOOR OF THE BUILDING.

THE FIRST BATCH OF NOTICES OF INTENTION TO CLOSE WILL BE POSTED ON MAY 8 ON THE STRUCTURES AT THE FIRST FLOOR OF NO. 14-16 YIN HING STREET. THE REMAINING FLAT ROOF STRUCTURES WILL BE DEALT WITH AT INTERVALS OF TWO WEEKS.

THE SPOKESMAN SAID DETAILS OF THE OPERATION HAD BEEN DISCUSSED WITH REPRESENTATIVES OF THE OWNERS' INCORPORATION OF SAN PO KONG MANSION AND THAT CLOSE LIAISON WOULD CONTINUE TO BE MAINTAINED THROUGHOUT THE OPERATION.

+OWNERS OF THE BUILDING STILL IN DOUBT ARE ADVISED TO CONTACT STAFF OF THE BUILDINGS ORDINANCE OFFICE OR THE WONG TAI SIN DISTRICT OFFICE,+ HE ADDED.

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BOOST FOR YOUTH YEAR ACTIVITIES
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ACTIVITIES IN SUPPORT OF THE 1985 INTERNATIONAL YOUTH YEAR RECEIVED A BOOST FROM THE PRIVATE SECTOR TODAY (WEDNESDAY).

A DONATION OF \$50 000 WAS MADE BY HEWLETT PACKARD (HK) LTD. TO THE CENTRAL CO-ORDINATING COMMITTEE ON 1985 INTERNATIONAL YOUTH YEAR (CCCIYY) FOR ORGANISING MAJOR EVENTS IN CELEBRATION OF THE YEAR.

DURING A CEREMONY, MR J.P. LEE, CHAIRMAN OF THE FINANCE AND ADMINISTRATION SUB-COMMITTEE OF CCCIYY, WAS PRESENTED WITH A CHEQUE OF THE ABOVE AMOUNT BY MR CLIVE AINSWORTH, MANAGING DIRECTOR OF HEWLETT PACKARD (HK) LTD.

IN ACKNOWLEDGING THE COMPANY'S CONTRIBUTION, MR LEE URGED OTHER PRIVATE ORGANISATIONS OR INDIVIDUALS TO FOLLOW SUIT.

+HUNDREDS OF ACTIVITIES ARE BEING ORGANISED TO DEVELOP THE POTENTIAL OF OUR YOUTHS THROUGH INVOLVEMENT AND PARTICIPATION, AND THE SUCCESS OF THESE ACTIVITIES RELIES HEAVILY ON COMMUNITY SUPPORT,+ HE SAID.

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RARE FLOWER PLANTS ON DISPLAY
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MORE THAN 300 RARE AND VALUABLE ITEMS OF BONSAI AND FLOWER PLANTS WILL BE ON DISPLAY FOR 10 DAYS BEGINNING TOMORROW (THURSDAY) AT THE SIXTH ANNUAL BONSAI SHOW ORGANISED BY THE TAOIST CHING CHUNG KOON.

ALSO ON DISPLAY WILL BE WINNING AND OUTSTANDING ENTRIES OF A RECENT BONSAI COMPETITION HELD IN LOCAL SCHOOLS.

THE SHOW IS JOINTLY SPONSORED BY THE TUEN MUN DISTRICT BOARD AND THE HONG KONG TOURIST ASSOCIATION. ADMISSION IS FREE.

THE REGIONAL SECRETARY FOR NEW TERRITORIES, DR JAMES HAYES, WILL OFFICIATE AT THE OPENING CEREMONY TOMORROW (THURSDAY) MORNING.

OTHER GUESTS INCLUDE THE DIRECTOR OF AGRICULTURE AND FISHERIES, DR J.M. RIDDELL-SWAN; THE DEPUTY DIRECTOR OF REGIONAL SERVICES, MR MICHAEL SUEN; TUEN MUN DISTRICT OFFICER, MR RICKY FUNG; AND THE PRINCIPAL EDUCATION OFFICER (NT), MR Y.P. CHAN.

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WORKS TO IMPROVE ISLANDS LANDSCAPE
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TENDERS ARE BEING INVITED BY THE GOVERNMENT TO IMPROVE THE NATURAL LANDSCAPE OF THREE ISLANDS.

UNDER THE ISLANDS LANDSCAPE PROJECT 1985, IT IS PROPOSED TO PLANT 1 100 TREES, SEEDLINGS AND SHRUBS ALONG THE PROMENADES AT THE NORTH-WEST OF CHEUNG CHAU AND PENG CHAU, AND REVEGETATE A 2 500-SQUARE-METRE NATURAL SLOPE AT TAI LEI ISLAND.

THE PLANTING AND REVEGETATING WORKS HAVE BEEN DESIGNED TO ENHANCE THE WALKWAYS OF CHEUNG CHAU AND PENG CHAU AND TO ENRICH THE VEGETATION OF TAI LEI ISLAND.

THE WORKS ARE EXPECTED TO COMMENCE IN MAY AND WILL CONTINUE FOR UP TO TWO MONTHS WITH ONE YEAR MAINTENANCE PERIOD TO FOLLOW.

THE PLANTING WORKS HAVE BEEN DESIGNED AND WILL BE SUPERVISED BY THE NEW TERRITORIES DEVELOPMENT BRANCH OF THE NEW TERRITORIES DEVELOPMENT DEPARTMENT.

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TEMPORARY TRAFFIC ARRANGEMENTS IN SHAU KEI WAN
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FROM 1 AM TO 7 AM ON SUNDAY (APRIL 21), THE WESTBOUND CARRIAGEWAY OF SHAU KEI WAN MAIN STREET EAST BETWEEN FACTORY STREET AND CHAI WAN ROAD WILL BE CLOSED TO TRAFFIC FOR FOOTBRIDGE CONSTRUCTION WORKS.

DURING THE CLOSURE, FACTORY STREET BETWEEN SHAU KEI WAN MAIN STREET EAST AND MONG LUNG STREET WILL BE REROUTED ONE-WAY WESTBOUND. WESTBOUND VEHICLES ON SHAU KEI WAN MAIN STREET EAST WILL HAVE TO PROCEED TO NAM ON LANE FROM FACTORY STREET VIA THE TEMPORARY LINK ROAD THERE, AFTER WHICH THEY MAY ENTER SHAU KEI WAN ROAD WESTBOUND.

IN LINE WITH THE ABOVE MEASURES, THE EXISTING PUBLIC LIGHT BUS STAND AT FACTORY STREET WILL BE TEMPORARILY RELOCATED TO MONG LUNG STREET FROM 11 PM ON SATURDAY (APRIL 20) UNTIL 7 AM THE FOLLOWING DAY.

/TRAM SERVICES

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TRAM SERVICES IN SHAU KEI WAN WILL ALSO BE AFFECTED AND WILL START LATER THAN USUAL ON SUNDAY (APRIL 21). THE DETAILS ARE :

<u>FROM</u>	<u>TO</u>	<u>FIRST DEPARTURE</u>
SHAU KEI WAN	WESTERN MARKET	7.09 AM
SHAU KEI WAN	HAPPY VALLEY	7.11 AM
WESTERN MARKET	SHAU KEI WAN	6.25 AM
HAPPY VALLEY	SHAU KEI WAN	6.38 AM

PRIOR TO THE ABOVE TIMES, TRAM SERVICES WILL BE CUT OFF AT SAI WAN HO.

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ROAD CLOSED TO FACILITATE PROCESSION
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SPECIAL TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED ALONG NATHAN ROAD ON SATURDAY (APRIL 20) TO FACILITATE A PROCESSION TO BE HELD TO CELEBRATE THE OPENING OF THE SALVATION ARMY COMMAND HEADQUARTERS.

THE SECTION OF WING SING LANE EAST OF SOUTHBOUND NATHAN ROAD WILL BE CLOSED FROM 10 AM TO 12.30 PM.

THE METERED PARKING SPACES AND THE TAXI STAND AT THE ABOVE SECTION OF WING SING LANE WILL BE SUSPENDED FROM 3 PM ON FRIDAY (APRIL 19) TO 3 PM ON SATURDAY (APRIL 20).

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URBCO FLOWER SHOW SET TO BLOSSOM
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VISITORS TO THE URBAN COUNCIL FLOWER SHOW, WHICH OPENS ON FRIDAY AFTERNOON, WILL BE ABLE TO SEE AN ARRAY OF BEAUTIFUL FLOWERS SPECIALLY FLOWN IN FROM AUSTRALIA, SOUTH AFRICA, HOLLAND, HAWAII, THAILAND AND SINGAPORE.

THE SPECIES RANGE FROM RARE AND EXPENSIVE ORCHIDS TO MORE COMMONPLACE BUT EQUALLY ATTRACTIVE VARIETIES OF FLOWERS.

IN ADDITION, A LARGE COLLECTION OF ROSES OF RED, PINK, WHITE, BLUE AND YELLOW COLOUR FROM AUSTRALIA WILL ALSO BE ON DISPLAY SIDE BY SIDE WITH A TOTALLY DIFFERENT TYPE OF HIGH QUALITY BONSAI PLANT.

ANOTHER ATTRACTION WILL BE A GALLERY DEPICTING PICTURES OF NATIONAL OR REPRESENTATIVE FLOWERS OF SOME 20 COUNTRIES ALL OVER THE WORLD.

THE FLOWER SHOW, THE 18TH TO BE ORGANISED BY THE URBAN COUNCIL, WILL BE HELD AT THE MEMORIAL GARDEN AND THE EXHIBITION HALL OF THE CITY HALL.

IT WILL BE OPEN TO THE PUBLIC FROM 3 P.M. TO 6.30 P.M. ON THE FIRST DAY, FROM 9.30 A.M. TO 6.30 P.M. ON SATURDAY AND FROM 9.30 P.M. TO 5.45 P.M. ON SUNDAY. ADMISSION WILL BE \$3 FOR AN ADULT AND \$1 FOR A CHILD.

THIS YEAR, A RECORD NUMBER OF 1 423 EXHIBITS FROM 501 INDIVIDUALS WILL TAKE PART IN THE 13 COMPETITIVE SECTIONS COVERING CUT FLOWERS, SCENTED CUT FLOWERS, ORCHIDS, AFRICAN VIOLETS, POT PLANTS, BONSAI TYPE PLANTS, FLORAL ARRANGEMENT, FLORAL ART BY CHILDREN, USD GARDEN COMPETITION AND SCHOOL GARDEN COMPETITION.

A NEW FEATURE THIS YEAR WILL BE THE SPLITTING OF THE FLORAL ARRANGEMENT SECTION INTO WESTERN AND ORIENTAL STYLES, AND THE INCLUSION OF A +MINIATURE BONSAI+ CLASS IN THE BONSAI TYPE PLANTS SECTION.

FOR THE CONVENIENCE OF THE PUBLIC, THERE WILL BE 24 COMMERCIAL STALLS AT THE SHOW SELLING A WIDE RANGE OF FLOWERS, PLANTS AND HORTICULTURAL PRODUCTS.

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NOTE TO EDITORS: YOU ARE INVITED TO SEND A REPORTER/ PHOTOGRAPHER TO COVER THE OPENING AND THE PRIZE-GIVING CEREMONIES OF THE FLOWER SHOW WHICH WILL TAKE PLACE AT 2.30 P.M. AND 5.30 P.M. RESPECTIVELY ON FRIDAY AT THE CITY HALL MEMORIAL GARDEN.