



## DAILY INFORMATION BULLETIN

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

THURSDAY, APRIL 9, 1981

### CONTENTS

### PAGE NO.

#### LEGISLATIVE COUNCIL:

'ECONOMY ADJUSTING WELL' -- SIR PHILIP .....	1
SIR JACK SPEAKS ON BRITAIN'S RELATIONS WITH HONG KONG ....	2
BANKING AND DTC BILLS OUT TOMORROW .....	3
SEPARATE ASSESSMENT RULED OUT .....	5
SIR JACK: CIVIL SERVICE SHOULD GIVE ITS BEST .....	7
TASK FORCE SET UP FOR MFA NEGOTIATIONS .....	8
HOUSING OUTPUT HIGHEST EVER ACHIEVED IN HONG KONG .....	11
UNIFIED LANDS DEPARTMENT BEING CONSIDERED .....	12
DEPRECIATION ALLOWANCE LEVEL SUFFICIENT .....	14
PUBLIC SECTOR SIZE MUST BE CONTAINED .....	16
NO TO LAND SUBSIDY .....	16
'SELLING' INDUSTRIAL ESTATES .....	17
SIR PHILIP THANKS UNOFFICIALS .....	18
TUEN MUN DISTRICT BOARD PLANS RECREATIONAL PROJECTS .....	18
NEW ROAD FOR TUEN MUN TOWN .....	20
PUBLIC WARNED ABOUT POLLUTED BEACHES .....	20
CARS REGISTERED .....	21
EARLY PAYMENT OF PUBLIC ASSISTANCE .....	21
TAPS OFF FOR TESTS .....	21

'ECONOMY ADJUSTING WELL' -- SIR PHILIP  
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HONG KONG'S ECONOMY HAS BEEN ADJUSTING FAVOURABLE IN THE PAST FEW MONTHS, DESPITE EARLIER ANXIETY CAUSED BY DEVELOPMENTS IN THE SECOND HALF OF 1980 ABOUT OUR IMMEDIATE PROSPECTS, THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE, SAID TODAY (THURSDAY).

AND HE ADDED: +GROWTH WITH STABILITY IN 1981 LOOKS TO ME TO BE NOT IMPOSSIBLE OF ACHIEVEMENT.+

WINDING UP THE BUDGET DEBATE, SIR PHILIP NOTED THAT THE EXPORT SECTOR IS HOLDING UP EXTREMELY WELL IN THE FACE OF GENERALLY UNFAVOURABLE ECONOMIC CONDITIONS IN OUR MAJOR MARKETS.

THE RATE OF INFLATION IS SLOWING DOWN AS EXPECTED, ALTHOUGH NOT AS RAPIDLY AS EVERYONE WOULD WISH, HE SAID, ADDING THAT THE GROWTH RATES OF THE MONETARY AGGREGATES ARE ALSO SLOWING DOWN AND THE EXCHANGE VALUE OF THE HONG KONG DOLLAR HAS BEEN STABLE.

SIR PHILIP SAID THE VALUE OF DOMESTIC EXPORTS IN THE FIRST TWO MONTHS OF THIS YEAR WAS 13 PER CENT HIGHER THAN IN THE FIRST TWO MONTHS OF 1980, SUGGESTING A GROWTH RATE IN REAL TERMS OF FIVE PER CENT.

+IT IS TOO EARLY TO DEDUCE CONCLUSIVELY THAT THE GROWTH RATE OF DOMESTIC EXPORTS IS BOTTOMING OUT,+ SIR PHILIP SAID, +BUT THE FACT THAT THE GROWTH RATE HAS CEASED TO FALL IS ENCOURAGING.+

AS FURTHER INDICATIONS THAT OUR EXPORT PERFORMANCE COULD BE EXPECTED TO GRADUALLY IMPROVE DURING THE YEAR, SIR PHILIP POINTED TO THE RECENT IMPROVEMENT IN THE GROWTH RATE OF EMPLOYMENT IN THE MANUFACTURING SECTOR AND THE ACCELERATED GROWTH RATE OF RETAINED IMPORTS OF RAW MATERIALS AND SEMI-MANUFACTURES.

THE YEAR-ON-YEAR GROWTH RATE OF RETAINED IMPORTS OF RAW MATERIALS AND SEMI-MANUFACTURES WAS FIVE PER CENT IN REAL TERMS IN THE FIRST TWO MONTHS OF THIS YEAR, COMPARED WITH MINUS TWO PER CENT IN THE THIRD QUARTER OF 1980 AND FOUR PER CENT IN THE FOURTH QUARTER.

REFERRING TO PRIVATE CONSUMPTION EXPENDITURE, SIR PHILIP SAID THE GROWTH RATE IN THE FIRST TWO MONTHS OF THIS YEAR CONTINUED TO BE RAPID AT 33 PER CENT, WHICH SUGGESTS THAT THE GROWTH RATE OF PRIVATE CONSUMPTION EXPENDITURE HAS REMAINED AT LEAST AS RAPID AS IN 1980.

THE VISIBLE TRADE GAP IN THE FIRST TWO MONTHS OF THIS YEAR HAD WIDENED TO 17 PER CENT, COMPARED WITH 15 PER CENT IN THE FIRST TWO MONTHS OF 1980.

AT THE SAME TIME, THE GROWTH RATES OF THE MONETARY AGGREGATES SEEM TO HAVE BEEN SLOWING DOWN, BUT THE SEASONAL FACTORS INVOLVED ARE SUCH THAT A DEFINITIVE VIEW CANNOT BE TAKEN AT THIS STAGE, HE ADDED.

SIR PHILIP SAID THAT ALTHOUGH THE RATE OF INCREASE IN PRICES IS STILL FAIRLY RAPID, IT SEEMS TO HAVE SLOWED DOWN IN THE FIRST TWO MONTHS OF THIS YEAR.

THE DEPRECIATION OF THE EXCHANGE VALUE OF THE HONG KONG DOLLAR DURING 1980 OF NEARLY FIVE PER CENT, HE SAID, DOES NOT APPEAR YET TO HAVE EXERTED ANY SIGNIFICANT EFFECT ON THE RATE OF INCREASE IN PRICES OVER AND ABOVE THAT ARISING FROM WORLD INFLATION.

IN THE PROPERTY MARKET, SIR PHILIP SAID, SUPPLY RESPONSES HAVE BEEN PARTICULARLY NOTICEABLE IN THE CASE OF NON-RESIDENTIAL ACCOMMODATION.

THERE WAS AN INCREASE IN THE SUPPLY OF NEW SHOP SPACE OF 38 PER CENT IN 1980, COMPARED WITH 1979= IN THE CASE OF OFFICES, THERE WAS AN INCREASE OF 66 PER CENT= BUT, IN THE CASE OF FLATTED FACTORIES, THERE WAS A DECREASE OF 24 PER CENT, ALTHOUGH THE STOCK OF VACANT SPACE REMAINED HIGH.

THE RAPID INCREASE IN 1980 IN THE SUPPLY OF NEW SHOP AND OFFICE SPACE HAS BEEN ACCOMPANIED BY FAIRLY RAPID RATES OF INCREASE IN PRICES AND RENTALS, BUT IT IS CLEAR THAT THE GROWTH RATE OF SUPPLY CAUGHT UP WITH THAT OF DEMAND BY THE END OF THE YEAR, HE SAID.

ABOUT 65 PER CENT OF THE SUPPLY OF NEW SHOP SPACE IN 1980 WAS COMPLETED IN THE SECOND HALF OF THE YEAR AND 40 PER CENT IN THE FOURTH QUARTER= AND ABOUT 86 PER CENT OF THE SUPPLY OF NEW OFFICE SPACE IN 1980 WAS COMPLETED IN THE SECOND HALF OF THE YEAR AND 52 PER CENT IN THE FOURTH QUARTER.

+THIS SUPPLY RESPONSE WILL PERSIST FOR SOME TIME YET AND, GIVEN THAT THE PRESENT LEVEL OF INTEREST RATES WILL MAKE IT VERY EXPENSIVE FOR LANDLORDS TO 'WAREHOUSE' THEIR PREMISES, A DAMPENING EFFECT ON ASKING PRICES AND RENTALS SHOULD SOON BECOME APPARENT,+ HE SAID.

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#### SIR JACK SPEAKS ON BRITAIN'S RELATIONS WITH HONG KONG

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THE CHIEF SECRETARY, THE HON SIR JACK CATER, TODAY (THURSDAY) SPOKE ABOUT THE RELATIONSHIP BETWEEN HONG KONG AND BRITAIN, DRAWING A CLEAR DISTINCTION BETWEEN THE EXPEDIENT AND THE FUNDAMENTAL.

+WE SHOULD BE DOING OURSELVES A GREAT DISSERVICE IF WE WERE TO CALL OUR RELATIONSHIP WITH BRITAIN INTO QUESTION BY RELATING TO IT ISSUES WHICH, HOWEVER IMPORTANT, HOWEVER SERIOUS, ARE NEVERTHELESS NOT FUNDAMENTAL QUESTIONS ABOUT THE RESPONSIBILITIES OF BRITAIN FOR HONG KONG,+ HE SAID.

SPEAKING IN THE RESUMED BUDGET DEBATE, SIR JACK REFERRED TO THE TIMELY, STATESMAN-LIKE COMMENTARY BY THE HON ALEX WU WHO HAD EXHORTED US NOT TO CONFUSE THE EXPEDIENT WITH THE FUNDAMENTAL.

MR WU HAD SAID IN PART, +WHAT BRITAIN DOES ABOUT EXPENDITURE ON EDUCATION, HOW BRITAIN BEHAVES IN TRADE NEGOTIATION, EVEN HOW BRITAIN ARRANGES HER NATIONALITY AND IMMIGRATION AFFAIRS, CANNOT BE LUMPED TOGETHER AS EVIDENCE OF A FUNDAMENTAL CHANGE IN THE RELATIONSHIP BETWEEN BRITAIN AND HONG KONG.

/+THERE IS .....

+THERE IS NO EVIDENCE OF SUCH A CHANGE AND IT IS VITALLY IMPORTANT FOR HONG KONG THAT WE SHOULD UNDERSTAND THE REAL MOTIVES OF BRITISH POLICIES, THE PROBLEMS WHICH BRITAIN FACES AND THE OPTIONS WHICH ARE OPEN TO HER POLITICIANS.+

SIR JACK SAID HE WAS SURE THAT MR WU WAS MUCH HEARTENED, AS HE AND NO DOUBT OTHERS WERE, BY LORD CARRINGTON'S SIMPLE BUT FIRM STATEMENT THAT A MAJOR PURPOSE OF HIS RECENT VISIT TO HONG KONG WAS +TO DEMONSTRATE, TO REITERATE, THE UNSHAKEABLE COMMITMENT OF THE BRITISH GOVERNMENT TO THE PROSPERITY AND STABILITY OF HONG KONG.+

+A FUNDAMENTAL STATEMENT, ABOUT FUNDAMENTAL MATTERS,+ SIR JACK REMARKED.

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#### BANKING AND DTC BILLS OUT TOMORROW

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THE GOVERNMENT WILL INTRODUCE TWO BILLS TO AMEND THE BANKING ORDINANCE AND THE DEPOSIT-TAKING COMPANIES ORDINANCE AS PART OF ITS MONETARY REFORM, THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE, SAID IN THE LEGISLATIVE COUNCIL TODAY (THURSDAY).

THE TWO RELATED PURPOSES OF THE BILLS, TO BE PUBLISHED TOMORROW, ARE TO REDEFINE BANKING BUSINESS TO COVER, INTER ALIA, THE BUSINESS OF TAKING FROM THE GENERAL PUBLIC ANY MONEYS REPAYABLE IN LESS THAN THREE MONTHS= AND TO CREATE A NEW CATEGORY OF LICENSED DEPOSIT-TAKING COMPANIES WHICH MAY TAKE ANY DEPOSITS IN EXCESS OF \$500 000.

THIS WOULD CREATE A THREE TIER STRUCTURE IN WHICH REGISTERED DEPOSIT-TAKING COMPANIES WOULD BE RESTRICTED TO TAKING DEPOSITS IN EXCESS OF \$50 000 AND FOR PERIODS IN EXCESS OF THREE MONTHS.

LICENSED BANKS WOULD CONTINUE TO HAVE A MONOPOLY OF ALL DEPOSITS, WHATEVER THEIR ORIGINAL TERM TO MATURITY, OF UP TO \$50 000. THEY WOULD ALSO HAVE THE SOLE RIGHT TO TAKE DEPOSITS WITH AN ORIGINAL TERM TO MATURITY OF LESS THAN THREE MONTHS UP TO \$500 000.

FOR LARGER DEPOSITS OF ANY MATURITY, THEY WOULD HAVE TO COMPETE WITH THE PROPOSED NEW CATEGORY OF LICENSED DEPOSIT-TAKING COMPANIES (+MERCHANT+ OR +WHOLESALE+ BANKS).

FOR DEPOSITS OF \$50 000 OR MORE WITH AN ORIGINAL TERM TO MATURITY OF THREE MONTHS OR MORE, THEY WOULD HAVE TO COMPETE WITH THOSE DEPOSIT-TAKING COMPANIES NOT LICENSED AS SO-CALLED +MERCHANT BANKS+.

SIR PHILIP SAID THE REASON FOR CREATING THIS THREE TIER SYSTEM WAS THE NEED TO HAVE AN EFFECTIVE INTEREST RATE AGREEMENT.

+THIS AGREEMENT HAS ASSUMED A NEW SIGNIFICANCE SINCE THE FLOATING OF THE HONG KONG DOLLAR, A SIGNIFICANCE WHICH IT DID NOT HAVE WHEN THE HONG KONG DOLLAR HAD A PARITY RELATIONSHIP WITH THE U.S. DOLLAR, LET ALONE WHEN IT WAS TIED TO STERLING.

/+IN THOSE .....

+IN THOSE DAYS, THE GROWTH RATE OF THE MONEY SUPPLY WAS MAINLY DETERMINED BY SHIFTS IN THE NEW EXTERNAL BALANCE. PUT THE OTHER WAY ROUND, DEFICITS AND SURPLUSES IN THE BALANCE OF PAYMENTS WERE LARGELY ELIMINATED BY CHANGES IN THE MONEY SUPPLY, THAT IS TO SAY, THE ADJUSTMENT MECHANISM OPERATED THROUGH THE MONEY SUPPLY.

+UNDER A FLOATING EXCHANGE RATE REGIME, SUCH DEFICITS AND SURPLUSES ARE ELIMINATED, IN THEORY AT LEAST, BY CHANGES IN THE EXCHANGE RATE WITH LITTLE OR NO EFFECT ON THE MONEY SUPPLY.

+BUT IN AN OPEN ECONOMY LIKE OURS, WHERE THE VALUE OF OUR VISIBLE AND INVISIBLE TRADE IS 2.3 TIMES AS LARGE AS THE VALUE OF OUR GDP, AND GIVEN THE LOW PRICE ELASTICITY OF DEMAND FOR IMPORTS, THE EXCHANGE RATE CHANGES REQUIRED TO CORRECT LARGE DEFICITS OR SURPLUSES IN THE BALANCE OF PAYMENTS MAY BE TOO LARGE TO BE TOLERABLE.

+THUS, IT IS NECESSARY TO SUPPORT THE ROLE OF EXCHANGE RATE CHANGES IN THE ADJUSTMENT MECHANISM BY INFLUENCING THE GROWTH RATE OF THE MONEY SUPPLY, AS DETERMINED BY THE DEMAND FOR CREDIT AND NET FLOWS OF FUNDS ACROSS THE EXCHANGES, BY APPROPRIATE ADJUSTMENTS TO INTEREST RATES.+

SIR PHILIP SAID THE ORIGIN OF THE INTEREST RATE AGREEMENT LAY IN THE BANKING CRISIS OF THE EARLY 1960S BROUGHT ABOUT BY CUT-THROAT COMPETITION FOR DEPOSITS AND LOANS BY THE BANKS.

+ITS PURPOSE NOW IS NOT SO MUCH TO PREVENT CUT-THROAT COMPETITION - AND THERE ARE MANY WAYS IN WHICH BANKS AND OTHER DEPOSIT-TAKING INSTITUTIONS CAN COMPETE FOR BUSINESS AMONGST THEMSELVES - AND TO PRESERVE TO THE BANKS A MONOPOLY OF SHORT TERM DEPOSITS AS AN END IN ITSELF.

+RATHER IT IS TO ENSURE THAT THE INTEREST RATE AGREEMENT OPERATES IN RESPECT OF A SUBSTANTIAL SHARE OF THE TOTAL HONG KONG DOLLAR DEPOSIT BASE SO THAT INTEREST RATE CHANGES ARE INFLUENTIAL.+

+THE INTEREST RATE WEAPON IS EFFECTIVELY OUR ONLY WEAPON OF MONETARY POLICY, THAT IS TO SAY, THE ONLY MEANS AT OUR DISPOSAL TO INFLUENCE THE GROWTH RATE OF DOMESTIC LOANS AND ADVANCES AND SHIFTS IN THE NET ACQUISITION OF FOREIGN CURRENCY ASSETS, AND THEREFORE, OF THE MONEY SUPPLY.+

SIR PHILIP POINTED OUT THAT IF NON-BANK DEPOSIT-TAKING INSTITUTIONS CAN OFFER MORE ATTRACTIVE RATES FOR SHORT TERM DEPOSITS, THEN SOME BANKS WOULD SEEK AGGRESSIVELY TO EXPAND THEIR DEPOSIT GARNERING ACTIVITIES BY SETTING UP WHOLLY OWNED DEPOSIT-TAKING COMPANY SUBSIDIARIES, WHILST OTHERS WILL THEN BE FORCED TO PROTECT THEIR SHARE OF THE MARKET BY LIKewise SETTING UP SUBSIDIARIES.

HE SAID SINCE THE END OF 1978 THERE HAD BEEN A SUBSTANTIAL INCREASE IN THE NUMBER OF CREDIT-GRANTING INSTITUTIONS IN HONG KONG, WITH THE ADDITION OF 41 DEPOSIT-GARNERING LICENSED BANKS AND 99 DEPOSIT-TAKING COMPANIES.

+THIS HAS, TO SOME EXTENT, CREATED A BORROWERS' MARKET AND LED TO MANY EXPRESSIONS OF CONCERN ABOUT THE RATE OF EXPANSION OF THE MONETARY AGGREGATES, BUT IT CANNOT BE SAID TOO OFTEN THAT INTERPRETATION OF PRESENTLY AVAILABLE STATISTICS IS DIFFICULT.

/+THE SHARE .....

+THE SHARE OF THE TOTAL HONG KONG DOLLAR BASE HELD BY BANKS HAS DECREASED FROM 85 PER CENT OF TOTAL DEPOSITS OF \$70 BILLION AT THE END OF DECEMBER 1978 TO 66 PER CENT OF \$139 BILLION AT THE END OF FEBRUARY 1981.+

THE GROWTH IN THE TOTAL DEPOSIT BASE SINCE THE END OF DECEMBER 1978, SIR PHILIP SAID, HAS LARGELY BEEN CAUSED BY AN INCREASE IN LOANS AND ADVANCES IN HONG KONG OVER THE SAME PERIOD OF \$78 BILLION, OR 138 PER CENT.

+THE DISPROPORTIONATE GROWTH IN DEPOSITS WITH DEPOSIT-TAKING COMPANIES IS LARGELY A RESPONSE TO THE HIGHER NOMINAL RATES OF INTEREST OFFERED BY THEM AND THE INCREASING INTEREST RATE-SENSITIVITY OF DEPOSITORS IN A PERIOD OF DOUBLE DIGIT INFLATION, COMPARED WITH THE MAXIMUM RATES OFFERED BY MEMBERS OF THE HONG KONG ASSOCIATION OF BANKS.

+BANKS REACTED BY USING SUBSIDIARY OR ASSOCIATED DEPOSIT-TAKING COMPANIES TO BID FOR DEPOSITS OUTSIDE THE INTEREST RATE AGREEMENT, AND SUCCESSFULLY, FOR THE 94 COMPANIES CONCERNED HAVE ABOUT 75 PER CENT OF ALL DEPOSITS WITH DEPOSIT-TAKING COMPANIES= AND NEARLY 70 PER CENT OF THESE DEPOSITS ARE ON-LENT TO THE PARENT BANKS (BUT AT A HIGHER COST TO THE BANKS AND PROBABLY TO BORROWERS TOO).

+THE INTEREST RATE AGREEMENT IS THE KEY TO THE DISTRIBUTION OF DEPOSITS BETWEEN DEPOSIT-TAKING COMPANIES AND BANKS. SO LONG AS THE MAINTENANCE OF THAT AGREEMENT REMAINS AN ESSENTIAL ELEMENT IN THE GOVERNMENT'S MONETARY POLICY, THE GOVERNMENT'S AIM SHOULD BE TO REINFORCE THE AGREEMENT BY PREVENTING ANY FURTHER RELATIVE DIMINUTION OF THE BANKS' DEPOSIT BASE AND, INDEED, BY ROLLING BACK SOME OF THE RECENT SHIFT OF FUNDS,+ SIR PHILIP ADDED.

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#### SEPARATE ASSESSMENT RULED OUT \* \* \* \*

SEPARATE ASSESSMENT OF A WIFE'S INCOME WOULD INTRODUCE A QUITE INAPPROPRIATE COMPLEXITY INTO OUR SYSTEM OF PERSONAL TAXATION WHICH RESTS LIGHTLY ON THE MIDDLE INCOME GROUP, THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE, SAID TODAY (THURSDAY).

AND, GIVEN THE ACCEPTANCE OF THE FAMILY CONCEPT IN OUR SYSTEM, ANY REDUCTION OF LIABILITY THROUGH THE ADOPTION OF SEPARATE ASSESSMENT WOULD ALSO GIVE RISE TO INEQUITY.

IN HIS SPEECH WINDING UP THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, SIR PHILIP SAID THE SYSTEM OF AGGREGATION OF THE INCOMES OF MARRIED COUPLES PROVIDED FOR IN THE INLAND REVENUE ORDINANCE REMAINS OUR PREFERRED ARRANGEMENT GIVEN THE ESSENTIAL SIMPLICITY AND HIGH THRESHOLDS OF OUR PERSONAL TAX SYSTEM.

+IT INVOLVES TREATING THE FAMILY AS A CONVENIENT TAX UNIT BEARING IN MIND THAT THE TOTAL INCOME OF THE UNIT IS NORMALLY EMPLOYED TO THE BENEFIT OF THE FAMILY,+ HE SAID.

SIR PHILIP POINTED OUT THAT THOSE WHO PLEADED FOR SEPARATE ASSESSMENTS WERE PERHAPS UNAWARE OF THE LIMITED VALUE OF SUCH AN APPROACH.

/+IT WOULD .....

THURSDAY, APRIL 9, 1981

- 6 -

+IT WOULD NEVER BE ADVANTAGEOUS FOR COUPLES TO OPT FOR SEPARATE ASSESSMENT ON INCOMES WHICH WERE BELOW \$55 000 FOR COUPLES WITHOUT CHILDREN, \$62 000 FOR COUPLES WITH ONE CHILD, \$67 000 FOR COUPLES WITH TWO CHILDREN AND \$81 000 FOR COUPLES WITH TWO CHILDREN AND TWO DEPENDENT PARENTS, IRRESPECTIVE OF THE INCOME SPLIT.

+SEPARATE ASSESSMENT, IN FACT, WOULD BE DISADVANTAGEOUS IN MOST SITUATIONS (EXCEPT SOME STANDARD RATE CASES) WHERE, IN THE CASE OF A COUPLE WITH NO CHILDREN, THE INCOME OF ONE OF THE SPOUSES IS BELOW \$22 500 OR WHERE THE INCOME OF THE SPOUSE WHO MAINTAINS THE CHILDREN AND DEPENDENT PARENTS IS BELOW A FIGURE OF \$22 500 PLUS CHILD ALLOWANCES AND DEPENDENT PARENTS ALLOWANCES.+

SIR PHILIP SAID THE ESTIMATED NUMBER OF WORKING WIVES IN THE TAX NET IN 1980-81 WAS 66 000 OF WHOM THE COMMISSIONER OF INLAND REVENUE ESTIMATED ONLY 20 000 WOULD BENEFIT FROM SEPARATE ASSESSMENT, OR RATHER LESS THAN 6 PER CENT OF THE TOTAL NUMBER OF PERSONS WHO PAY SALARIES TAX.

ON THE REMOVAL OF THE HALF PERCENTAGE POINT LOADING LEVIED WITH EFFECT FROM THE YEAR OF ASSESSMENT 1976-77 ON THE SURCHARGE OF ONE-AND-A-HALF PERCENTAGE POINTS ON THE STANDARD RATE OF CORPORATION PROFITS TAX, THE FINANCIAL SECRETARY SAID IT WAS NOT SO MUCH AS A CONCESSION AS SUCH BUT RATHER BECAUSE ITS CONTINUANCE WAS NO LONGER JUSTIFIED.

+IT IS NO PART OF OUR FISCAL POLICY TO PERSEVERE WITH THE IMPOSITION OF A LEVY, DECLARED AT THE OUTSET TO BE TEMPORARY, WHEN CIRCUMSTANCES CHANGE.+

HE STRESSED THAT THE MOVE WAS NOT DESIGNED TO STRENGTHEN OUR COMPETITIVE POSITION VIS-A-VIS OTHER MAJOR CITIES IN SOUTH EAST ASIA, NOR WAS IT DESIGNED TO ENHANCE THE STATUS OF HONG KONG AS A FINANCIAL CENTRE.

+AGAIN, IT IS NO PART OF OUR FISCAL POLICY TO ADAPT OUR REVENUE LAWS, LET ALONE OUR TAX RATES, SPECIFICALLY TO ATTRACT PARTICULAR TYPES OF BUSINESS HERE.

+THE SAME PRINCIPLE LIES BEHIND THE PROPOSED IMPROVED DEPRECIATION ALLOWANCES: THEY ARE DESIGNED TO ENCOURAGE MANUFACTURERS AND OTHERS TO RE-EQUIP AND UPGRADE THEIR PLANT AND EQUIPMENT TO ASSIST THE DIVERSIFICATION PROCESS GENERALLY AND NOT SPECIFICALLY TO MAKE HONG KONG A MORE ATTRACTIVE PLACE FOR INVESTMENT,+ HE ADDED.

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/7 .....

SIR JACK: CIVIL SERVICE SHOULD GIVE ITS BEST  
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EFFORTS SHOULD BE MADE TO ENSURE THAT THE CIVIL SERVICE IS NOT ONLY UNITED AND CONTENT BUT ALSO EFFICIENT, PRODUCTIVE AND CONCERNED TO GIVE OF ITS BEST TO THE PUBLIC IT SERVES, THE CHIEF SECRETARY, THE HON SIR JACK CATER, SAID TODAY (THURSDAY).

SPEAKING AT THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, SIR JACK AGREED WITH THE HON LYDIA DUNN'S CONTENTION THAT THE CIVIL SERVICE WAS UNDER-MANAGED.

+THERE HAS BEEN SERIOUS OVER-STRETCH IN THE SERVICE IN THE PAST: THAT IS UNDENIABLE. IT IS ALSO UNDENIABLE THAT A GREAT DEAL OF OVER-STRETCH STILL EXISTS TODAY,+ HE SAID.

BUT HE ADDED THAT VERY CONSIDERABLE EXTRA RESOURCES HAD BEEN AND WERE BEING PROVIDED TO STRENGTHEN THE MANAGEMENT OF THE CIVIL SERVICE AND THAT CONSCIOUS EFFORTS WERE NOW BEING MADE TO IDENTIFY THE UNDER-MANAGED AREAS.

+WE ARE TAKING ACTION TO RECTIFY SUCH SITUATIONS BEFORE THEY ASSUME TROUBLESOME PROPORTIONS,+ SIR JACK SAID.

HE ADDED THAT EFFORTS WERE CONTINUING TO IMPROVE THE EFFECTIVENESS OF RESOURCES AND STAFF MANAGEMENT WITHIN DEPARTMENTS. THE STRENGTHENING OF DIRECTORATES, ESPECIALLY IN MAJOR DEPARTMENTS, WOULD ENABLE MORE ATTENTION TO BE DEVOTED TO IMPROVING THE RELATIONSHIP BETWEEN STAFF AND MANAGEMENT AT ALL LEVELS AND TO THE ENHANCEMENT OF STAFF PRODUCTIVITY.

ANSWERING THE HON W.C.L. BROWN'S COMMENTS, SIR JACK SAID THERE MIGHT BE SCOPE IN THE EXCHANGE, OR INTERCHANGE, OF STAFF DEALING WITH PERSONNEL MANAGEMENT MATTERS BETWEEN THE GOVERNMENT AND OTHER ORGANISATIONS AND THE CIVIL SERVICE BRANCH WAS LOOKING INTO THE POSSIBILITY OF INTRODUCING SOME TRIAL EXCHANGES.

AS TO EXPENDITURE OF CIVIL SERVICE TRAINING, SIR JACK AGREED WITH THE HON PETER WONG THAT A NOTE ON THE SCOPE AND COST OF THE TRAINING PROGRAMMES PROVIDED AT DIFFERENT LEVELS IN THE SERVICE WOULD BE OF GENERAL INTEREST, AND THAT SUCH A NOTE WAS BEING PREPARED BY THE BRANCH.

ON ANOTHER POINT RAISED BY MISS DUNN, SIR JACK SAID THERE HAD BEEN CHANGES IN THE GOVERNMENT SECRETARIAT SYSTEM SINCE 1974 AND THAT VERY SOON HE WOULD BE PUTTING NEW, MAJOR PROPOSALS CONCERNING THE ADMINISTRATION OF TRANSPORT AND OF LAND AND WORKS.

HE AGREED WITH MISS DUNN THAT THE TIME HAD COME FOR ANOTHER LOOK AT THE OVERALL ORGANISATION OF THE CENTRAL GOVERNMENT.

+INDEED EARLIER THIS YEAR I GAVE INSTRUCTIONS THAT A REAPPRAISAL OF THE VERY ISSUES MISS DUNN HAS MENTIONED BE UNDERTAKEN BY THE ADMINISTRATION BRANCH,+ HE SAID.

TURNING TO GOVERNMENT'S OFFICE ACCOMMODATION AND QUARTERS, SIR JACK SAID THAT OF THE \$525 MILLION SOUGHT IN THE ESTIMATES FOR RENTAL OF PREMISES, \$390 MILLION OR 74 PER CENT WAS TO CONTINUE EXISTING LEASES THROUGH THIS FINANCIAL YEAR AND \$135 MILLION OR 26 PER CENT FOR NEW LEASES.

/ANOTHER \$369 .....

ANOTHER \$369 MILLION IS BEING SOUGHT FOR OFFICES, \$156 MILLION FOR QUARTERS, AND \$25 MILLION FOR MINOR FITTING-OUT WORKS.

HE SAID THE GOVERNMENT RECOGNISED THAT IT WAS PREFERABLE TO LOCATE ITS OFFICES WHEREVER POSSIBLE IN GOVERNMENT-OWNED BUILDINGS.

SIR JACK SAID PLANS HAD BEEN DRAWN UP FOR OVER HALF A MILLION SQUARE METRES OF GENERAL PURPOSE OFFICES TO BE BUILT OVER THE NEXT FEW YEARS.

ALLOWING FOR MORE OFFICE REQUIREMENTS OVER THE PERIOD, AND FOR THE DEMOLITION OF 51 000 SQUARE METRES OF EXISTING OFFICES FOR REDEVELOPMENT OR FOR SALE OF THE SITES, THE BUILDING PROGRAMME WOULD REDUCE THE PROPORTION OF LEASED OFFICES FROM THE PRESENT HIGH FIGURE OF 66 PER CENT TO 21 PER CENT BY THE END OF THE 1986-87 YEAR, HE ADDED.

SIR JACK SAID THERE WERE CURRENTLY 1 640 GOVERNMENT-OWNED AND 758 LEASED DEPARTMENTAL QUARTERS AND THAT A BUILDING AND REDEVELOPMENT PROGRAMME HAD STARTED UNDER WHICH OVER 1 600 NEW QUARTERS WOULD BE BUILT BY THE END OF 1985-86 AND SOME 460 DEMOLISHED. THESE PROJECTS WOULD PROCEED AS JOINT-VENTURES WITH PRIVATE SECTOR DEVELOPERS.

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#### TASK FORCE SET UP FOR MFA NEGOTIATIONS

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A SPECIAL TASK FORCE WHOSE PRIMARY FUNCTION, FROM NEXT SEPTEMBER, WILL BE CONDUCTING NEGOTIATIONS THIS YEAR ON THE RENEWAL OF THE MULTI-FIBRE ARRANGEMENT (MFA) AND ON BI-LATERAL AGREEMENTS IN 1982 IS TO BE ESTABLISHED IN THE TRADE INDUSTRY AND CUSTOMS DEPARTMENT.

THE DIRECTOR, THE HON BILL DORWARD, MADE THIS DISCLOSURE DURING THE RESUMED BUDGET DEBATE IN LEGISLATIVE COUNCIL TODAY (THURSDAY) WHILE RESPONDING TO COMMENTS BY UNOFFICIAL MEMBERS ON THE FUTURE OF THE MFA.

+ I CONSIDER THAT WE ARE FORTUNATE TO HAVE AVAILABLE FOR DEPLOYMENT A GROUP OF EXPERIENCED AND CAPABLE NEGOTIATORS, BOTH LOCALLY IN THE DEPARTMENT AND IN OUR OVERSEAS OFFICES, AND IT IS MY INTENTION TO FORM FROM IT A TASK FORCE WHOSE PRIMARY FUNCTION FROM, SAY, SEPTEMBER ONWARDS WILL BE THE CONDUCT OF THESE FUNDAMENTALLY IMPORTANT BILATERAL AND MULTILATERAL NEGOTIATIONS WHICH WE FACE OVER THE NEXT YEAR OR MORE,+ HE SAID.

+ THIS CAN ONLY BE DONE AT THE COST OF SOME LOSS OF EFFECTIVENESS ELSEWHERE, BUT THE CIRCUMSTANCES DO NOT ALLOW OF ANY OTHER SOLUTION. I KNOW I CAN COUNT ON MY COLLEAGUES OUTSIDE THE TASK FORCE TO MAKE AN EXTRA EFFORT TO MAINTAIN A SERVICE TO THE PUBLIC AND KEEP UP MOMENTUM ON SUCH IMPORTANT ISSUES AS CONSUMER PROTECTION, TRADE CONTROLS AND INDUSTRIAL DEVELOPMENT,+ SAID MR DORWARD.

IT IS WIDELY CONCEDED THAT THE ILLS WHICH UNDOUBTEDLY ARE AFFLICTING SOME OF THE TEXTILE INDUSTRIES OF THE WEST, NOTABLY IN EUROPE, ARE NOT ATTRIBUTABLE TO IMPORTS FROM THE THIRD WORLD.

/BUT BECAUSE .....

THURSDAY, APRIL 9, 1981

- 9 -

BUT BECAUSE OF A WIDESPREAD ECONOMIC RECESSION AND FALLING UNEMPLOYMENT, THE REAL PROBLEMS ARE EITHER SO INTRACTABLE OR POLITICALLY POTENT THERE MUST BE A TEMPTATION FOR GOVERNMENTS TO TRY TO QUIET PROTECTIONIST DEMANDS BY DIRECTING EFFORTS AT SURROGATE TARGETS, HE SAID.

MR DORWARD CALLED ON THE EEC AND THE UNITED STATES TO ENSURE THAT THE NEGOTIATIONS WERE REALISTICALLY AND FAIRLY CONDUCTED.

REFERRING TO A RECENT MAJOR DEBATE IN THE HOUSE OF COMMONS ON THE UK'S TEXTILE, CLOTHING AND FOOTWEAR INDUSTRIES, HE SAID IT WAS NOTABLE THAT AS FAR AS PROBLEM IMPORTS WERE CONCERNED THE FOCUS WAS ALMOST ENTIRELY ON THE UNITED STATES. EUROPEAN INDUSTRY SAW THE U.S. TEXTILE INDUSTRY AS A MAJOR THREAT TO THEIR OWN.

+THIS IS PROBABLY THE MOST DRAMATIC NEW ELEMENT AS WE CONSIDER THE FUTURE OF THE MFA,+ SAID MR DORWARD.

+IN THE PARLIAMENTARY DEBATE, HONG KONG WAS MENTIONED ONLY TWICE, ONCE WHEN IT WAS RECOGNISED THAT THE U.K. INDUSTRY COULD ONLY REASONABLY HOPE TO COMPETE WITH US AT THE HIGH QUALITY END OF THE GARMENT MARKET= AND THE OTHER OCCASION WHEN IT WAS ALLEGED THE UNITED STATES WAS UNDERSELLING US,+ HE SAID.

HAVING RECENTLY RETURNED FROM A VISIT TO THE UNITED STATES, MR DORWARD SAID: +JUST OVER TWO WEEKS AGO I SAW A REPORT IN THE HIGHLY REGARDED WASHINGTON POST HEADLINED 'PROFITS, PROGRESS LOOM LARGE FOR TEXTILE MAKERS'. IT DOCUMENTED THE DRAMATIC RESULTS OF A CAPITAL SPENDING OF US\$11 BILLION BY U.S. MILLS OVER THE LAST DECADE, AND PREDICTED ANOTHER US\$23 BILLION IN THE EIGHTIES. ALTHOUGH 1980 PROFITS WERE ONLY 7.2 PER CENT UP OVER 1978, IT WAS, AND I QUOTE, 'THE FIRST TIME IN MEMORY THAT THE MILLS HAD SURVIVED A RECESSION UNSCATHED - A REMARKABLE PERFORMANCE, IN THE FACE OF AUTO AND HOUSING SLUMPS'. THE ARTICLE CLOSED WITH A SENIOR INDUSTRY EXECUTIVE SAYING FLATLY AND CONFIDENTLY: 'THERE IS NO QUESTION NOW THAT WE CAN COMPETE'.

+THAT IS, OF COURSE, THE MILL SECTOR,+ SAID MR DORWARD. +THE U.S. APPAREL INDUSTRY IS MORE FRAGMENTED AND LESS CAPITAL INTENSIVE. IT DOES, HOWEVER, ENJOY OVER 85 PER CENT OF CONSUMPTION IN THE BIGGEST SINGLE MARKET IN THE WORLD.

+ABOUT 85 PER CENT OF U.S. IMPORTS ARE CONTROLLED UNDER BILATERAL AGREEMENTS. IMPORTS INTO THE U.S. FROM 1971 TO 1979 INCREASED AT AN AVERAGE RATE OF ONLY 2.7 PER CENT A YEAR. AND HONG KONG, AS THE MAJOR SUPPLIER, HAD ONLY 1.3 PER CENT OF U.S. CONSUMPTION IN 1979,+ HE SAID.

+I MENTION THESE FACTS AND FIGURES TO MAKE THIS BASIC POINT. I THINK WE WILL BE AMPLY JUSTIFIED THIS YEAR IN LOOKING TO THE UNITED STATES, IN ITS OWN ENLIGHTENED SELF INTEREST, TO EXERCISE ITS CONSIDERABLE AUTHORITY AND INFLUENCE TO ENSURE THAT NEGOTIATIONS ON THE FUTURE OF THE MFA ARE REALISTICALLY AND FAIRLY CONDUCTED= THAT THE PROVISIONS SOUGHT BY THE DEVELOPED IMPORTING COUNTRIES ARE COMMENSURATE WITH WHAT ECONOMIC CIRCUMSTANCES CLEARLY JUSTIFY= AND, MOST PARTICULARLY, THAT DEVELOPING COUNTRY EXPORTERS ARE NOT HELD SOMEHOW ACCOUNTABLE FOR DIFFICULTIES AND PROBLEMS FOR WHICH THEY ARE NOT RESPONSIBLE,+ SAID MR DORWARD.

/LAST YEAR .....

LAST YEAR 100 000 JOBS WERE LOST IN THE UK'S TEXTILES INDUSTRY, BUT, AS MR DORWARD NOTED, +THE MINISTER FOR TRADE, MR CECIL PARKINSON, RECENTLY TOLD THE BRITISH TEXTILE EMPLOYERS' ASSOCIATION THAT 'THE PROBLEM OF CHEAP TEXTILE IMPORTS IS BEING OVERSTATED'. HE POINTED OUT, FURTHERMORE, THAT THREE QUARTERS OF BRITAIN'S TEXTILE IMPORTS CAME FROM THE DEVELOPED WORLD IN 1980, AND EXPORTS TO THE LOW COST COUNTRIES HAD ACTUALLY GROWN FASTER THAN IMPORTS.+

ALTHOUGH A TWENTY-YEAR SERIES OF MULTILATERAL TEXTILE ARRANGEMENTS WERE DESIGNED EXPLICITLY TO MODERATE TEMPORARILY THE GROWTH OF CERTAIN EXPORTS LIKELY TO CAUSE 'MARKET DISRUPTION', THEIR EXISTENCE WAS NOW SO MUCH TAKEN FOR GRANTED BY THE INDUSTRIES WHICH HAD ENJOYED THEIR PROTECTION THAT THEY NO LONGER ATTEMPTED TO JUSTIFY THEM, BUT MERELY CALLED FOR THEIR INTENSIFICATION, MR DORWARD SAID.

THE DISCREDITED POLICY ADOPTED BY THE EEC IN 1977 IMPOSED A FINITE LIMIT ON IMPORTS FROM DEVELOPING COUNTRIES, BUT NO LIMIT ON OTHERS. ESTABLISHED TRADE OPPORTUNITIES WERE THEN ARBITRARILY TAKEN FROM SOME RESTRAINED SUPPLIERS AND IN THEORY GIVEN TO OTHERS CONSIDERED MORE NEEDY. BUT THE ACTUAL CONSEQUENCE WAS THAT TRADE POTENTIAL TAKEN AWAY FROM HONG KONG AND OTHER MAJOR SUPPLIERS WENT TO THE RICH - NOTABLY THE UNITED STATES - AND NOT TO THE POOR.

+IT WILL BE NOT ONLY DEPRESSING BUT DESTRUCTIVE IF THAT EXPERIENCE IS IGNORED,+ HE SAID. +THE DEVELOPING COUNTRY EXPORTERS HAVE NOT FORGOTTEN IT, AND ARE FACING THE COMING NEGOTIATIONS WITH A COHESIVENESS THEY HAVE NOT PREVIOUSLY SHOWN. AS I SPEAK, A WORKSHOP SEMINAR IS IN PROGRESS IN DJAKARTA, FOLLOWING UP THE FIRST CO-ORDINATION MEETING OF MFA DEVELOPING COUNTRIES WHICH I HAD THE PRIVILEGE OF ATTENDING IN BOGOTA, COLOMBIA LAST NOVEMBER.

+HONG KONG WILL CONTINUE TO PLAY AN ACTIVE PART IN THIS SERIES OF MEETINGS - AND WE EXPECT THERE TO BE MORE AS THE YEAR GOES ON - AS WELL AS IN THE LESS OBVIOUS BUT VERY SUBSTANTIVE INFORMAL CONTACTS WHICH TAKE PLACE FROM DAY TO DAY, MAINLY IN GENEVA,+ HE SAID.

+OUR AIM IN THIS EFFORT WILL BE TO DEVISE IN CONCERT WITH THE OTHER DEVELOPING COUNTRIES A COHESIVE STRATEGY. WE RECOGNISE THE FUTILITY OF INVITING CONFRONTATION BY CHALLENGING THE JUSTIFICATION FOR HAVING AN MFA AT ALL, ALTHOUGH A LOGICAL CASE COULD BE MADE. INSTEAD WE SHALL SEEK TO ENCOURAGE A RESPONSIBLE AND REALISTIC APPROACH TO THE MFA NEGOTIATIONS WHICH WE WOULD EXPECT TO BE RECIPROCATED BY THE DEVELOPED IMPORTING COUNTRIES,+ STRESSED MR DORWARD.

COMMENTING ON SUGGESTIONS THAT THE GOVERNMENT SHOULD REVIEW ITS EFFORTS TO INFLUENCE PEOPLE IN HIGH POSITIONS IN THE UNITED STATES, MR DORWARD ACCEPTED THE NEED TO DO SO.

+THE TROUBLE WITH THE U.S., HOWEVER, IS THAT THE TARGETS ARE NUMEROUS, SCATTERED AND IN THE SIGHTS OF MANY OTHERS AT ANY GIVEN TIME. AND THE DIFFERENT CENTRES OF GOVERNMENT, COMMERCE, FINANCE AND INDUSTRY ARE SPREAD OVER THAT VAST CONTINENT.+

HE ADDED THAT A GOOD DEAL OF ACTIVITY WAS ALREADY TAKING PLACE AT OFFICIAL LEVEL. THE HONG KONG OFFICE IN WASHINGTON NOW HAD THREE DIPLOMATIC LEVEL STAFF AND OPPORTUNITIES WERE ALWAYS TAKEN TO PAY CALLS AT APPROPRIATELY HIGH LEVELS WHEN THE GOVERNOR AND OTHER SENIOR GOVERNMENT MEMBERS VISITED THE U.S. HOWEVER, HE UNDERTOOK TO RE-EXAMINE THE NATURE AND LEVEL OF THE GOVERNMENT'S EFFORTS.

/+I HOPE .....

THURSDAY, APRIL 9, 1981

- 11 -

+I HOPE WITHIN THIS YEAR TO ESTABLISH AN AMERICAN OFFICE FOR THE PURPOSE OF INDUSTRIAL PROMOTION,+ SAID MR DOWARD.

+I HAVE DETECTED A GROWING AWARENESS OF THE POTENTIAL OF HONG KONG AS A MARKET AND AS AN ENTREPOT, AN AWARENESS THAT ALL SECTORS IN HONG KONG WOULD DO WELL TO STIMULATE AS THE U.S. SHOWS GREATER AND GREATER INTEREST IN EXPORT DEVELOPMENT.+

REFERRING TO THE PROBLEMS OF PROTECTIONISM, MR DORWARD SAID: +I DO BELIEVE THAT ONE OF THE MOST EFFECTIVE COUNTERS TO THEM IS TO STIMULATE THE INTEREST OF THE COUNTRIES CONCERNED TO SELL TO US. THE NEW FOUND COMPETITIVENESS OF THE U.S. TEXTILE INDUSTRY, FOR EXAMPLE, SHOULD MEAN THAT IT CAN OBTAIN FOR ITSELF A LARGER SHARE OF OUR YARNS AND FABRICS MARKET WHICH, AT OVER HK\$14 BILLION A YEAR, IS ONE OF THE LARGEST IN THE WORLD.+

REFERRING TO A PLEA FOR GOVERNMENT INTERVENTION TO ASSIST THE DYEING AND FINISHING INDUSTRY, MR DORWARD SAID HE HAD INITIATED A SURVEY OF INDUSTRY OPINION THREE YEARS PREVIOUSLY, BUT THE RESPONSE HAD BEEN GENERALLY UNENTHUSIASTIC.

+WHEN THE PROPOSAL WAS REVIVED RECENTLY, THE FEDERATION OF HONG KONG INDUSTRIES DECIDED TO CONDUCT A FULL STUDY OF THE SITUATION AND TO TRY TO PROVIDE GOVERNMENT WITH A DETAILED ASSESSMENT OF THE NEEDS OF THE INDUSTRY AND PROPOSALS SHOWING THE LAND AND INFRASTRUCTURE REQUIREMENTS, TAKING FULL ACCOUNT OF THE ENVIRONMENTAL ASPECTS OF THE PROBLEM. THE RESULTS OF THAT STUDY WILL BE GIVEN CAREFUL CONSIDERATION WHEN RECEIVED,+ CONCLUDED MR DORWARD.

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#### HOUSING OUTPUT HIGHEST EVER ACHIEVED IN HONG KONG \* \* \* \*

DURING 1980/81, COMBINED HOUSING PRODUCTION FROM THE PUBLIC AND PRIVATE SECTORS TOTALLED WELL OVER 60 000 FLATS -- THE HIGHEST OUTPUT EVER ACHIEVED IN HONG KONG.

THE SECRETARY FOR HOUSING, THE HON DONALD LIAO, SAID THIS IN THE LEGISLATIVE COUNCIL TODAY DURING THE RESUMED BUDGET DEBATE.

ON THE PUBLIC HOUSING FRONT, HE SAID THE HOUSING AUTHORITY HAD PRODUCED A RECORD 35 443 FLATS, AN ADDITIONAL 1 506 HAD BEEN PROVIDED UNDER THE PRIVATE SECTOR PARTICIPATION SCHEME OF THE HOME OWNERSHIP SCHEME AND THE HOUSING SOCIETY HAD PRODUCED 618 MORE FLATS -- A +MOST SATISFACTORY START+ TO THE FIRST YEAR OF THE NEW DECADE.

AS A RESULT OF THE HIGH LEVEL OF PRODUCTION, THE AUTHORITY HAD BEEN ABLE TO MARGINALLY REDUCE THE WAITING LIST IN THE PAST TWO YEARS, SAID MR LIAO.

HE SAID THAT HE WAS CONSCIOUS OF THE NEED TO FURTHER REDUCE THE LIST AND THE WAITING TIME, THEREBY ENCOURAGING ALL FAMILIES IN NEED OF HOUSING TO APPLY THROUGH THE LIST.

+THIS UNDERLINES THE NEED TO INCREASE OUR PRODUCTION OF ALL TYPES OF PUBLIC HOUSING WHENEVER POSSIBLE,+ HE SAID.

/+SUFFICIENT LAND .....

+SUFFICIENT LAND AND OTHER RESOURCES HAVE BEEN MADE AVAILABLE AND CONTRACTS HAVE EITHER BEEN LET OR ARE BEING PREPARED TO ENSURE THAT PRODUCTION IS MAINTAINED AT ITS CURRENT HIGH LEVEL WELL INTO THE MID-'80S. NEVERTHELESS, ANY INCREASE ABOVE THESE LEVELS SHOULD BE EFFECTED GRADUALLY AND MUST TAKE INTO ACCOUNT THE AVAILABILITY OF RESOURCES.+

HOWEVER, THE KEY TO THE CONTINUATION AND EXPANSION OF THE HOUSING PROGRAMME WAS THE AVAILABILITY OF AN ADEQUATE SUPPLY OF LAND, SAID MR LIAO.

FOR THE SECOND HALF OF THE DECADE, INDICATIONS WERE THAT IT MIGHT BE NECESSARY TO IDENTIFY 20 PER CENT TO 25 PER CENT MORE SITES THAN WOULD NORMALLY BE REQUIRED, TO ALLOW FOR THE UNSUITABILITY OF SUCH SITES, WHICH WOULD GENERALLY BE MORE DIFFICULT TO FORM AND SERVICE, TO PERMIT A POSSIBLE GRADUAL EXPANSION OF OUTPUT AND TO GUARD AGAINST SLIPPAGE IN LAND PRODUCTION.

TURNING TO THE HOME OWNERSHIP SCHEME, MR LIAO SAID THAT ALREADY 13 453 FLATS HAD BEEN SOLD TO ELIGIBLE FAMILIES, HALF OF THEM PUBLIC HOUSING TENANTS. THE ARRANGEMENT BY WHICH HALF OF HOS OUTPUT WAS SOLD TO PUBLIC HOUSING TENANTS WOULD CONTINUE WITH LATER PHASES, THEREBY MAKING AVAILABLE PURCHASERS' ORIGINAL FLATS FOR RE-ALLOCATION TO OTHER FAMILIES IN NEED OF HOUSING.

IT WAS CONSERVATIVELY ESTIMATED THAT THE SELLING PRICE OF THESE FLATS -- INCLUDING THE 3 099 PHASE 111A FLATS NOW BEING SOLD -- WAS BETWEEN 26 AND 34 PER CENT BELOW MARKET LEVELS.

IF THE HOS WORKING PARTY CONSIDERED IT NECESSARY TO INTRODUCE ANY FURTHER DIRECT SUBSIDY TO BENEFIT PURCHASERS, ADDITIONAL RESTRICTIONS ON RE-SALE OF THE FLATS WOULD ALSO HAVE TO BE CONSIDERED.

CONCERNING MIDDLE-INCOME +SANDWICHED+ FAMILIES, MR LIAO SAID THAT A LARGE SITE AT TUEN MUN HAD BEEN EARMARKED TO PROVIDE 2 000 FLATS RANGING IN SIZE FROM 50 TO 80 SQUARE METRES TO BE SOLD TO THIS GROUP.

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#### UNIFIED LANDS DEPARTMENT BEING CONSIDERED

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THE GOVERNMENT WAS STUDYING THE POSSIBILITY OF CREATING A UNIFIED LANDS DEPARTMENT AND HOPED TO REACH A DECISION ON THIS BEFORE VERY LONG, THE SECRETARY FOR THE ENVIRONMENT, THE HON DEREK JONES, SAID TODAY (THURSDAY) AT THE RESUMED BUDGET DEBATE AT THE LEGISLATIVE COUNCIL.

ESPECIALLY IN HONG KONG, THE AVAILABILITY OF LAND IS THE STARTING POINT FOR ALL FURTHER DEVELOPMENT, WHETHER FOR HOUSING, INDUSTRY, COMMERCE OR COMMUNITY FACILITIES, HE SAID.

REFERRING TO QUESTIONS RAISED BY UNOFFICIAL MEMBERS THE HON LYDIA DUNN, THE HON DAVID NEWBIGGING AND THE HON S.L. CHEN, MR JONES SAID A GOOD DEAL OF WORK ON LAND DEVELOPMENT WAS ALREADY BEING UNDERTAKEN BY THE PRIVATE SECTOR AND THE GOVERNMENT WOULD BE VERY WILLING TO CONSIDER OTHER CONSTRUCTIVE SUGGESTIONS. MR JONES POINTED OUT THAT THE GOVERNMENT RECOGNISED THE PART TO BE PLAYED BY THE PRIVATE SECTOR IN THE PRODUCTION OF NEW LAND.

/GIVING EXAMPLES .....

GIVING EXAMPLES OF THIS, HE SAID TWO SUCH SCHEMES INVOLVING THE RECLAMATION OF SEA BED AND PRODUCING 47 HECTARES OF LAND FOR THE GOVERNMENT AND 21 HECTARES FOR THE DEVELOPERS WERE NEARING COMPLETION IN SHA TIN. +THE ELECTRICITY COMPANIES AND THE CHINA CEMENT COMPANY ARE ALSO FORMING THEIR OWN LARGE SITES FOR THEIR NEW DEVELOPMENT AND THE SAME HAS HAPPENED WITH CERTAIN PROJECTS FOR SPECIAL INDUSTRIES,+ MR JONES SAID.

AFTER GIVING A FEW OTHER EXAMPLES OF PRIVATE DEVELOPMENT OF LAND, MR JONES SAID FURTHER THAT A SUBMISSION WAS BEING PREPARED FOR THE SPECIAL COMMITTEE ON LAND PRODUCTION ON HOW THE PRIVATE SECTOR CONTRIBUTION MIGHT BE INCREASED.

HE ADDED, HOWEVER, THAT PRIVATE SECTOR LAND PRODUCTION, WHILE LESSENING THE CALL ON GOVERNMENT STAFF RESOURCES AND REDUCING DIRECT GOVERNMENT EXPENDITURE, WOULD STILL MAKE DEMANDS ON THE CONSTRUCTION INDUSTRY AND THE ECONOMY AS A WHOLE.

+AND IT WILL NOT, IN THE LAST ANALYSIS, REDUCE GOVERNMENT SPENDING, NET OF REVENUE, ON THE PROJECTS CONCERNED,+ HE SAID.

REFERRING TO THE HONG KONG INDUSTRIAL ESTATES CORPORATION, HE SAID THE ORGANISATION WAS AN INSTRUMENT TO CONSTRUCT AND MANAGE INDUSTRIAL ESTATES AND TO LEASE THEM AT COST TO SPECIAL INDUSTRIES, AND HE SAW NO PARTICULAR BENEFIT IN IT ACTING AS AN INTERMEDIARY IN FORMING AND SELLING LAND FOR ORDINARY INDUSTRIAL PURPOSES.

WITH REGARD TO THE SHORTFALL OF +JUST OVER 16 HECTARES+ OF LAND SOLD LAST YEAR, MR JONES EXPLAINED THIS WAS DUE TO +INEVITABLE DIFFICULTIES+, SUCH AS GEOTECHNICAL OR CLEARANCE PROBLEMS.

HOWEVER, MOST OF THE LAND WOULD BE AVAILABLE FOR THE 1981-82 SALES PROGRAMME.

+CERTAINLY THERE WAS NO RESERVE OF LAND DELIBERATELY HELD BACK FROM WHICH NEW SITES CAN BE FOUND TO REPLACE THOSE WHICH HAVE BEEN LOST FROM OR DELAYED IN, THE PROGRAMME,+ HE SAID.

STATING THAT THERE WERE CASES WHERE DEVELOPERS WERE SLOW WITH THEIR WORKS, HE SAID THE GOVERNMENT WAS NOW USING ITS POWERS OF RE-ENTRY MORE OFTEN WHERE NO BUILDING WORK HAS BEEN DONE DURING THE COVENANT PERIOD. IN OTHER CASES, IT WAS BASING CHARGES FOR THE EXTENSION OF BUILDING COVENANTS ON CURRENT PRICES, RATHER THAN THE ORIGINAL PURCHASE PRICE OF LAND.

DISCUSSING MODIFICATION PREMIA, A QUESTION RAISED BY MISS DUNN, MR JONES SAID THE WIDE ACCEPTANCE BY DEVELOPERS OF THE GOVERNMENT'S MODIFICATION TERMS SHOWED THAT REDEVELOPMENT OPPORTUNITIES WERE NOT BEING LOST THROUGH THE PRESENT PRACTICE.

THERE WERE, HOWEVER, A NUMBER OF OLDER DISTRICTS IN THE URBAN AREAS WHERE REDEVELOPMENT WAS DESIRABLE BUT WAS TAKING PLACE TOO SLOWLY, BUT THIS WAS DUE TO MULTI-OWNERSHIP PROBLEMS OF THE SMALL LOTS RATHER THAN PREMIUM. THERE WAS, NEVERTHELESS, SOME PROGRESS IN COMPREHENSIVE REDEVELOPMENT SCHEMES BEING UNDERTAKEN IN THE AREAS, AND EFFORT WAS BEING MADE TO ENCOURAGE MORE SUCH SCHEMES.

ON THE QUESTION OF LAND FOR THE DYEING AND FINISHING INDUSTRY, HE SAID THAT CAREFUL CONSIDERATION WOULD BE GIVEN TO A STUDY BEING UNDERTAKEN BY THE FEDERATION OF HONG KONG INDUSTRIES ON THIS MATTER, WHEN IT IS COMPLETED.

IF LAND WERE SOUGHT ON SPECIAL CONDITIONS, MR JONES SAID, THE CASE WOULD HAVE TO BE CLEARLY DEMONSTRATED, NOT JUST FOR THE INDUSTRY, BUT IN TERMS OF BENEFIT TO THE ECONOMY AS A WHOLE. REFERRING TO THE HON ROGER LOBO'S CONCERN ABOUT THE DETERIORATION OF THE STANDARD OF CLEANLINESS OF STREETS AND PUBLIC PLACES, MR JONES SAID +VERY SUBSTANTIAL RESOURCES+ WOULD BE DEVOTED TO A CLEAN UP CAMPAIGN, AS WELL AS TO +ESTABLISHING THE CAPACITY TO MOUNT AND SUSTAIN AN INCREASED CLEANSING EFFORT, PARTICULARLY IN THE NEW TERRITORIES.+

DISCUSSING ENVIRONMENTAL POLLUTION, HE SAID THAT IN ADDITION TO BRINGING FORWARD AND PUTTING INTO EFFECT VARIOUS NEW PIECES OF LEGISLATION, THE ENVIRONMENTAL PROTECTION AGENCY WAS SOLIDLY ESTABLISHED AND WAS MONITORING POLLUTION LEVELS IN VARIOUS PARTS OF HONG KONG.

LARGE NEW DEVELOPMENTS, SUCH AS THE NEW POWER STATIONS, THE CEMENT PLANT AND VARIOUS CHEMICAL INSTALLATIONS WERE BEING CONSTRUCTED IN WAYS WHICH TAKE FULL ACCOUNT OF ENVIRONMENTAL IMPACT ASSESSMENTS AGREED WITH THE AGENCY AND APPROVED BY THE ENVIRONMENTAL PROTECTION ADVISORY COMMITTEE (EPCOM).

MR JONES SAID IT WAS HOPED SOON TO DECLARE TOLO HARBOUR AS THE FIRST WATER POLLUTION CONTROL ZONE AND TO INITIATE COMPREHENSIVE MONITORING AND STEPS TO ENSURE THAT ITS WATER QUALITY DOES NOT FURTHER DETERIORATE.

IN ALL OF THIS WORK THE AIM WAS AND WOULD BE TO FINE TUNE AND IMPOSE CONTROLS ONLY WHEN AND TO THE EXTENT THAT THEY ARE CLEARLY SHOWN TO BE NECESSARY TO PREVENT SIGNIFICANT DETERIORATION IN ENVIRONMENTAL CONDITIONS IN A PARTICULAR AREA OR TO BRING ABOUT POSITIVE BENEFIT IN RELATION TO THE COST INVOLVED.

MR JONES ALSO SAID THAT A STUDY WAS BEING UNDERTAKEN ON THE +SHORT, MEDIUM AND LONG-TERM MEASURES NECESSARY TO TACKLE THE KAI TAK NULLAH PROBLEM AND THE LIKELY COSTS AND TIMING.+

A SUGGESTION BY THE HON ANDREW SO THAT IT BE COVERED WAS BEING EXAMINED ALTHOUGH MORE RADICAL MEASURES WOULD BE LIKELY NEEDED FOR LASTING IMPROVEMENTS, HE SAID. MR JONES THEN SUPPORTED THE MOTION BEFORE THE COUNCIL.

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DEPRECIATION ALLOWANCE LEVEL SUFFICIENT  
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THE INITIAL DEPRECIATION ALLOWANCE OF 35 PER CENT WILL PROVIDE SUFFICIENT ENCOURAGEMENT TO INVESTMENT, THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE SAID TODAY (THURSDAY).

HE WAS REPLYING TO A SUGGESTION BY THE HON HENRY HU THAT THE INITIAL ALLOWANCE BE RAISED NOT FROM 25 PER CENT TO 35 PER CENT, BUT TO 50 PER CENT.

SIR PHILIP STRESSED THAT IT IS THE NEUTRALITY OF HONG KONG'S TAX SYSTEM WHICH IS IMPORTANT, RATHER THAN THE PRESENCE OR ABSENCE OF FISCAL INCENTIVES.

+THIS IS WHY I AM ENTIRELY OPPOSED TO ANY FORM OF SUBSIDY FOR PRODUCERS OR CONSUMERS (OTHER THAN, SO FAR AS THE LATTER IS CONCERNED, ON COMPELLING SOCIAL GROUNDS),+ HE SAID.

+THE FACT IS THAT, SOONER OR LATER, THE NEUTRALITY OF OUR FISCAL SYSTEM GENERALLY WOULD BE ERODED, FOR SUBSIDY PAYMENTS EVENTUALLY HAVE TO BE FINANCED.+

REFERRING TO A SUGGESTION BY THE HON S.L. CHEN FOR THE CREATION OF A FUND TO PROVIDE LOANS TO MANUFACTURERS FOR THE PURCHASE OF PLANT AND EQUIPMENT AT BELOW MARKET RATES, SIR PHILIP SAID THE EFFECT WOULD BE THAT THE CONTRIBUTION TO RECURRENT REVENUE OF EARNINGS ON OUR FISCAL RESERVES WOULD FALL WITH ULTIMATE CONSEQUENCES FOR OUR NARROWLY BASED TAX SYSTEM WITH LOW RATES OF CHARGE.

+MAYBE ONE OR TWO ARGUABLY ONE-OFF SUBSIDY PAYMENTS WOULD NOT BE THE END OF THE WORLD,+ HE SAID, +BUT ONE-OFF PAYMENTS WOULD INEVITABLY BECOME ONE OR TWO ON-GOING SCHEMES AND ONE OR TWO ON-GOING SCHEMES WOULD INEVITABLY BREED OTHERS.+

SIR PHILIP ALSO DISMISSED CLAIMS THAT THE MANUFACTURING SECTOR IS 'FLAGGING'. THIS IS SIMPLY NOT BORNE OUT BY OUR EXPORT PERFORMANCE IN RECENT YEARS, HE SAID.

+IF SOME INDUSTRIES ARE 'FLAGGING', IT IS BECAUSE THEY HAVE CEASED TO BE COMPETITIVE FOR ONE REASON OR ANOTHER,+ HE NOTED.

IN ORDER TO PRESERVE OUR COST-COMPETITIVENESS AND FLEXIBILITY OF RESPONSE, SIR PHILIP FELT THAT MARKET FORCES MUST BE ALLOWED TO OPERATE IN SUCH A WAY AS TO DIVERT RESOURCES ELSEWHERE.

HOWEVER, HE NOTED THAT THE GOVERNMENT, WHICH STILL CONTRIBUTES NEARLY 27 PER CENT TO THE GDP AND EMPLOYS ABOUT 40 PER CENT OF THE LABOUR FORCE, WILL STILL HAVE A ROLE TO PLAY IN THE DIVERSIFICATION OF THE MANUFACTURING SECTOR.

ON THE HON WONG PO-YAN'S SUGGESTION FOR THE SETTING UP OF A CENTRAL BODY FOR PLANNING, CO-ORDINATION AND CONDUCT OF SCIENTIFIC AND TECHNOLOGICAL RESEARCH AND DEVELOPMENT TO MEET THE NEEDS OF THE INDUSTRIAL SECTOR, SIR PHILIP SAID THE ADVISORY COMMITTEE ON DIVERSIFICATION HAS RECOMMENDED THAT THE PRODUCTIVITY COUNCIL SHOULD BECOME THE ORGANISATIONAL FOCUS FOR IMPROVING INDUSTRIAL SUPPORT FACILITIES, WHICH INCLUDE RESEARCH AND DEVELOPMENT.

+THE COUNCIL HAS PUT UP A NUMBER OF PROPOSALS, WHICH THE INDUSTRIAL DEVELOPMENT BOARD HAS CONSIDERED, OR IS CURRENTLY CONSIDERING, COVERING VARIOUS SUPPORT FACILITIES,+ HE SAID, ADDING THAT BOTH ORGANISATIONS WERE STILL WORKING OUT HOW TO TACKLE RESEARCH AND DEVELOPMENT AND MR WONG'S VIEWS WOULD BE TAKEN INTO ACCOUNT.

PUBLIC SECTOR SIZE MUST BE CONTAINED

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THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE TODAY (THURSDAY) EMPHASISED THAT THE PERSISTENT UPWARD DRIFT IN THE SIZE OF THE PUBLIC SECTOR WILL HAVE TO BE CONTAINED.

WINDING UP THE BUDGET DEBATE, HE SAID THE GROWTH RATES OF PUBLIC SECTOR EXPENDITURE AND THE GROSS DOMESTIC PRODUCT WOULD HAVE TO BE BROUGHT MORE INTO LINE WITH EACH OTHER.

THE REASON THAT THE DRIFT MUST BE CONTAINED, GIVEN THE BUOYANCY OF OUR REVENUES AND THE STATE OF OUR FISCAL RESERVES, IS THAT +THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE, APPROPRIATELY DEFINED, SHOULD HAVE REGARD TO THE GROWTH RATE OF THE ECONOMY,+ HE SAID.

+AND, ALLIED TO THIS, THE RELATIVE SIZE OF THE PUBLIC SECTOR SHOULD BE CAREFULLY WATCHED.+

SIR PHILIP SAID THE PUBLIC SECTOR WAS NOT SUBJECT TO THE DISCIPLINE OF THE PROFIT AND LOSS ACCOUNT AND HAD VIRTUALLY UNLIMITED POWER TO BARGAIN RESOURCES AWAY FROM THE PRIVATE SECTOR.

+BUT IF THE GOVERNMENT CHOOSES TO USE THIS POWER, IT MUST BE AWARE OF THE CONSEQUENCES.

+THUS THE NEED FOR SELF-IMPOSED RESTRAINT IS SELF-EVIDENT, FOR THIS IS THE ONLY SAFEGUARD AGAINST THE PRIVATE SECTOR BEING DEPRIVED OF ACCESS TO COMPETITIVELY PRICED RESOURCES, INFLATIONARY PRESSURES BEING GENERATED AND BALANCE OF PAYMENTS DIFFICULTIES EMERGING,+ SIR PHILIP SAID.

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NO TO LAND SUBSIDY

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IT IS NOT THE GOVERNMENT'S POLICY OR PRACTICE TO SUBSIDISE LAND PRICES EXCEPT WHERE THERE ARE GOOD SOCIAL REASONS FOR DOING SO, THE FINANCIAL SECRETARY, THE HON SIR PHILIP HADDON-CAVE TOLD THE LEGISLATIVE COUNCIL TODAY (THURSDAY).

HE WAS REPLYING TO POINTS RAISED BY UNOFFICIAL MEMBERS, INCLUDING THE HON LYDIA DUNN WHO HAD SPECIFICALLY SUGGESTED A SUBSIDY IN RESPECT OF LAND USED IN THE HOME OWNERSHIP SCHEME AND THE PRIVATE SECTOR PARTICIPATION SCHEME.

SIR PHILIP SAID THE SCHEMES WERE INTENDED TO MAKE HOME OWNERSHIP POSSIBLE FOR LOWER MIDDLE INCOME FAMILIES AT COST, WITHOUT A PROFIT ELEMENT AND WITH ACCESS TO MORTGAGE FACILITIES ON FAVOURABLE TERMS- AND, THEREFORE, THE CALCULATION OF FULL MARKET VALUES FOR THE SITES CONCERNED PROBABLY UNDERSTATED THE TRUE MARKET PRICES LIKELY TO BE REALISED IN AUCTIONS.

+THE HOUSING AUTHORITY IN MANAGING RENTED PUBLIC HOUSING HAS A STATUTORY RESPONSIBILITY ONLY TO ENSURE THAT ITS INCOME MATCHES ITS EXPENSES. AS LAND IS GRANTED TO THE AUTHORITY AT NIL PREMIUM FOR THE CONSTRUCTION OF FLATS FOR RENT, CLEARLY THE AUTHORITY'S RENTALS SHOULD NOT INCLUDE ANY ELEMENT FOR THE COST OF THE LAND.

/+BUT, UNDER .....

+BUT, UNDER THE HOME OWNERSHIP SCHEME AND THE PRIVATE SECTOR PARTICIPATION SCHEME, THE FLATS ARE SOLD, NOT RENTED, AND THERE IS NO COMPELLING ARGUMENT FOR PUBLIC FUNDS TO BE USED TO SUBSIDISE INDIVIDUALS IN THE ACQUISITION OF PERMANENT ASSETS,+ SIR PHILIP SAID.

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'SELLING' INDUSTRIAL ESTATES  
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THE CONTRAST BETWEEN LAND AVAILABLE ON INDUSTRIAL ESTATES AND THE NUMBER OF SITES BEING DEVELOPED DERIVES FROM VIRTUE RATHER THAN FROM A FAILING ON THE PART OF THE INDUSTRIAL ESTATES CORPORATION, THE HON D.G. JEAFFRESON, SECRETARY FOR ECONOMIC SERVICES, SAID TODAY (THURSDAY).

ANSWERING REMARKS MADE BY THE HON ALLEN LEE AND THE HON S.L. CHEN, MR JEAFFRESON SAID AT THE LEGISLATIVE COUNCIL THAT ONE AIM OF THE CORPORATION WAS TO KEEP THE DEVELOPMENT OF THE ESTATES WELL AHEAD OF THE GRANTING OF LOTS TO SUCCESSFUL APPLICANTS.

+IT IS CLEARLY IMPORTANT THAT, IF THEY ARE NOT TO BE DISCOURAGED, POSSIBLE USERS OF THE ESTATES SHOULD SEE WELL LAID OUT AND SERVICED SITES READY TO BE GRANTED,+ HE SAID.

THE SECOND AIM, HE SAID, WAS THE PRINCIPLE OF BROADENING HONG KONG'S INDUSTRIAL BASE BY CATERING FOR THOSE INDUSTRIES WHICH COULD NOT OPERATE IN MULTI-STOREY BUILDINGS.

HE ADDED THAT THE CORPORATION HAS SO FAR RECEIVED 171 APPLICATIONS AND HAS APPROVED 55.

ON PROMOTION, MR JEAFFRESON SAID THAT AS RECOMMENDED BY THE ADVISORY COMMITTEE ON DIVERSIFICATION, INDUSTRIAL PROMOTION HAS BEEN REORGANISED AND WAS NOW UNDER THE DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS.

ANSWERING A REMARK ON CRITERIA, HE SAID THE BOARD OF THE CORPORATION +ARE AT THEIR MOST CRITICAL, AND DARE I SAY IT, THEIR MOST CANTANKEROUS, WHEN THIS SUBJECT COMES UP.+

ON CONDITIONS OF LEASE, HE SAID THESE WERE FAIRLY TOUGH TO ENSURE THAT SUCCESSFUL APPLICANTS USE THE SITES FOR THE PURPOSES WHICH CAUSED THE CORPORATION TO GRANT THEM.

THOSE WHO OBJECT +RATHER NOISILY+ WERE VERY MUCH A MINORITY, HE SAID, ADDING THAT THE MAJORITY UNDERSTOOD WHY THE LEASE CONDITIONS WERE FAIRLY TIGHT AND ACCEPTED THEM WITHOUT COMPLAINT.

MR JEAFFRESON ALSO SPOKE ON THE INDUSTRIAL DESIGN AND PACKAGING COUNCILS IN WHICH HE SAID AN INCREASE IN SUBVENTION FOR 1981-82 MIGHT BE SOUGHT.

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THURSDAY, APRIL 9, 1981

- 18 -

SIR PHILIP THANKS UNOFFICIALS

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THE FINANCIAL SECRETARY THE HON SIR PHILIP HADDON-CAVE, IN WINDING UP THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (THURSDAY), THANKED UNOFFICIAL MEMBERS FOR THEIR PATIENCE OVER THE YEARS.

+I AM SURE MY SUCCESSOR WILL BE EQUALLY TREATED. AS MR OSWALD CHEUNG SAID IT WAS INEVITABLE - AND, I WOULD ADD, ABSOLUTELY RIGHT - THAT WE WOULD NOT ALWAYS BE IN AGREEMENT,+ HE SAID.

SIR PHILIP DENIED THAT HE WAS UNAWARE OF +THE FACTS OF LIFE+ AND THAT HE VIEWED THE WORLD THROUGH A STATISTICAL LOOKING-GLASS.

+I AM WELL AWARE OF THE HUMAN ASPECTS OF THE DISRUPTIONS AND THE FORCED ADJUSTMENTS WHICH ARE THE CONCOMITANT OF ECONOMIC PROGRESS.

+I HAVE ALWAYS REGARDED THE ANNUAL BUDGET SPEECH AS THE FINANCIAL SECRETARY'S CONTRIBUTION TO THE TASK OF '(BRIDGING) THE GAP BETWEEN THE GOVERNED AND THE GOVERNING' FOR, OF COURSE, EVERYONE HAS 'OPINIONS ON LEVELS OF TAXATION (AND) ON THE DISPOSAL OF PUBLIC FUNDS'.+

+BUT, IN RESPONSE TO MR LOBO'S PROPOSITION THAT 'A GAP (HAS DEVELOPED) BETWEEN WHAT IS STATISTICALLY SATISFACTORY AND WHAT IS PERSONALLY SATISFYING', I WOULD SAY THIS: THAT WHAT IS STATISTICALLY UNSATISFACTORY IS MOST UNLIKELY TO BE 'PERSONALLY SATISFYING'.+

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TUEN MUN DISTRICT BOARD PLANS RECREATIONAL PROJECTS

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THERE IS A MASSIVE PROGRAMME TO PROVIDE RECREATIONAL FACILITIES AND AMENITIES IN TUEN MUN.

THIS WAS SAID BY THE DISTRICT OFFICER, MR BILLY LAM, AT THE FIRST MEETING TODAY (THURSDAY) OF TUEN MUN DISTRICT BOARD, OF WHICH HE IS CHAIRMAN.

THE BOARD WAS TOLD THAT THE PROGRAMME HAD BEEN DRAWN UP AFTER SEVERAL MEETINGS OF THE DISTRICT MANAGEMENT COMMITTEE AND INCLUDES MORE THAN 30 PROJECTS, 10 OF WHICH HAVE BEEN RECOMMENDED FOR ACCELERATED COMPLETION.

ADDITIONALLY FOUR VACANT SITES ARE BEING LOOKED AT FOR TEMPORARY DEVELOPMENT AS TENNIS COURTS, A ROLLER SKATING RINK AND A JOGGING TRACK.

THE BOARD ALSO APPROVED A TOTAL OF 10 RECREATIONAL PROJECTS IN FIVE LOCAL PUBLIC HOUSING ESTATES.

TUEN MUN HAS 120 000 PEOPLE AND THE BOARD WAS TOLD THAT THERE IS CONCERN ABOUT THE DEFICIENCY IN RECREATIONAL FACILITIES, ESPECIALLY CLOSE TO HOUSING ESTATES.

/THE BOARD .....

THURSDAY, APRIL 9, 1981

- 19 -

THE BOARD AGREED TO INCREASE THE NUMBER OF ITS SUB-COMMITTEES FROM FIVE TO SIX AND TO EXPAND THE RESPONSIBILITIES OF SOME OF THEM. THE SUB-COMMITTEES ARE :

- \* FINANCE, ADMINISTRATION AND PUBLICITY (PREVIOUSLY FINANCE)=
- \* TRAFFIC AND TRANSPORT=
- \* CULTURAL, RECREATION AND SPORTS=
- \* COMMERCE AND INDUSTRY (PREVIOUSLY INDUSTRIAL)=
- \* ENVIRONMENTAL IMPROVEMENT= AND
- \* SOCIAL SERVICES.

AT THE MEETING, CHAIRMEN OF THE SUB-COMMITTEES WERE APPOINTED. THEY ARE : MR CHAN YAT-SUN= MR LAU WONG-FAT= MR CHAU MAN-PING= THE DISTRICT OFFICER= MR AUGUSTINE NG CHAK-TAI= AND MR CHEUNG KAM-HUNG.

AGREEMENT TO ESTABLISH A NEW TRAFFIC AND TRANSPORT SUB-COMMITTEE IS IN RECOGNITION OF THE IMPORTANCE OF THESE TWO SUBJECTS IN THE NEW TOWN, THE BOARD WAS TOLD. ITS TERMS OF REFERENCE EMPHASISE EFFORTS TO IMPROVE THE LOCAL TRAFFIC AND TRANSPORT SITUATION.

THE BOARD ALSO AGREED TO ENDORSE THE RECOMMENDATION OF THE NEW TERRITORIES SERVICES DEPARTMENT THAT THE PUBLIC BE ADVISED AGAINST SWIMMING AT TWO LOCAL BEACHES AT WHICH THE WATER QUALITY IS CONSIDERED TO BE BELOW AN ACCEPTABLE STANDARD FOR SWIMMING PURPOSES.

ONE UNOFFICIAL SAID: +WE ENDORSE THE RECOMMENDATION WITH GREAT RELUCTANCE, BUT WE URGE THE GOVERNMENT TO SEEK LONG-TERM SOLUTIONS TO THIS PROBLEM.+

MR LAM GAVE BOARD MEMBERS A BRIEFING ON THE DISTRICT BOARD ELECTIONS TO BE HELD NEXT YEAR.

HE SAID THERE WOULD BE FOUR DOUBLE-MEMBER CONSTITUENCIES WITH EIGHT ELECTED MEMBERS. REGISTRATION OF ELECTORS WOULD START IN LATE SUMMER.

THERE WOULD BE 17 POLLING STATIONS CONVENIENTLY LOCATED THROUGHOUT TUEN MUN DISTRICT AND ELECTION DAY WOULD BE EARLY IN MARCH. RESULTS WOULD BE PUBLISHED WITHIN A FEW DAYS AND ELECTED MEMBERS WOULD ASSUME OFFICE FOR A THREE-YEAR TERM ON APRIL 1, 1982.

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THURSDAY, APRIL 9, 1981

- 20 -

### NEW ROAD FOR TUEN MUN TOWN

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A NEW ROAD WILL BE BUILT IN TUEN MUN NEW TOWN TO SERVE THE BUTTERFLY PUBLIC HOUSING ESTATE FOR 60 000 PEOPLE.

A \$15.3 MILLION CONTRACT FOR THE WORK WAS AWARDED TODAY (THURSDAY) BY THE TUEN MUN NEW TOWN DEVELOPMENT OFFICE OF THE PUBLIC WORKS DEPARTMENT TO DRAGAGES ET TRAVAUX PUBLICS, A FRENCH FIRM.

THE 1 250-METRE LONG ROAD WILL ALSO PROVIDE ACCESS TO THE FUTURE INDUSTRIAL AND PRIVATE RESIDENTIAL DEVELOPMENTS ON THE 75-HECTARE RECLAMATION IN THE SOUTHWESTERN PART OF THE NEW TOWN, NEAR THE BUTTERFLY BEACH.

THE PROJECT WILL ALSO INVOLVE THE WIDENING OF A SECTION OF LUNG MUN ROAD AND SITE FORMATION WORK FOR THE FUTURE LIGHT RAIL SYSTEM.

WORK ON THE PROJECT, FOR WHICH CONSULTANTS ARE SCOTT WILSON KIRKPATRICK AND PARTNERS, WILL BEGIN THIS MONTH AND TAKE ABOUT A YEAR TO COMPLETE.

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### PUBLIC WARNED ABOUT POLLUTED BEACHES

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BEACHGOERS ARE ADVISED NOT TO SWIM AT TWO BEACHES IN WESTERN NEW TERRITORIES. THEY ARE THE ANGLERS BEACH AND CASTLE PEAK BEACH.

A SPOKESMAN FOR THE NEW TERRITORIES SERVICES DEPARTMENT SAID THE WATER AT THE BEACHES HAD BEEN POLLUTED BY HUMAN WASTE AND WASTE FROM PIG FARMS.

+WE ARE LOOKING INTO THE POSSIBILITY OF DESIGNATING THE WATER OFF CASTLE PEAK BEACH AS A BOATING AREA AND TO ADD OTHER RECREATIONAL FACILITIES TO MAKE UP FOR ITS LOSS AS A BATHING BEACH,+ HE SAID.

+IN THE LONGER TERM, WE HOPE TO ESTABLISH A POLLUTION-FREE ENCLOSED SWIMMING LAGOON AT CASTLE PEAK BEACH, WHERE THE SEA WATER CAN BE KEPT CLEAN FOR SWIMMING.

ON OTHER BEACHES IN THE WESTERN NEW TERRITORIES, THE SPOKESMAN SAID THE WATER QUALITY WAS STILL SATISFACTORY FOR BATHING.

THERE WERE PLANS TO GAZETTE A BEACH AT MA WAN - THE TUNG WAN BEACH ON THE ISLAND - WHERE THE WATER IS GENERALLY VERY CLEAN, THE SPOKESMAN ADDED.

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/21 .....

THURSDAY, APRIL 9, 1981

- 21 -

CARS REGISTERED

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THE TOTAL NUMBER OF REGISTERED PRIVATE CARS REACHED 196 700 AT THE END OF MARCH, A RISE OF MORE THAN 25 000 OR 14.5 PER CENT OVER THE LAST 12 MONTHS. THIS COMPARES WITH A RISE OF ABOUT 24 600 DURING THE 12 MONTHS ENDING MARCH 1980.

THE NUMBER OF NEW CARS REGISTERED DURING MARCH WAS 1 627 AND THE NUMBER OF REGISTRATIONS WHICH LAPSED WAS 1 088, REPRESENTING A NET INCREASE OF 539.

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EARLY PAYMENT OF PUBLIC ASSISTANCE

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PEOPLE DUE TO RECEIVE PUBLIC ASSISTANCE AND SPECIAL NEEDS ALLOWANCE DURING THE EASTER HOLIDAYS WILL BE PAID AHEAD OF TIME.

A SPOKESMAN FOR THE SOCIAL WELFARE DEPARTMENT SAID TODAY (THURSDAY) PEOPLE WITH COUPONS DATED APRIL 17, 18, 19 AND 20 MAY CASH THEM ON OR AFTER APRIL 13, 14, 15 AND 16 RESPECTIVELY.

SPECIAL ARRANGEMENTS HAD BEEN MADE WITH POST OFFICES, TREASURY OFFICES AND NEW TERRITORIES ADMINISTRATION'S DISTRICT OFFICES FOR THE COUPONS TO BE CASHED.

PEOPLE WERE TOLD TO NOTE THEIR DATES FOR COLLECTION.

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TAPS OFF FOR TESTS

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FRESH WATER SUPPLY TO A NUMBER OF PREMISES IN KWUN TONG WILL BE TURNED OFF FOR SIX HOURS FROM MIDNIGHT ON FRIDAY TO 6 AM ON SATURDAY FOR LEAKAGE TESTS.

AFFECTED PREMISES ARE LOCATED ON HIP WO STREET, TSUI PING ROAD AND HIU MING STREET, INCLUDING BLOCKS 7-10 OF THE KWUN TONG (TSUI PING ROAD) ESTATE AND BLOCKS 9 AND 10 OF WO LOK ESTATE.

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