



DAILY INFORMATION BULLETIN

(PART I)

Wednesday, February 28, 1973

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TAX RELIEF FOR WAGE EARNERS

Personal allowance To Be Raised from \$7,000 to \$10,000

Higher Duty On Shares Transactions

A number of tax reform and tax relief proposals were made by the Financial Secretary, the Hon. C.P. Haddon-Cave, this afternoon when he presented his budget to the Legislative Council.

He also announced increases in ad valorem duty on contract notes in respect of share transactions and in fees for driving test application forms and driving licences.

The tax reforms concern salaries tax, duty on bulk imports of alcoholic liquors and stamp duty on jobbing transactions.

The proposed tax reforms on salaries tax are:

- * An increase in the personal allowance from \$7,000 to \$10,000;
- * An increase in the wife's allowance from \$7,000 to \$10,000;
- * An increase in the allowance for the first child from \$2,000 to \$3,000 and of the maximum allowance for children from \$9,500 to \$10,500;
- * An alteration of the schedular rates of tax so that, upon the first platform of \$10,000 of net chargeable income, tax at five per cent is payable and upon each of the next four platforms of \$10,000 a further five per cent. On net chargeable income over \$50,000 a rate of 30 per cent will apply with the standard rate of 15 per cent applying on gross income less expenses and charitable donations ;

/* Cancellation

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- * Cancellation of lower income relief and the selective allowances for working wives, dependent parents and life assurance;
- * Extension of child relief to parents of children of any age not employable because of mental or physical incapacity and for whom medical certificates are produced.

As his second proposal for tax reform, Mr. Haddon-Cave announced new increased rates of duty on bulk imports of alcoholic liquors.

With effect from 6 p.m. today, the rates of duty per degree applicable over 78° proof to be 96 cents in the case of liquor of Hong Kong and Commonwealth origin and \$1.08 in the case of liquor of non-Commonwealth origin.

The third proposal for tax reform concerns stamp duty on contract notes in respect of purchases and sales by a broker on his own account when he is, in effect, performing a jobbing function.

The Financial Secretary proposed that transactions designed to accommodate the market should be exempt from stamp duty.

He proposed that the Stamp Ordinance be amended accordingly and regulations made to define and control these transactions with effect from April 1 or as soon as possible thereafter.

The proposed tax reliefs are:

- * Abolition of the duty on table waters.
- * Abolition of the duty of 10 cents per gallon on furnace oil used in the manufacture of electricity and gas.
- * Raising the values of properties on which stamp duty less than the standard rate may be charged.

/* Abolition

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- * Abolition of the stamp duty on receipts.
- * Abolition of minor stamp duties on a miscellany of documents, such as Bills of Lading, Affidavits, Hire Purchase etc.
- * Abolition of the tax on admission charges to cinemas.

Subject to approval, all these proposals will come into effect on April 1 this year.

The Financial Secretary announced a 100 per cent increase in the rate of ad valorem duty on contract notes in respect of share transactions.

The rate will go up from 20 cents to 40 cents for each note or from 40 cents to 80 cents for each transaction.

The increased rate of duty will be applicable to all transactions entered into from tomorrow.

To this end, the Governor signed an order under the Public Revenue Protection Ordinance this morning.

Mr. Haddon-Cave also announced increases in fees for driving test application forms and driving licences.

The fee for the application form would be raised from \$20 to \$150 and for a provisional licence from \$40 to \$100.

At the same time, the fee for a driving licence would be raised from \$10 to \$50.

The Financial Secretary said that the net effect of his budget proposals was to increase the difference of \$313 million between the printed revenue estimates and the Draft Estimates of Expenditure by \$201 million to \$514 million.

This, he said, represented "the surplus I am actually budgetting for."

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FUEL OIL DUTY TO BE ABOLISHED

Big Savings For Household And Industrial users

The duty of 10 cents per gallon on furnace oil used in the manufacture of electricity and gas will be abolished with effect from tomorrow (Thursday).

This was one of the proposals made by the Financial Secretary, the Hon. C.P. Haddon-Cave, in his Budget speech in the Legislative Council this afternoon.

Mr. Haddon-Cave said the abolition of the duty on furnace oil would reduce revenue by \$43 million.

This compared with \$16.2 million in 1972-73 when duties on a wide range of hydrocarbon oils were abolished.

As a result of the abolition of the duty on fuel oil, the saving in electricity bills would vary as follows:

- * In the case of Hong Kong Electric, from \$1 in the case of a small domestic consumer using 120 units at a monthly bill of \$21 (4.8 per cent) to \$3,800 in the case of a bulk consumer using 500,000 units at a monthly bill of \$43,500 (8.7 per cent).
- * In the case of China Light and Power, from \$1 in the case of a small domestic consumer using 120 units at a monthly bill of \$20 (5 per cent) to \$40,000 in the case of bulk consumer using 5,000,000 units at a monthly bill of \$288,000 (13.9 per cent).
- * Finally, in the case of the Gas Company, as its tariff does not include a fuel variation clause, increases in the cost of fuel oil over the past year have been fully absorbed by the company.

"It is, therefore, not envisaged that any reduction in the charge to consumers will arise as a result of the abolition of fuel oil duty," the Financial Secretary said.

INCREASE IN DUTY ON ALCOHOLIC LIQUORS

The rate of duty on alcoholic liquors of over 78 degrees proof has been increased as from today.

An order under the Public Revenue Protection Ordinance providing for such an increase was signed by the Governor this morning.

The new rates for liquors of over 78 degrees proof will be 96 cents in the case of liquor of Hong Kong and Commonwealth origin and \$1.08 in the case of liquor of non-Commonwealth origin.

The effect of the increases will vary from a few cents to 39 cents per bottle, except for some particularly strong liquors for which the increases will be much higher.

This was disclosed by the Financial Secretary, the Hon. C.P. Haddon-Cave, when he proposed tax reform on duty on imports of alcoholic liquors in bulk.

He recalled that in 1962 the rates of duty on whisky, brandy and other spirituous liquors of 78 degrees proof were increased, but the rates of duty above this strength remained, by an oversight, unchanged.

"Liquor importers have recently realised that, as a result they can pay less duty per bottle by importing high proof liquor and watering it down to lower proof levels," the Financial Secretary said.

"There is thus a small but quite unjustifiable potential loss of revenue."

Mr. Haddon-Cave also proposed that the duty on certain non-alcoholic beverages, known as table waters, should be abolished from April 1 next.

The cost to the revenue of this abolition will be about \$10.5 million.

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STAMP DUTY CONCESSIONS PROPOSED BY FINANCIAL SECRETARY

Relief For Buyers Of Low Value Properties

Several concessions on stamp duties, including those charged on the purchase of low valued properties and on various documents, were proposed by the Financial Secretary, the Hon. C.P. Haddon-Cave, in his Budget speech today.

To encourage home ownership, properties between \$75,000 and \$150,000 would be liable to only one per cent of the two per cent standard Stamp Duty rate with effect from April 1.

This would bring about 83 per cent of all current sales of low value properties into the ambit of the concession, and cost the Government \$22.5 million in revenue.

Citing an example, the Financial Secretary said that a buyer of a flat selling today for \$70,000 would pay only the nominal duty of \$20 instead of \$1,400, while a person buying a flat for \$140,000 would pay \$1,400 instead of \$2,800.

He recalled that in 1967 the standard rate of two per cent was waived for properties of \$20,000, and halved for properties of \$20,000 or over but under \$40,000.

"With higher property prices this concession has become largely inoperative and yet, by and large, the purchasers of these properties are in the same lower income range as before, albeit with higher incomes," he said.

He added that whereas 76 per cent of properties on the market in 1967 were priced at \$40,000 or less only 2.3 per cent were priced at this amount last year.

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The Financial Secretary also proposed to abolish the imposition of stamp duties on a miscellany of documents which were "irksome" to both the public and the Stamp Office.

Elsewhere, he said, stamp duty was no longer levied on many of these documents and their removal from the Schedule to the Stamp Ordinance would constitute a loss of about \$4 million annually in Government revenue.

The documents concerned are: Bill of Lading, Shippers Books (Chinese), Charter Party, Policies of Insurance, Affidavit, Agreement or any Memorandum of Agreement, Agreement or Contract for Hire Purchase, Attested Copy, Godown Warrant, Letter of Hypothecation, Notarial Act and Note of Protest.

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HIGHER COSTS FOR OBTAINING DRIVING LICENCES

Measures To Reduce Applications To Manageable Numbers

The Financial Secretary, the Hon. C.P. Haddon-Cave, today announced proposals to increase the fees for obtaining a provisional driving licence in an attempt to reduce the large number of applications.

Speaking at the Budget session, he also proposed that the fee for a driving licence should be raised from \$10 to "a more realistic figure of \$50."

He pointed out that there were now 417,000 holders of driving licences with a waiting list of 75,000 applicants, and more coming forward at a rate of 6,000 a month.

The Transport Department had tried to solve the backlog problem by accelerating the testing programme. However, the efforts only succeeded in making matters worse.

"So we must resort to fiscal measures and I propose that the fee for the application form should be raised from \$20 to \$150, and for a provisional licence from \$40 to \$100. These increases should reduce applications to manageable numbers."

Many applicants would, no doubt, hope to purchase, in due course, a vehicle and the first step in this process was to obtain a driving licence.

The proposed increase of the annual fee for a driving licence from \$10 to \$50 should assist in deterring them from the first step which would eventually lead to increased road congestion.

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"An increase in the annual fee may also help to persuade some existing drivers not to renew their licences. There are, after all, more than twice as many drivers as there are vehicles.

"So the total cost of becoming a licensed driver will be \$300 as opposed to \$70 at present.

"The revenue will benefit by about \$38 million from these several increases in 1973-74 after allowing for the hoped for deterrent effect."

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HONG KONG'S OVERSEAS RESERVES

Financial Position Weakened By External Factors

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The Financial Secretary, the Hon. C.P. Haddon-Cave, today estimated that Hong Kong's fiscal reserves at the end of this financial year would amount to \$2,831 million, a drop of \$998 million on the position at March 31, 1972.

Presenting his Budget to the Legislative Council, he noted that \$500 million for the Mass Transit Fund was to be charged against this year's revenue.

The estimate of Hong Kong's fiscal reserves, Mr. Haddon-Cave said, represented 54 per cent of estimated expenditure in 1973/74 or 61 per cent of the unspent balance of approved Public Works Non-Recurrent projects.

"I do not regard these much reduced percentages with composure," he added.

The Financial Secretary said that "external factors beyond our control" weakened Hong Kong's financial position during 1972.

Hong Kong's fiscal reserves at April 1, 1972 amounted to \$3,829 million, of which about \$1,100 million was held with bankers in Hong Kong and the balance was held abroad, mainly in sterling investments and formed part of Hong Kong's overseas reserves.

The Financial Secretary said that "the gilt edged market weakened in the middle of 1972 and prices have not yet recovered to the relatively high levels ruling at the end of March."

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This general hardening of interest rates in London, he said, meant that there would be, if the market did not improve before then, a book loss of about \$190 million compared with a gain of \$72 million last year.

Mr. Haddon-Cave said that "a much more serious factor" was the floating of sterling.

The resultant changes in the foreign exchange value of the Hong Kong dollar had caused an additional reduction of \$295 million in the book value of Hong Kong's investments.

Moreover, the free surplus of \$913 million in the Exchange Fund, which was taken into account in estimating Hong Kong's total fiscal reserve position at March 31, 1972, had been "wiped out," the Financial Secretary said.

This was because of the weakness of the gilt edged market and the obligation to make compensation payments to the banks under the Exchange Fund Guarantee Scheme for the losses in Hong Kong dollar terms they incurred on their sterling investments.

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SPECIAL FUND FOR MASS TRANSIT RAILWAY

Most of this year's surplus is to be used for setting up a special Mass Transit Fund.

In his Budget speech today the Financial Secretary, the Hon. C.P. Haddon-Cave, said he would ask the Finance Committee next month to appropriate \$500 million of the 1972/73 surplus under a new special expenditure subhead relating to the mass transit underground railway project.

If approved, this sum would be credited to a special fund established by resolution of the Legislative Council and be used for capital investment in the Mass Transit Railway Corporation, Mr. Haddon-Cave said.

He said that although the capitalisation of the Corporation would have a high loan gearing, it was intended that the capital element should consist of about \$1,500 million in the form of cash.

Of this amount, he added, perhaps two-thirds would be subscribed by the Government during the years of construction of the first four stages of the mass transit scheme and the other one-third by the private sector later on.

"The Government's total equity position would also include expenditure incurred on the scheme to date and the value of Crown land assigned to the Corporation," he said.

Mr. Haddon-Cave explained that until the fund was exhausted and had disappeared from the Colony's Statement of Assets and Liabilities, "interest on the matching balances would accrue to General Revenue as would any cash dividends from the equity investment in the Mass Transit Railway Corporation".

The proposal, if approved by the Finance Committee, would have the effect of reducing the revised estimated surplus of \$722 million to \$222 million, or more realistically, to \$400 million based on the prediction that the surplus might reach \$900 million.

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EXPANSION OF EDUCATION

Four more technical institutes are to be built in Hong Kong and the capacity of the Polytechnic will be expanded to meet the approved targets.

This was stated by the Financial Secretary, the Hon. C.P. Haddon-Cave, when outlining future spending on education during his Budget speech.

A further revision for the targets for secondary education, he added, was also being considered.

Expenditure involved in a revised programme of secondary education had not yet been determined, he said, but he tentatively estimated that to achieve places for all in the 12-14 age group and for 40 per cent in the 15-16 age group would involve additional spending of \$500 million.

When fully realised, he added, a further \$130 million at present day prices would have to be added to the annually recurrent bill for education.

He noted that in 1962/63 spending on education represented 14 per cent of total expenditure. By 1972/73, the proportion had increased to 19 per cent and was estimated to remain at that level for 1973/74.

"The factors contributing to this startling change are universal and free primary education, and the establishment of a second university and of the Polytechnic," he explained.

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\$900 MILLION SURPLUS PREDICTED

Largest Ever Experienced

The budgetted surplus of \$47 million for the 1972/73 financial year has turned into a \$722 million surplus, and the final figure is likely to be even higher.

Reporting this during his Budget speech today, the Financial Secretary, the Hon. C.P. Haddon-Cave, said: "In absolute terms this is the largest surplus ever experienced, but as a percentage of total revenue (16 per cent) it is the lowest since 1968/69."

He predicted that on the basis of daily receipts and payments recorded by the Treasury up to a few days ago the actual surplus was likely to be nearer to \$900 million -- representing 19 per cent of total revenue, or slightly above the average of the three years ending 1971/72.

At the same time, the Financial Secretary announced that he would ask the Finance Committee next month to appropriate \$500 million of this year's surplus to a special fund from which withdrawals would be made for capital investment in the Mass Transit Railway Corporation.

Mr. Haddon-Cave said that if this proposal was approved it would have the effect of reducing this year's surplus to \$400 million, on the basis that the final surplus would amount to \$900 million.

/Reviewing

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Reviewing revenue and expenditure in 1972/73, the Financial Secretary said that although the revenue estimate of \$3,704 million took account of the several tax concessions and the increased charges for off-street parking, he had noted at the time that the expenditure estimate of \$3,657 million excluded known commitments to be met in that financial year.

These commitments, he said, amounted to some \$176 million in respect of pay adjustments for the civil service and subvented organisations and the revised scheme of public assistance.

"Thus, theoretically, I was budgetting for a deficit of \$129 million, but I did not seriously consider this to be a likely outcome," he added.

Revenue

The revised estimate of revenue for the current year at \$4,588 million, he went on, represented a 30 per cent increase on actual revenue in 1971/72, the highest rate of increase since 1949/50.

He gave a number of reasons for the increase.

Taking first recurrent revenue, of which the revised estimate at \$3,876 million was \$456 million higher than the original estimate, he said that most of this increase stemmed from higher revenue from stamp duty, earnings and profits taxes, and from fees, receipts and reimbursements.

Revenue from stamp duty would exceed the original estimate by at least \$330 million, due largely to the persistently large volume of transactions on the stock exchanges; that from earnings and profits taxes was expected to bring in \$38 million more than originally estimated; while the revised estimate for fees, receipts and reimbursements would probably exceed the original estimate by \$47 million, of which \$22 million was due to greater activity in the Companies Registry.

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The Financial Secretary said revenue from licences for drivers and vehicles had also been under-estimated by \$10 million, interest earnings by \$12 million and airport revenue by \$13 million.

As regards capital revenue, the revised estimate was put at \$712 million, \$428 million higher than the original estimate.

Of this increase, \$278 million was accounted for by the very high prices realised at this year's land sales and another \$122 million was unexpectedly received as a result of two lease-holders settling outstanding instalments on lots bought in earlier years in order to avoid interest payments.

Another \$18 million was due to a higher than expected yield from estate duty.

Government Spending

On Government spending, the Financial Secretary said that the rate of growth of expenditure was such that, for the third consecutive year, actual expenditure was likely to exceed the original estimate.

The revised expenditure was estimated to be \$209 million more than the original estimate.

This was partly accounted for by the cost of implementing the recommendations of the 1971 Salaries Commission and of introducing revised rates for public assistance; and partly by a certain amount of unforeseen expenditure arising, for example, from the June rainstorms.

The Financial Secretary stressed that additional expenditure during the year had not been restricted on purely financial grounds.

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Supplementary provisions, approved up to February 19, amounted to \$525 million, bringing the total provision for the year to \$4,182 million -- an increase of 14 per cent on the original estimate.

"The difference between this figure and the revised estimate of \$3,866 million is the inevitable result of the time lag between authorising expenditure and expenditure actually taking place," he said.

Another offsetting factor, he added, had been the level of expenditure on Public Works Non-Recurrent which was likely to be \$75 million less than the original estimate, mainly because progress on major waterworks projects had not been up to expectation.

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RENT INCREASES EXPECTED TO SLOW DOWN

Rent increases in both domestic and industrial premises should slow down this year as a result of a more rapid supply of new accommodation becoming available, the Financial Secretary, the Hon. C.P. Haddon-Cave, predicted in his Budget speech today.

This, he said, could be seen in the case of industrial rents where the average increase in 1972 was less than 3½ per cent due to a good supply of additional floor space becoming available during the year.

While there had been no easing of rent levels last year in the case of private domestic accommodation, Mr. Haddon-Cave strongly believed that the level of rents in this sector "should at least stabilise" in the course of this year.

The prospect for 1973, he said, was for 30,000 domestic units to be completed, as compared with 20,000 last year and 12,000 in 1971.

Conceding that rents had not been anything like as stable as other prices, Mr. Haddon-Cave said this had resulted from a shortage of accommodation in relation to demand.

In this respect, he added, Hong Kong was still suffering from the slowing down of construction activity in the late Sixties which stemmed from the events of 1965-67.

He stressed, however: "From now on, new accommodation will be coming onto the market at a more rapid rate and this should lead to a slowing down of rent increases."

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17 PER CENT RISE IN G.D.P. PREDICTED

The Financial Secretary, the Hon. Philip Haddon-Cave, today predicted that the Gross Domestic Product in 1973 would, as in last year, increase by about 17 per cent to nearly \$27,000 million.

Speaking in his budget speech, he said this was based on the predictions that:

- * the value of domestic exports will increase by about 10 per cent, total exports by 13 per cent and imports by 8 per cent (rather more than the 7 per cent experienced in 1972).
- * gross domestic capital formation will increase by 23 per cent to nearly \$7,000 million; this will be about 25 per cent of the predicted G.D.P. or roughly similar to 1971 and 1972 and a much healthier proportion than the average of 18 per cent in the previous three years 1968-70, and
- * private and Government consumption expenditure will both increase by about 11 per cent.

Referring to the prediction he made in his last year's budget speech, Mr. Haddon-Cave said he was not optimistic enough when he predicted that the Gross Domestic Product would increase in 1972 by about 10 per cent (in money terms), about the same as in 1971.

The Census and Statistics Department's provisional estimate for G.D.P. in 1972, he added, was just short of \$23,000 million, a 17 per cent increase on 1971.

Imports grew by only 7 per cent, but domestic exports grew at the same rate as in 1971 (11 per cent) and so did total exports (13 per cent) and fixed capital formation grew by 17 per cent.

/Moreover,

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Moreover, the levels of activity in the finance and services sectors rose substantially.

The Financial Secretary disclosed that the Census and Statistics Department was at present doing further work on the estimates of G.D.P. for the years 1966-72.

This is aimed at establishing the "real rate of growth" which has been achieved.

Among the papers laid before the Legislative Council today was one on technical study of the Gross Domestic Product for the six years 1966-71.

Also tabled was a booklet entitled Economic Background to the 1973-74 Budget dealing mainly with the period 1966-72 in terms of the overall performance of the economy, foreign trade, investment, employment and money and prices.

Mr. Haddon-Cave referred to the booklet as "something of an experiment" and he welcomed suggestions for its improvement.

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WAYS TO CURB RISE IN MONEY SUPPLY EXAMINED

Increase In Deposit Rates Welcomed

The Financial Secretary is currently examining ways to slow down the rise in the money supply to help ease "the pressure on the property and stock markets" in Hong Kong.

In his Budget speech in the Legislative Council today, the Hon. C.P. Haddon-Cave said that a slow-down might be encouraged within the framework of "Hong Kong's normal monetary arrangements."

In this context, he welcomed the recent announcement by the Exchange Banks' Association of an increase in deposit rates and in the rate for loans against shares.

Reviewing events in the monetary sector in the last 12 months, the Financial Secretary said that the money supply rose by much more than the Gross Domestic Product.

The factors lying behind this were complex, he said, but the most important were the floating of sterling last June and the linking of the Hong Kong dollar to the U.S. dollar.

"One of the consequences of these two related developments was that large balances which would, hitherto, have been invested overseas were retained in Hong Kong," Mr. Haddon-Cave said.

The banks increased their lending by 50 per cent to \$17,700 million and the proportion of their loans and advances to deposits increased from 63 per cent at the end of 1971 to as much as 72 per cent at the end of 1972 on a much higher level of deposits.

/Specified

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Specified liquid assets as a percentage of total deposits fell from 53 per cent to 46 per cent, but this was still well above the statutory minimum of 25 per cent.

A substantial proportion of the increase in advances of \$5,900 million was for trading on the stock exchanges and to finance land and real estate transactions.

"Partly as a result of this expansion of bank credit, prices of shares and property have been driven up to very high levels," the Financial Secretary said.

Referring to "the somewhat frenetic activity" on the stock exchanges and in the real estate market, Mr. Haddon-Cave said this had not had "a great deal of effect on the normal workings of the economy."

Good Performance

The consumer price index increased by five per cent in 1972, only 1½ per cent more than in 1971, the same as the increase in 1969 and one per cent less than in 1970.

Mr. Haddon-Cave described this as a "good performance" as consumer prices were heavily influenced by imports, especially food imports -- and considering that it took place over a period that saw the Smithsonian settlement of exchange rates and the floating of sterling.

He added a word of caution.

While he could see no evidence that the manufacturing or any other sector of the economy was being hindered by a shortage of credit facilities, he would not wish to sound "complacent about the implications of some aspects of present trends for the longer term growth prospects of the economy."

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On the question of Hong Kong's foreign exchange position and reserves, the Financial Secretary said that Hong Kong "must maintain large international reserves as a cushion against possible trouble and, so far as is possible, we should spread our risks."

The past 15 months or so had shown that "the only practicable alternative home for the greater part of Hong Kong's overseas reserves, the U.S. dollar, is as vulnerable to currency uncertainties as is sterling."

The Financial Secretary said that the high interest rates on the investment of Hong Kong's reserves "are only paid because of the greater risks of inflation and of changes in exchange rates than was the case in the past."

"So," he added, "to that extent, our reserves were artificially inflated before the floating of sterling by the high interest rates that they had earned over the four and a half years since the devaluation of sterling in November 1967."

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REVENUE ESTIMATES FOR 1973/74

Lower Land Sales Anticipated

The Financial Secretary, the Hon. C.P. Haddon-Cave, today forecast total revenue in the coming financial year starting April 1 would amount to \$4,722 million, an increase of three per cent over the revised estimate for 1972/73.

He stressed that he was not under-estimating revenue and explained that the apparently small growth was due to the vagaries of yield from items of capital revenue.

He estimated capital revenue for the new fiscal year at \$447 million which, although 57 per cent higher than the original estimate for 1972/73, was 37 per cent less than the likely result for the current year.

The reduction, he explained, was due firstly to the unexpected revenue boost in 1972/73 of \$122 million in respect of settlement of outstanding instalments of land premia.

"Secondly, because of clearance difficulties and the priority which must be given to the Mass Transit Railway and the Housing Authority, uncertainty surrounds the amount of land likely to be available for sale during 1973/74," he added.

Present indications, he went on, were that, in the urban area, about 175,000 square feet of non-industrial land and 80,000 square feet of industrial land would be offered for sale during the first half of the year.

/This compared

This compared with 253,000 square feet of non-industrial land and 114,000 square feet of industrial land sold this year.

In the New Territories, about 485,000 square feet of non-industrial land and 315,000 square feet of industrial land would be put up for sale during the first half of the year, compared with 123,000 square feet of non-industrial land and 90,000 square feet of industrial land sold this year.

"However, the outlook is not all that bleak," the Financial Secretary said.

He said that over the next two years the land to be made available in the lay-out areas in the New Territories by exchanges would be about two to three acres for non-industrial use and 20 acres for industrial use.

The land sale programme in the new towns at Shatin and Castle Peak, he said, would depend on three factors:

- * On the progress of the respective road links with Kowloon via the second Lion Rock Tunnel and the improved Castle Peak Road, both of which are in the Public Works Programme,
- * On the vast programme of public housing, which must provide for the work force for industries moving to new towns, and
- * On the practicability of forming land and providing the necessary services.

The Financial Secretary said that ultimately a total of 290 acres of land for private residential and commercial development, 170 acres for industrial use would be available at Shatin, and 170 acres and 200 acres respectively in the Castle Peak area.

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As from 1975, about 40 acres would be available for sale or exchanges on Tsing Yi. Of this, 10 acres would be for residential and commercial development and 30 acres for industrial use.

"In due course, more land will also be available for sale in Pokfulam and Aberdeen," he added.

But the timing of sales, he said, must depend on the new link between the widened Pokfulam Road and Connaught Road West, and on the Aberdeen Tunnel. Both projects are currently in the investigation stage.

Recurrent Revenue

Turning to recurrent revenue, the Financial Secretary estimated a yield of \$4,275 million, 10 per cent more than the likely out-turn for the current year. The increase might have been 13 per cent if the Urban Council was not being financed independently through the new Urban Rate and if rents from resettlement and low-cost housing were not now being credited to the Housing Authority.

As regards earnings and profits taxes, the Financial Secretary forecast an increase of \$215 million on the revised estimate for 1972/73. This represented an increase of 20 per cent which was in line with the estimate of 17 per cent for the growth of the Gross Domestic Product in 1972.

Two other substantial increases in relative terms were in respect of revenue from the airport and from water charges.

Mr. Haddon-Cave said that although the increase for the coming financial year was not particularly dramatic, "income from interest on investment at \$248 million will continue to be significant at six per cent of recurrent revenue."

/Referring

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Referring to stamp duty, the Financial Secretary stressed that he had not assumed that the yield from stamp duty on contract notes would continue at the exceptionally high levels of recent months.

He noted that the monthly turn-over in stamp duty more than doubled from \$4,500 million in the six months ending September 1972 to \$10,000 million in the five months ending February this year.

"Perhaps I should have assumed continuing buoyancy at this level," he said, "but I haven't."

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SOCIAL WELFARE SUBVENTIONS

Methods Of Administration Under Review

The growing importance ^{of} ~~and~~ subventions, coupled with comments of the Director of Audit, has caused the Government to review the methods of administering them.

The Financial Secretary, the Hon. C.P. Haddon-Cave said this in his Budget speech at the Legislative Council this afternoon.

An inter-departmental working party, he said, has examined medical subventions and the Director of Medical and Health has introduced administrative improvements in consequence.

"So as to improve the level of assistance, we have also changed the way in which hospitals subvented on a cost-per-bed basis are assisted as explained in the Memorandum Note on Head 76 Subventions: Medical."

In the coming year, he said the working party will be looking at social welfare subventions and, if time permits, education subventions in the context of the unified code of aid as introduced for the coming academic year.

Mr. Haddon-Cave said he had also been concerned at the amount of work involved in processing social welfare subventions by the Social Welfare Department, by the Social Welfare Advisory Committee and by the Finance Branch of the Secretariat.

"I have put forward proposals for changing present procedures to my Honourable friend, the Director of Social Welfare.

/"These

"These proposals should reduce the amount of work involved and I hope to be able to put them to Finance Committee during the year with a view to introducing them in time for the Draft Estimates for 1974-75."

Mr. Haddon-Cave went on to say that the total provision of \$737 million required for subventions in the new fiscal year represents an increase of \$88 million, or 14 per cent, over the revised estimate for the current year.

"Nearly a quarter of annually recurrent expenditure goes to assist non-Government bodies to provide services of various kinds including universities, schools, hospitals and other social services, and economic services including the Productivity Centre, the Trade Development Council and the Tourist Association," he said.

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SPENDING ON MEDICAL SERVICES

Expenditure on medical and health services is forecast to be about 10 per cent of total expenditure in 1973-74.

The Financial Secretary, the Hon. C.P. Haddon-Cave, made this estimate based on the fact that "we are now close to achieving our target of 4.25 beds for every 1,000 persons."

This forecast allows for the "revised policy on hospital subventions" and for the "consequentially higher level of expenditure on such subventions."

Mr. Haddon-Cave said: "To make maximum use of subsidised beds under the new arrangements, it will be necessary to raise fees in Government hospitals nearer to those to be charged in subvented hospitals."

The Director of Medical and Health Services, he added, would be putting forward his proposals to this end during the year.

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GOVERNMENT SPENDS MORE ON SOCIAL WELFARE

Government spending on the new disability and infirmity allowances will amount to \$12 million in the new fiscal year, the Financial Secretary, the Hon. C.P. Haddon-Cave, said today.

Speaking on the Budget, he said that expenditure on social welfare in 1973/74 was up slightly, amounting to 2.4 per cent of total expenditure.

In 1962/63, the percentage was 1.3. This went up to 2.3 per cent in 1972/73 due to the general increase in the Government's activity in the field of social welfare, including the introduction of public assistance and legal aid, and increased subventions to voluntary organisations.

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POLICE FORCE TO BE STRENGTHENED

Expenditure on law and order is estimated to account for 8.6 per cent of total expenditure in 1973-74.

This was disclosed today by the Financial Secretary, the Hon. Philip Haddon-Cave, in his budget speech in the Legislative Council.

Expenditure on the regular Police Force, he said, would be "appreciably higher" when the present vacancies were filled.

He added that "a further \$20 million will be required in 1973-74 for the recently approved additional duty allowances, provision for which has not been included in the Draft Estimates."

The Financial Secretary said \$13 million would also be required for a radio network for patrol officers and certain operational units to increase the effectiveness of the present strength of the Force.

If the Force were fully up to strength, and with the additional expenditure, he added, spending on law and order would amount to about 10 per cent of total expenditure in 1973-74.

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SUBSTANTIAL YEARLY INCREASES IN EXPENDITURE

Trend To Be Maintained

The Government intends to maintain the trend of substantial annual increases in total estimated expenditure since 1969-70, the Financial Secretary, the Hon. C.P. Haddon-Cave, said today.

In his budget speech in the Legislative Council today, he said: "We can still afford to do so without modifying our fiscal policies with all the risks that that would entail for the maintenance of a high growth rate of the economy."

Mr. Haddon-Cave said the total estimated expenditure of \$4,409 million for the new financial year amounted to an increase of 21 per cent over the original estimate for 1972-73 or 14 per cent over the revised estimate.

Referring to the recurrent account, the Financial Secretary said that recurrent expenditure provided for in 1973-74 was 71 per cent of estimated revenue.

He was "hopeful that we are hitting our aim of keeping 30 per cent of recurrent revenue available for capital expenditure."

Two elements had been removed from the Draft Estimates for 1973-74, Mr. Haddon-Cave said.

The first was the provision for expenditure on Annually Recurrent Other Charges for the Urban Services Department other than for its New Territories Division.

/He estimated

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He estimated that "had the Urban Council not been financing its own expenditure in 1973-74 from the new Urban Rate, an additional \$17 million would have to be added in."

The second element was \$22 million in recurrent expenditure on resettlement and low cost housing, now to be financed largely from the Development Loan Fund as a result of broadening the scope of the Housing Authority.

The Financial Secretary said the staff for the Urban Services Department and the new Housing Department, as executive arms of the Urban Council and the Housing Authority, would be on the establishment of the public service and paid from General revenue.

Capital Account

"Provisions for their salaries is thus included in the Estimates, against reimbursements," he added.

Mr. Haddon-Cave said that the two main elements in the increase in recurrent expenditure for 1973-74, were civil service emoluments and recurrent subventions, including grants to the universities and the Polytechnic.

Turning to the capital account, the Financial Secretary said that at \$1,369 million, the estimated capital expenditure for 1973-74 was \$244 million higher than the revised estimate for 1972-73.

This, he said, "is getting close to the guideline figure I have in mind for annual capital expenditure in the mid - and late 70s.

At April 1, this year, Mr. Haddon-Cave said, the outstanding balance on approved expenditure for Public Works Non-Recurrent was likely to be \$4,615 million.

/Of this

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Of this commitment, \$1,050 million was required for expenditure during the year.

The largest increase in absolute terms was in waterworks items as a result of delayed payments on the High Island Water Scheme and expenditure on the single-purpose desalter.

In relative terms, the greatest increase was in Public Works Non-Recurrent: Headquarters.

This was largely due to greater expenditure on compensation for surrenders and resumptions of land in connection with the Mass Transit Railway and the urban renewal and improvement schemes.

The Financial Secretary said the outstanding balance on other capital expenditure at April 1, 1973 was likely to be \$668 million.

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GOVERNMENT TEN-YEAR HOUSING PLAN

Expected To Cost Over \$8,000 Million

The Financial Secretary, the Hon. C.P. Haddon-Cave, said today that expenditure on public housing in 1973-74 was estimated to increase to 6.7 per cent of the total.

This compares with 5.8 per cent in 1972-73, which on the face of it appears to be assuming a less important place in expenditure when compared with 11.5 per cent in 1962-63.

In his budget speech, Mr. Haddon-Cave explained that "this is because the Housing Authority had used income from rents from its estates to finance capital works without such expenditure passing through the Colony accounts."

"And if we add back the expenditure of the Housing Authority on capital works financed from its own sources, total capital expenditure on housing was \$139 million in 1962-63, is likely to be \$258 million in 1972-73 and is estimated to be \$350 million in 1973-74," he said.

The Financial Secretary referred to the Governor's speech at the opening of the current session of the Legislative Council.

Sir Murray said then that the total requirement for public housing, in addition to the contribution of the private sector, would involve housing a further 1.8 million people over the next 10 years.

"This requirement," Mr. Haddon-Cave said, "has now been approved as a basis for planning and development."

He estimated that the capital cost of housing this number of people at \$8,500 million at today's prices.

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RECURRENT REVENUE FORECAST TO RISE AT FAST RATE

The Financial Secretary, the Hon. C.P. Haddon-Cave, predicted today that the recurrent revenue for the next few years would increase at a "sufficient fast rate" of 12 to 15 per cent, to finance total expenditure, including the deficit on capital account.

Presenting his Budget to the Legislative Council, he said:

"But I could easily be wrong, so let us maintain a strong fiscal reserve position."

Speaking on the revenue trends, he said that last year Hong Kong was dependent on direct taxation.

"This trend has inevitably been upset this year by the substantial increase in the yield from indirect taxation through stamp duties."

But stamp duty apart, among the various other sources of indirect taxation, income from rates becomes less significant with the removal of the yield from the Urban Rate.

"And the proportion of the yield from excise duties to the whole continues to fall as a result of relieving from duty last year various hydrocarbon oils with a bearing on industrial costs and on the cost of living.

"I am less satisfied with trends in respect of revenue other than from taxation. The relative significance of revenue from licences and other fees is declining.

"Much greater attention will have to be paid during the next financial year to bringing them into line with present day costs."

In the longer term, Mr. Haddon-Cave said he would like to see the balance between direct and indirect taxation, on the one hand, and all other recurrent revenue, on the other, around 65:35.

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PROPOSED REFORMS IN SALARIES TAX

Personal Allowance To Go Up To \$10,000

Abolition Of Special Allowances For Working Wives

The budget proposals on salary tax, including an increase in the personal allowance from \$7,000 to \$10,000, would result in a net cost to the revenue of \$15.5 million.

Speaking in the Legislative Council, the Financial Secretary, the Hon. C.P. Haddon-Cave, said the proposals were "designed to afford relief on grounds of equity to some members of the salaries tax paying and personal assessment class and to simplify tax administration."

He said the relief accorded by the reduction in revenue would vary as between taxpayers in different income groups and in different family circumstances.

The Commissioner of Inland Revenue, he said, would publish shortly a series of illustrative tables.

Referring to the raising of the personal allowance, the Financial Secretary said this "would be more effective in that it would relieve the burden of many more married taxpayers."

Moreover, it "would result in a saving of administrative time and effort."

Turning to the proposal to adjust the point at which the standard rate of 15 per cent on gross income applied to a gross income of \$70,000 with tax of \$10,500, Mr. Haddon-Cave said that simplicity suggested five platforms.

/These

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These would be of \$10,000 each with tax intervals of five per cent rising to 25 per cent on the fifth platform and 30 per cent on net chargeable income above \$50,000.

This proposal, Mr. Haddon-Cave said, satisfied the criterion that "with a low standard rate of tax there is no case for a slow rate of progress up to the standard rate."

The number of platforms before the 30 per cent rate applies is reduced from 11 to 5 and the below standard rate platforms from five to two.

"So a measure of reform would be achieved, without departing too much from the present curve of incidence," he added.

Working Wife Allowance

Turning to the working wife allowance, the Financial Secretary said that "the wife who cannot work should have the same benefits as the wife who can."

He proposed that the basic allowance for a wife in all cases be increased to \$10,000 and that the special extra allowance for a working wife be cancelled.

One small effect of the new proposals, the Financial Secretary said, was that the widow or widower with dependent children at the levels of income where the lower income relief presently applied would be slightly worse off at certain levels of income.

To avoid this, he proposed that the allowance for the first child be increased from \$2,000 to \$3,000.

/The Financial

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The Financial Secretary estimated the cost to the 1973-74 revenue of the new allowances, the new platforms of net chargeable income and schedular rates and the consequential extension of the period of effectiveness of allowances to be \$21 million.

There was therefore, he said, "ample margin of extra relief" to cover the withdrawal of the dependent parent's relief and deductions for life insurance and similar payments.

As regards the dependent parent's relief, he said experience showed that the risk of abuse and the cost of administering this allowance did not justify its continuance.

Estimated savings in a full year would be about \$2.5 million.

Life Insurance

On deductions for life insurance and similar expenditure, Mr. Haddon-Cave saw "no reason why this particular form of thrift or personal expenditure should attract relief, particularly with the increased allowances now proposed."

Savings in a full year would be about \$3 million.

Arguing the case for abolishing the present four selective allowances, the Financial Secretary said that if these further proposals for new allowances and new schedular rates were accepted, most taxpayers would eventually have received "two successive reductions of tax."

He described as "quite justified" the loss of unwarranted selective allowances in a situation where there was no real case for an overall reduction of taxation.

/Finally,

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Finally, the Financial Secretary referred to a suggestion made by the Hon. Oswald Cheung that parents of adult children who were not employable because of a handicap should be granted a form of tax relief.

"To be consistent with all I have said about selective allowances in a low tax structure, this suggestion can only be considered in the context of child relief," he said.

Accordingly, he proposed relief for parents of incapacitated children maintained by them irrespective of age.

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DUTY ON CONTRACT NOTES TO BE DOUBLED

New Rate Effective From Tomorrow

The present rate of ad valorem duty on contract notes in respect of share transactions will be increased by 100 per cent as from tomorrow (Thursday).

An order to this effect was signed by the Governor this morning under the Public Revenue Protection Ordinance, the Financial Secretary, the Hon. C.P. Haddon-Cave, told the Legislative Council when presenting his Budget proposals today.

Mr. Haddon-Cave considered that the move would help to somewhat restore the balance of the system between direct and indirect taxes.

He also advanced two other arguments for the increase.

"First," he said, "there are a number of active investors buying and selling in the various exchanges who are on the borderline between dealing for profit and investing funds earned or acquired from other sources."

Mr. Haddon-Cave felt that "a higher rate of stamp duty on notes covering their transactions represents a fair way of creaming off something extra from them for the revenue."

In addition, he said, the Commissioner of Inland Revenue was being given staff to make enquiries into the activities of habitual dealers.

These enquiries would aim at establishing that the dealers "are carrying on business or adventures in the nature of trade, thereby bringing their rewards into charge for profits tax."

/Secondly,

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Secondly, the Financial Secretary said, he did not consider that, in the present circumstances, it was either necessary or prudent to budget for other than a substantial surplus.

Mr. Haddon-Cave estimated that the extra yield from a doubling of the rate of stamp duty levied on contract notes would be \$300 million.

This, he said, would more than offset the cost of the tax reforms and reliefs he had proposed.

He did not believe, however, that the new rate would have more than "a slight effect" on the market.

But he sounded a note of warning that the Government was ready to take further steps if necessary to cope with any untoward situation in the market.

He added: "The Government will be prepared to seek emergency powers to raise the rate of duty on contract notes immediately to cope with any further situation that looked dangerous, if the Securities Advisory Council recommended this as part of a package of short-term cooling measures."

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Release time: 10.00 p.m.



DAILY INFORMATION BULLETIN

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(Part II)

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SURPLUS OF OVER \$300 MILLION FORECAST FOR 1973/74

Biggest Share Of Revenue From Direct Taxes

A surplus of more than \$300 million is forecast in the draft Estimates of Revenue and Expenditure for the 1973-74 financial year.

The total revenue for the coming financial year is estimated at \$4,722 million, an increase of \$1,018 million over the original estimate for the current year.

The estimated revenue as compared with the estimated expenditure of \$4,409 million, indicates a surplus of \$313 million for 1973-74.

The largest share of the Government's revenue in 1973-74 will come from direct taxation on earnings and profits which is expected to raise \$1,265 million or about 27 per cent of the total.

This represents an increase of \$253 million on the original estimate of \$1,012 million for 1972-73.

Other major items in the Revenue Estimates are listed below with the original estimates for 1972-73 given in brackets.

* Duties on hydrocarbon oils, liquor, tobacco and table waters	... \$490 million (\$457 million)
* Stamp Duties	... \$460 million (\$190 million)
* Rates	... \$336 million (\$384 million)
* Land Sales	... \$323 million (\$223 million)
* Water Revenue	... \$187 million (\$167 million)
* Post Office Revenue	... \$174 million (\$168 million)
* Airport	... \$160 million (\$116 million)

/Interest

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Interest on Hong Kong's investments - the surpluses of previous years - is expected to bring in \$248 million, an increase of more than \$26 million over the original estimate for the current year.

The balance making up the 1973-74 estimated total revenue comes from many different sources, including: Licences and Franchises at \$220 million; Fees of Court or Office, which covers mainly payments for services provided by Government departments, at \$524 million; Motor Vehicles Taxes at \$55 million; the Kowloon-Canton Railway at \$24 million; and contributions towards particular projects (such as schools, clinics, playgrounds and swimming pools) at \$10 million.

Analysis of the figures in the draft Estimates of Revenue and Expenditure shows that revenue sources are listed under three main groups. (Note: see Appendix IV of draft Estimates page 848).

They are:

- * Direct Taxes ... \$1,290 million or 27 per cent of total revenue
- * Indirect Taxes ... \$1,594 million or 34 per cent of total revenue
- * Other Revenue, including ...
Reimbursements, Contributions
and Loan Repayments ... \$1,838 million or 39 per cent of total revenue.

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INCREASED SPENDING ON SOCIAL SERVICES

Total Expenditure In 1973-74 Estimated At \$4,409 Million

Big increases in spending on education, housing and other social services for the people of Hong Kong are shown in the 1973-74 draft Estimates of Revenue and Expenditure tabled in the Legislative Council today.

Compared with the 1972-73 financial year, expenditure on the Social Services group shows an increase of over 24 per cent.

At \$1,651 million, it accounts for the biggest portion (38 per cent) of the total expenditure and includes:

- * Education at \$817 million (\$683 million)
- * Medical and Health at \$442 million (\$375 million)
- * Housing at \$278 million (\$192 million)
- * Social Welfare at \$102 million (\$67 million)
- * Labour at \$12 million (\$11 million)

(Note: The figure given in brackets represents the original estimated expenditure for 1972-73).

The total spending for the next financial year amounts to a record \$4,409 million. This represents an increase of about 20 per cent as compared with the current year and is more than three times the actual expenditure ten years ago.

This money will also be spent on four main groups of services other than Social Services.

Compared with 1972-73, a 22 per cent increase is shown in the spending on Community Services, the second largest amount after Social Services.

/This

This group, at \$1,206 million or 27 per cent of total expenditure, includes:

- * Water supply at \$450 million (\$439 million)
- * Transport, roads and civil engineering at \$486 million (\$304 million)
- * Amenities and related services at \$208 million (\$195 million)
- * Fire Services at \$62 million (\$50 million)

Spending on General Services, the third largest group, accounts for \$706 million or 16 per cent of the total expenditure. This group includes:

- * \$385 million for law and order (\$345 million)
- * \$126 million for defence (\$133 million)
- * \$98 million for administration (\$78 million)
- * \$72 million for revenue collection and financial control (\$59 million)
- * \$25 million for public relations (\$21 million)

Economic Services, at \$431 million, accounts for 10 per cent of the total expenditure. This group includes:

- * \$182 million for communications (\$144 million)
- * \$112 million for airport and harbour services (\$107 million)
- * \$95 million for other economic services (\$83 million)
- * \$27 million for primary products (\$26 million)
- * \$15 million for commerce and industry (\$14 million)

/Common

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Common Supporting Services amounts to \$220 million, which is 5 per cent of the total expenditure. This includes:

- * \$153 million for the Architectural and Electrical and Mechanical Engineering Offices of the Public Works Department (\$139 million)
- * \$31 million for Government launches and the Government Dockyard (\$32 million)
- * \$21 million for Government printing (\$17 million)
- * \$15 million for Government supplies (\$14 million)

Other expenditure which cannot be allocated to any of these groups amounts to \$196 million or 4 per cent of the total expenditure and includes:

- * Pensions and gratuities at \$100 million (\$82 million)
- * Government quarters at \$58 million (\$24 million)
- * Passages, telephones, telegrams, etc., at \$34 million (\$22 million)
- * Public debt repayments at \$4 million (\$2 million)

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MORE MONEY FOR ALL SERVICES OVER NEXT FOUR YEARS

Spending For 1973-74 Shows Three-Fold Rise Over Past 10 Years

More public funds are to be channelled into community, social, economic, general and supporting services over the next four fiscal years, according to future Budget forecasts contained in the 1973-74 draft Estimates.

In the coming financial year, total estimated spending will pass the \$4,000 million mark for the first time and it is envisaged that the \$5,000 million mark will be exceeded a year later.

The estimated expenditure for 1973-74 is \$4,409 million. This represents an increase of about 300 per cent over the past ten years.

For 1974-75, a \$5,080 million expenditure bill is forecast - up \$671 million over the 1973-74 estimate. The forecast for 1975-76 is \$5,459 million and that for 1976-77 is put at \$5,551 million - \$1,142 million more than the estimate for the coming financial year.

The forecast is based on Government departments' forecast of expenditure adjusted, where necessary, in the light of other factors affecting the probable rate of development and the financial resources which are likely to become available.

The forecast is divided into recurrent expenditure and capital expenditure as follows:

Recurrent Expenditure

1973-74	\$3,039 million
1974-75	\$3,447 million
1975-76	\$3,749 million
1976-77	\$4,072 million

/Capital

Capital Expenditure

1973-74	\$1,369 million
1974-75	\$1,632 million
1975-76	\$1,710 million
1976-77	\$1,479 million

Capital expenditure in the three years of the forecast is likely to be substantially higher as more items are added to the Public Works Programme.

Total annual expenditure for the 15 years from 1962-63 to 1976-77 is as follows:-

1962-63	\$1,113 million
1963-64	\$1,295 million
1964-65	\$1,441 million
1965-66	\$1,769 million
1966-67	\$1,806 million
1967-68	\$1,766 million
1968-69	\$1,873 million
1969-70	\$2,032 million
1970-71	\$2,452 million
1971-72	\$2,901 million
1972-73	\$3,866 million
1973-74	\$4,409 million
1974-75	\$5,080 million
1975-76	\$5,459 million
1976-77	\$5,551 million

Copies of the draft Estimates are on sale, at \$60 each, at the Government Publications Centre at the Star Ferry Concourse.

NEED FOR WIDER APPRECIATION OF CHILD DEVELOPMENT

Views of Expert On Developmental Paediatrics

There is a basic need in Hong Kong for a much wider appreciation of child development, and the realisation that the problems of handicapped children require the attention of professional services and careful scientific analysis.

Dr. Kenneth L. Holt, Director of the Wolfson Centre and the Department of Developmental Paediatrics, Institute of Child Health, University of London, said this today before returning to Britain at the end of a four-week stay.

He came here under the auspices of the British Council and at the invitation of Dr. G.H. Choa, Director of Medical and Health Services, to advise the Medical and Health Department on matters concerned with the assessment of physically and mentally handicapped children.

During his stay, he visited many institutions provided for such children, and held discussions with experts at the Social Welfare, Education, and Medical and Health Departments.

In addition, he saw a number of individuals working with the disabled young in the voluntary sector.

"Everyone has been exceptionally helpful," Dr. Holt said. "I am impressed with the progress achieved by the Government and the voluntary agencies during a decade of great expansion. But I am also impressed by the developments which seem to be still required.

/"A sympathetic

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"A sympathetic approach to the problem of handicapped children, by itself, is not sufficient."

In his view, the services had reached a stage where they were beginning to require a comprehensive programme for early identification of particular handicaps so that treatment could begin early to enable the severe effects of disability to be avoided.

"I think there is a need to set up child development assessment services, and this will require the training of staff in order to achieve a high standard of work," he said.

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SEMINAR ON SOCIAL SERVICES IN NGAU TAU KOK

Social services in the Ngau Tau Kok district will be discussed at a seminar at the Caritas Ngau Tau Kok Centre on Friday and Saturday (March 2 and 3).

The seminar has been jointly organised by the Ngau Tau Kok Estate Community Office of the Social Welfare Department, the Kwun Tong City District Office and the Caritas Ngau Tau Kok Centre.

The first session will take place between 2 and 5 p.m. on Friday when there will be a panel discussion on future development in the district, public assistance and emergency relief, child care, family planning, community nursing and the rehabilitation of drug addicts and mentally handicapped children.

Saturday's session, from 9:30 a.m. to 12 noon, will feature a panel discussion on social work in the school, youth and community fields.

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Note to Editors: You are invited to send a representative to cover this seminar.

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THREE BILLS PASSED INTO LAW

Eight Sessional Papers Tabled In Legco

Three bills -- the Urban Council Bill 1973, the Stock Exchange Control Bill 1973, and the Public Health and Urban Services (Amendment) Bill 1973 -- completed their Committee Stage and third readings and were passed into law at this afternoon's Legislative Council meeting.

The Housing Bill 1973 was read the second time and debate on it was resumed.

Eight sessional papers were tabled in the Council. They are: Hong Kong 1973: A Review of 1972, the Annual Report of the Li Po Chun Charitable Trust Fund for the period September 1, 1971 to August 31, 1972, the Report of University and Polytechnic Grants Committee of Hong Kong July 1970 to June 1972, the Annual Summary by the Director of Education for the year 1971/72, the Annual Report by the Director of public Works for the year 1971/72, the Report of the Establishment Sub-Committee of Finance Committee for the year 1972/73, the Report of the Public Works Sub-Committee of Finance Committee (1972 Reviews leading to the 1973/74 Programme), and the Draft Estimates of Revenue and Expenditure with Explanatory Memoranda for the year ending March 31, 1974.

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Release Time: 10.00 p.m.