



DAILY INFORMATION BULLETIN

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+BREATHING SPACE+ IN DTC REGISTRATION
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THE DEPOSIT-TAKING COMPANIES (AMENDMENT) BILL WHICH CREATES A BREATHING SPACE IN THE REGISTRATION OF DEPOSIT-TAKING COMPANIES, WAS INTRODUCED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING ON THE SECOND READING OF THE BILL, THE HON THE FINANCIAL SECRETARY SIR PHILIP HADDON-CAVE SAID THE RECENT SHARP GROWTH IN THE NUMBER OF REGISTERED DEPOSIT-TAKING COMPANIES PROMPTED AN EXAMINATION OF WHETHER THERE IS A NEED FOR SOME FORM OF QUANTITATIVE CONTROL OVER REGISTRATION.

THE NUMBER OF REGISTERED DEPOSIT-TAKING COMPANIES HAD RISEN PARTICULARLY SHARPLY IN THE LAST TWO YEARS, HE NOTED, FROM 241 AT THE END OF 1978, TO 269 AT THE END OF 1979, TO 302 AT THE END OF 1980, AND TO 330 AS AT MARCH 23 THIS YEAR.

IT WAS PROPOSED, SIR PHILIP SAID TO LIMIT TEMPORARILY THE REGISTRATION OF NEW APPLICATIONS IN ORDER TO ALLOW TIME FOR THE IMPACT ON EXISTING DEPOSIT-TAKING COMPANIES OF THE VARIOUS LEGISLATIVE AMENDMENTS, IF APPROVED, TO BE OBSERVED AND, EQUALLY IMPORTANT, TO ALLOW TIME FOR THE COMMISSIONER OF DEPOSIT-TAKING COMPANIES TO SUPERVISE THE IMPLEMENTATION OF THE NEW PROVISIONS OF THE ORDINANCE.

THE ARGUMENTS IN FAVOUR OF QUANTITATIVE CONTROL SUGGESTED THAT, DURING THE BREATHING SPACE, THE ONLY APPLICANTS WHICH SHOULD BE REGISTERED AS DEPOSIT-TAKING COMPANIES SHOULD BE COMPANIES WHICH ARE SUBSIDIARIES OF RECOGNISED BANKS.

ACCORDINGLY, HE SAID, IT WAS INTENDED TO EMPOWER THE COMMISSIONER ON THE DATE OF THE COMMENCEMENT OF THE AMENDMENT TO THE ORDINANCE TO REFUSE TO REGISTER ANY COMPANY UNLESS HE WAS SATISFIED THAT:

- (A) MORE THAN 50% OF ITS VOTING CAPITAL IS HELD BY A BANK WHICH IS RECOGNISED AS SUCH IN THE COUNTRY OR PLACE IN WHICH IT IS INCORPORATED- AND
- (B) SUCH BANK IS ADEQUATELY SUPERVISED BY THE PRUDENTIAL SUPERVISORY AUTHORITIES OF THAT COUNTRY OR PLACE.+

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NEED TO IMPROVE QUALITY OF LIFE
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UNOFFICIAL LEGISLATIVE COUNCILLOR, THE HON R.H. LOBO, HAS URGED THE GOVERNMENT TO IMPROVE THE QUALITY OF LIFE OF HONG KONG PEOPLE - +OUR ONLY TANGIBLE ASSET+.

+WE HAVE TO DO SOMETHING URGENTLY TO CREATE A BETTER BALANCE BETWEEN TREMENDOUS PHYSICAL DEVELOPMENT AND THE DETERIORATING QUALITY OF LIFE,+ HE SAID IN THE RESUMED BUDGET DEBATE.

/+WITHOUT SUCH

+WITHOUT SUCH AN EFFORT OUR EXPENDITURE ON PUBLIC WORKS AND PUBLIC SERVICE WHICH THE BUDGET PROPOSES WILL NOT BRING ABOUT PROGRESS IN REAL TERMS.+

AS WE DIRECT OUR ATTENTION TOWARDS THE FACTS AND FIGURES, HE TOLD COUNCIL, WE MUST ALSO TAKE INTO ACCOUNT THE VITAL FACTOR OF IMPROVEMENT IN THE QUALITY OF LIFE OF OUR COMMUNITY FOR A BALANCED, STABLE AND BETTER TOMORROW.

MR LOBO NOTED THAT A SUBSTANTIAL NUMBER OF PEOPLE IN HONG KONG FEEL THEMSELVES TO BE SANDWICHED BETWEEN THE AFFLUENT AND THE LOWER-INCOME GROUPS.

+THEIR ECONOMIC PROBLEMS ARE EASILY OVERLOOKED BUT VERY REAL.

+THEY WISH TO BE HEARD AND HEEDED WHERE THEY BELIEVE THEY HAVE GOOD REASON TO COMPLAIN.+

HE GAVE AS AN EXAMPLE THE QUESTION OF COMMERCIAL RENTS AND THE SMALL BUSINESSMAN.

WHILE AGREEING THAT CONTROL OF COMMERCIAL RENTS WOULD NOT SOLVE THE PROBLEM AND THAT IT WAS NOT WORTH BREAKING A VITAL PRINCIPLE FOR A DOUBTFUL ADVANTAGE, MR LOBO RECOGNISED THAT THESE CONSIDERATIONS WERE NO COMFORT AT ALL IN CASES WHERE A FAMILY BUSINESS MAY BE WIPED OUT OR WHERE A NEIGHBOURHOOD PATTERN MAY BE PERMANENTLY DISRUPTED.

TOO OFTEN, HE SAID, THE ARGUMENTS WHICH SEEM COMPELLING IN STATISTICAL TERMS, SUCH AS SO MANY SQUARE METRES OF NEW COMMERCIAL SPACE AVAILABLE IN SOME OTHER LOCATION, ARE IRREVELANT IN HUMAN TERMS.

+WE ARE A SOCIETY WHICH HAS TREMENDOUS RESOURCES AND POTENTIAL.

+OUR CAPACITY TO SOLVE THE PROBLEMS OF HOUSING, HEALTH, EDUCATION AND POVERTY IS LIMITED ONLY BY THE DECISIONS WE CHOOSE TO MAKE ABOUT PRIORITIES.

+BUT IF WE LOOK BACK OVER THESE LAST FEW YEARS OF GROWTH AND PROSPERITY, I THINK FAR TOO WIDE A GAP IS DEVELOPING BETWEEN WHAT IS STATISTICALLY SATISFACTORY AND WHAT IS PERSONALLY SATISFYING- BETWEEN WHAT IS GOOD FOR THE COMMUNITY TAKEN AS A WHOLE BUT MAY BE DISASTROUS FOR AN INDIVIDUAL,+ HE SAID.

MR LOBO OBSERVED THAT THE VERY SCALE OF OUR PROGRESS MAKES IT ALL THE MORE LIKELY THAT VAST AND BENEFICIAL PUBLIC PROJECTS WILL BRING ABOUT SERIOUS PERSONAL DISRUPTION AND DISTRESS.

PUBLIC POLICIES, INCLUDING ECONOMIC AND FINANCIAL POLICIES, SHOULD BE EXPRESSED IN TERMS WHICH ARE UNIVERSALLY UNDERSTANDABLE AND THEIR IMPACT ON PEOPLE AS INDIVIDUALS MUST BE SEEN TO HAVE BEEN TAKEN INTO ACCOUNT.

+WE MUST REMEMBER THAT THE MORE WE SPEND ON THE PHYSICAL DEVELOPMENT OF HONG KONG THE LESS WE CAN NEGLECT THOSE INTANGIBLE ELEMENTS WITHOUT WHICH LIFE WILL NEVER BE ENTIRELY SATISFYING OR OUR SOCIETY STABLE,+ HE ADDED.

TURNING TO ENVIRONMENTAL CONDITIONS, MR LOBO SAID APART FROM A FLURRY OF ACTIVITY TEN YEARS AGO, THE STAND OF PUBLIC CLEANLINESS IN HONG KONG HAD BEEN SLIPPING RELENTLESSLY.

HE HOPED THE REVIVAL OF THE CLEAN HONG KONG CAMPAIGN WOULD BE A DETERMINED AND SUSTAINED EFFORT AND NOT JUST A SHORT-TERM AND EXPENSIVE PUBLICITY EXERCISE.

THE FIRST STEP IN A SUCCESSFUL CAMPAIGN WOULD BE DETERMINED ACTION BY THE GOVERNMENT TO CLEAN ITS OWN HOUSE.

ROADS AND PAVEMENTS MUST BE KEPT FREE OF BUILDERS' SPOIL AND RUBBLE, AND THE PUBLIC AREAS OF HOUSING ESTATES AS WELL AS SQUATTER AREAS MUST ALSO BE KEPT CLEAN.

+WE MUST DO SOMETHING ABOUT THE SQUATTER AREAS TOO,+ MR LOBO SAID, +WE CAN NO LONGER WITHHOLD PROPER PUBLIC SERVICES FROM THEM JUST BECAUSE WE DID NOT DIRECTLY CREATE THE SQUATTER AREAS AND WE WISH THEY WERE NOT THERE.+

ON RECREATIONAL SERVICES, MR LOBO REMARKED: +I DETECT A WIDENING GAP BETWEEN EXPENSIVE AND SOPHISTICATED FACILITIES IN THE CENTRAL AREAS, WHICH IN PRACTICE ARE ACCESSIBLE AND AVAILABLE ONLY TO A FEW, AND THE MISERABLY INADEQUATE RECREATIONAL FACILITIES IN OUR OTHER OLDER AND MORE DENSELY POPULATED CITY DISTRICTS.+

HE WAS HOPEFUL THAT +WE WILL NOT LOSE THE OPPORTUNITY, WHEN CONSTRUCTING THE ISLAND MTR, TO SNATCH BACK A FEW HECTARES FOR RECREATION FROM THE DEVELOPMENT BONANZA WHICH EVERYONE SEEMS TO BE EXPECTING.+

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CAUTION URGED OVER PROPOSED REDEFINING OF 'BANKING BUSINESS'
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THE GOVERNMENT SHOULD RE-EXAMINE VERY CAREFULLY ALL THE IMPLICATIONS BEFORE ANY IRREVOCABLE DECISION IS MADE TO CREATE A THIRD TYPE OF FINANCIAL INSTITUTION IN HONG KONG, THE HON LI FOOK-WO SAID TODAY (WEDNESDAY).

HE WAS COMMENTING ON THE FINANCIAL SECRETARY'S PROPOSAL TO AMEND LEGISLATION TO CREATE A NEW CATEGORY OF DEPOSIT-TAKING COMPANIES, WHICH MAY BE DESCRIBED AS +MERCHANT BANKS+, TO PREVENT LARGE DEPOSITS FROM BEING TRANSFERRED ABROAD.

COMPANIES LICENSED AS MERCHANT BANKS WOULD BE PERMITTED TO ACCEPT DEPOSITS OF \$500 000 OR MORE WITH NO LIMITATION AS TO THEIR TERM OF MATURITY WHILE DEPOSIT-TAKING COMPANIES NOT LICENSED AS SUCH WOULD IN FUTURE BE RESTRICTED TO DEPOSITS OF \$50 000 OR MORE, WITH ORIGINAL TERM OF MATURITY OF A MINIMUM OF THREE MONTHS.

THE FINANCIAL SECRETARY HAS REFERRED TO WHOLESALE DEPOSITS AS BEING VERY SENSITIVE TO INTEREST RATE CONSIDERATION.

/BUT MR

BUT MR LI POINTED OUT THAT SIR PHILIP APPEARS TO HAVE OVERLOOKED THE TENDENCY THAT EVEN SMALL DEPOSITORS ARE ALSO SENSITIVE TO INTEREST RATE CONSIDERATIONS.

EXCLUDING THAT IMPORTANT FACTOR, MR LI OBSERVED, THERE WILL BE TWO LIKELY CONSEQUENCES TO ANY SUCH AMENDMENT.

+FIRSTLY, THE LICENSED BANKS WOULD BE GIVEN A CHANCE TO RECOVER FROM THE EXISTING DEPOSIT-TAKING COMPANIES A SECTOR OF THE DEPOSIT MARKET LOST IN FAIR COMPETITION OVER THE PAST YEARS.

+SECONDLY, THE NEW CATEGORY OF 'MERCHANT BANKS' WOULD BE ABLE TO DISREGARD THE INTEREST RATE AGREEMENT OF THE HONG KONG ASSOCIATION OF BANKS IN TAKING DEPOSITS OF \$500 000 OR MORE WITH ANY MATURITY,+ SAID MR LI.

AS FAR AS HE WAS AWARE, THE FUNCTIONS OF A MERCHANT BANK MAY INCLUDE MANAGEMENT OF AND PARTICIPATION IN MEDIUM AND LONG TERM SYNDICATED LOANS, PROVISION OF CORPORATE FINANCE INCLUDING BOND ISSUES, ACCEPTANCE OF DEPOSITS IN ALL MAJOR CURRENCIES, FINANCIAL AND INVESTMENT CONSULTANCY SERVICES, MONEY MARKET ACTIVITIES, FOREIGN EXCHANGE TRANSACTIONS, TRADE FINANCING AND PROJECT FINANCE.

IT WAS OBVIOUS THAT A MERCHANT BANK WAS NOT JUST AN UPGRADED DEPOSIT-TAKING COMPANY, BUT A COMPLEX FINANCIAL INSTITUTION CAPABLE OF UNDERTAKING A MULTIPLICITY OF ACTIVITIES WHICH IN TURN WOULD REQUIRE A SOPHISTICATED SYSTEM OF PRUDENTIAL SUPERVISION.

+IS IT THE INTENTION OF THE FINANCIAL SECRETARY TO LEGISLATE FOR 'MERCHANT BANKS' AS SUCH, OR WAS HE MERELY THINKING IN TERMS OF A TOOL TO HELP REGULATE LOCAL INTEREST RATES?+ MR LI ASKED.

IN HIS OPINION, THE DEPOSIT-TAKING SYSTEM IN HONG KONG, FOLLOWING RECENT AMENDMENTS, WORKED WELL ENOUGH AND DID NOT NEED SUCH A CHANGE.

+WHETHER THE PRESENT PROPOSAL WILL PROVIDE A SATISFACTORY SOLUTION TO THE PROBLEMS MENTIONED BY THE FINANCIAL SECRETARY IS A MATTER OF CONFLICTING OPINION.

+THE ACTIVITIES OF FINANCE COMPANIES OVER THE PAST DECADE HAVE GIVEN RISE TO A NUMBER OF ISSUES IN THE OVERALL MANAGEMENT OF THE ECONOMY.

+TO AVOID A REPETITION OF THESE MISTAKES I MUST STRESS IT IS ESSENTIAL TO PROCEED WITH ALL DUE CAUTION, IF IN ANOTHER FEW YEARS WE ARE NOT TO FACE PROBLEMS SIMILAR TO THOSE NOW POSED BY THE DEPOSIT-TAKING COMPANIES,+ MR LI CAUTIONED.

TURNING TO FOREIGN CURRENCY DEPOSITS HELD IN HONG KONG, MR LI WELCOMED THE IDEA OF EXEMPTING THEM FROM INTEREST TAX.

THIS WOULD ALLOW HONG KONG NOT ONLY TO CONTINUE WITH THE SYNDICATION OF FOREIGN CURRENCY LOANS BUT ALSO TO COMPLETE THE FUNDING ARRANGEMENTS HERE WITHOUT OFFSHORE INTERVENTION.

/+HAVING REGARD

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+HAVING REGARD TO THE LEAD TAKEN BY NEIGHBOURING TERRITORIES, TO THE BENEFIT OF THEIR FINANCIAL MARKETS AND THEIR ECONOMY AS A WHOLE, I BELIEVE THIS TO BE A STEP IN THE RIGHT DIRECTION TOWARDS FURTHER GROWTH OF HONG KONG AS A LEADING FINANCIAL CENTRE.

+IT IS, HOWEVER, UNFORTUNATE THAT THE FINANCIAL SECRETARY HAS STILL NOT SEEN FIT TO CONSIDER ABOLISHING INTEREST TAX ALTOGETHER,+ HE ADDED.

MR LI ALSO URGED THAT MORE GENEROUS ASSISTANCE BE PROVIDED FOR THOSE VOLUNTARY AGENCIES SUBVENTED ON A DISCRETIONARY GRANT BASIS.

MANY OF THESE ORGANISATIONS, HARD PRESSED BY ESCALATION IN COSTS, WERE BEGINNING TO REDUCE THE SCALE AND SCOPE OF THE PROGRAMMES NOW OFFERED TO THE LESS PRIVILEGED PUBLIC.

+THIS IS AN ALARMING TREND WHICH MUST NOT BE ALLOWED TO CONTINUE,+ HE SAID.

+WITH THE LEVEL OF OUR RESERVES AT AN ALL-TIME HIGH, I WOULD URGE GOVERNMENT TO TAKE IMMEDIATE STEPS TO MAKE IT POSSIBLE FOR THESE AGENCIES TO CARRY ON WITH ALL THEIR SERVICES TO THOSE IN NEED.+

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HOW TO TACKLE THE MYTHS OF MFA * * * * *

DR THE HON FRANCIS TIEN URGED THE GOVERNMENT TO SPEAK OUT REPEATEDLY AGAINST UNFAIR DEMANDS AND PRESSURES FROM MAJOR IMPORTING COUNTRIES. HONG KONG SHOULD ALSO ENCOURAGE OTHER DEVELOPING COUNTRIES TO DO THE SAME.

HE WAS COMMENTING ON THE FUTURE OF THE MULTI-FIBRE ARRANGEMENT WHICH HE SAID IS +THE MOST CRITICAL ISSUE IN 1981 AFFECTING THE FUTURE PROSPECTS FOR OUR EXTERNAL TRADE.+

ALTHOUGH NO GOVERNMENT HAS YET COME FORWARD WITH A DEFINITIVE STATEMENT OF WHETHER THEY WANT A SUCCESSOR TO THE MFA OR WHAT THE NEW MFA SHOULD PROVIDE FOR, DR TIEN OBSERVED THAT IT HAS BECOME ABUNDANTLY CLEAR THAT THESE GOVERNMENTS HAVE TO CONTEND WITH A VARIETY OF ISSUES AND DEMANDS EXPRESSED BY THEIR LABOUR AND INDUSTRIAL CONSTITUENTS.

BY LOOKING AT A FEW CHOICE EXAMPLES SET OUT IN THE TEXTILE AND CLOTHING INDUSTRIES PAMPHLET +MYTHS, FACTS, APPLICATION+, HE SAID, ONE CAN SEE THAT SUCH DEMANDS AND PRESSURES FALL WITHIN TWO BROAD CATEGORIES.

THESE ARE:

THE F.L.

- * THE MFA WAS NEVER DESIGNED TO DEAL WITH THE FRAUDULENT LABELLING IN EEC COUNTRIES OF TEXTILE PRODUCTS MADE IN EASTERN EUROPE, PARTICULARLY THOSE IMPORTED INTO AND FREELY CIRCULATED WITHIN THE EEC UNDER SPECIAL ARRANGEMENTS.
- * THE MFA WAS NEVER DESIGNED TO DEAL WITH PROBLEMS ARISING FROM THE SUBSIDISATION OF THE EXPORT PRICES OF, SAY, AMERICAN STAPLE FIBRES- NOR WITH THE DUMPING OF ARTIFICIALLY LOW-PRICED PRODUCTS.
- * THE MFA IS AN INSTRUMENT FOR REGULATING WORLD TRADE IN TEXTILE PRODUCTS, BUT IT IS MOST DECIDEDLY NOT A VEHICLE FOR ACHIEVING SOCIAL JUSTICE.
- * THE MFA IS BEING BLAMED FOR NOT HELPING ARREST DECLINING EMPLOYMENT AND DECLINING PROFITABILITY IN THE TEXTILE INDUSTRIES OF THE MAJOR IMPORTING COUNTRIES.
- * INDUSTRIAL PROTECTIONISTS ARE ARGUING THAT THEY ARE SUFFERING FROM EXTERNAL COMPETITION.

+BUT WHAT THEY HAVE PATENTLY FAILED TO PERCEIVE IS THAT THE MFA HAS BEEN APPLIED WHOLLY AND EXCLUSIVELY AGAINST THE EXPORTS OF THE DEVELOPING COUNTRIES AND THEIR DIFFICULTIES HAVE MUCH WIDER ORIGINS,+ DR TIEN NOTED.

THE SECOND CATEGORY OF ISSUES, HE WENT ON, ARE PERTINENT TO THE FUTURE OF THE MFA.

THE DEMANDS OF THE LABOUR AND INDUSTRIAL SECTORS OF THE MAJOR IMPORTING COUNTRIES CAN BE SUMMARISED IN THREE MAIN POINTS: THE APPLICATION OF +GLOBALISATION+, THE RE-DISTRIBUTION OF QUOTAS IN FAVOUR OF THE NEW AND SMALL DEVELOPING COUNTRY SUPPLIERS, AND THE GROWTH RATE OF THEIR IMPORTS FROM THE DEVELOPING WORLD SHOULD BE RELATED TO THEIR ESTIMATION OF THE GROWTH RATE OF CONSUMPTION IN THEIR DOMESTIC COUNTRIES.

ON GLOBALISATION, HE POINTED OUT: +THE TERM ITSELF IS A MYTH. WE ALL KNOW IT REALLY MEANS THE APPLICATION OF THE MFA TO THE EXPORTS OF THE DEVELOPING WORLD ONLY.

+IT IS NOT AS IT SHOULD BE, UNDER ARTICLE 19 OF THE GATT, DESIGNED TO OPERATE ON A TRULY WORLD-WIDE BASIS.

+SUCH A POLICY WILL NOT HELP THE MAJOR IMPORTING COUNTRIES TO OVERCOME COMPETITION FROM OTHER, MORE EFFICIENT, DEVELOPED COUNTRIES.+

TURNING TO RE-DISTRIBUTION OF TEXTILE QUOTAS, DR TIEN QUERIED: +IF THEIR PROPOSAL IS TO RE-DISTRIBUTE QUOTAS IN THE PIOUS BELIEF THAT DEVELOPED IMPORTING COUNTRIES AND DEVELOPING EXPORTING COUNTRIES STAND IN A DONOR/BENEFICIARY RELATIONSHIP, THEN WHY HAVE QUOTAS AT ALL?

/+IF THIS

+IF THIS VIEW WERE TO BE MAINTAINED, SURELY THE WORLD SHOULD RETURN TO FREE TRADE IN TEXTILES, WITH THE MAJOR IMPORTING COUNTRIES APPLYING ONLY GENERAL SCHEME OF PREFERENCES.+

BUT HE ADMITTED THAT THIS IS HARDLY A FEASIBLE PROPOSITION AS FAR AS THE MAJOR IMPORTING COUNTRIES ARE CONCERNED, AND THE POINT WHICH MUST BE MADE IS THAT THE DEVELOPING COUNTRIES ACCEPTED THE MFA IN EXCHANGE FOR VERY EXPLICIT GUARANTEES IN RESPECT OF THEIR RIGHTS OF ACCESS.

THE THIRD THEME PROPOUNDED BY THE MAJOR IMPORTING COUNTRIES HAS BEEN REPEATED EVERY TIME THE MFA CAME UP FOR RENEWAL, DR TIEN NOTED.

+I MUST SAY CATEGORICALLY THAT THIS PROPOSAL IS THE RESULT OF A FURTHER MYTH.

+FOR IT IS BASED ON AN INCORRECT ASSUMPTION, NAMELY THAT THE MINIMUM GROWTH AND MINIMUM FLEXIBILITY PROVISIONS IN THE MFA WOULD OBLIGE THE DEVELOPED IMPORTING COUNTRIES TO ACCEPT A LEVEL OF IMPORTS FAR IN EXCESS OF BILATERALLY AGREED RESTRAINT LIMITS.+

POINTING OUT THAT THE DEMANDS ARE INTRINSICALLY UNFAIR AND FOUNDED ON UNJUSTIFIABLE PREMISES, DR TIEN SAID: +I WOULD LIKE, THEREFORE, TO SEEK AN ASSURANCE FROM THE GOVERNMENT THAT IT WILL DO ALL IT CAN TO ATTACK THESE DEMANDS, BY ALL LEGITIMATE MEANS AT ITS DISPOSAL.

+I WOULD ALSO LIKE TO SEEK AN ASSURANCE FROM THE GOVERNMENT THAT IT WILL PUT AT THE DISPOSAL OF THE DIRECTOR OF TRADE INDUSTRY AND CUSTOMS ALL THE RESOURCES HE REQUIRES FOR MAKING APPROPRIATE REPRESENTATIONS.+

SPEAKING FOR THE TEXTILE AND CLOTHING INDUSTRY, HE PLEDGED ALL NECESSARY SUPPORT TO THE GOVERNMENT AT EVERY IMPORTANT OPPORTUNITY THAT MAY EXIST FOR DISCUSSING THE MFA IN OPEN FORUM.

+THE TEXTILE AND CLOTHING INDUSTRY IN HONG KONG DO NOT WISH TO DIE AND FINISH- MERELY TO CONTINUE IN THE BUSINESS OF DYEING, FINISHING AND EXPORTING,+ HE ADDED.

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REALISTIC ASSESSMENT NEEDED FOR OVERSEAS EDUCATION
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THE HON ALEX WU TODAY (WEDNESDAY) CALLED FOR A REALISTIC ASSESSMENT OF THE CONTRIBUTION WHICH OVERSEAS UNIVERSITY EDUCATION MAKES TO OUR TOTAL EDUCATIONAL RESOURCES.

HE SAID NO MATTER HOW FAR WE MAY EVENTUALLY PROGRESS WITH THE DEVELOPMENT OF POST-SECONDARY EDUCATION HERE IN HONG KONG, WE CAN NEVER HOPE TO BE SELF-SUFFICIENT.

AND IT WOULD NOT BE SENSIBLE, FROM THE EDUCATIONAL POINT OF VIEW, TO TRY.

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MR WU WAS COMMENTING ON THE VALUES OF OVERSEAS POST-SECONDARY EDUCATION, PARTICULARLY UNIVERSITY EDUCATION IN BRITAIN, AT THE LEGISLATIVE COUNCIL MEETING.

+IN PRACTICAL TERMS,+ HE SAID, +THERE WILL BE DISCIPLINES, PARTICULARLY IN THE SCIENCES, WHERE OUR INTERESTS MAY BE VITAL BUT NOT WIDESPREAD AND CERTAINLY NOT ENOUGH TO JUSTIFY THE ESTABLISHMENT OF A FULL COURSE.

+IN THESE FIELDS WE RELY ON EXPERTISE FROM ABROAD OR ON HONG KONG GRADUATES WHO HAVE STUDIED THESE SUBJECTS ABROAD AND HAVE RETURNED TO HONG KONG TO PRACTISE.

+IN A BROADER EDUCATIONAL SENSE IT WOULD BE UNREASONABLE AND DANGEROUS TO PRETEND THAT WE COULD CUT OURSELVES OFF FROM SOME DEGREE OF RELIANCE ON OVERSEAS EDUCATION.+

HE NOTED THAT THERE WAS A DROP OF 42 PER CENT OF HONG KONG STUDENTS IN BRITAIN LAST YEAR COMPARED WITH 1979.

QUOTING STATISTICS FROM THE HONG KONG ANNUAL REPORT, MR WU SAID THE BIG DROP SEEMED TO HAVE TAKEN PLACE IN SECONDARY SCHOOL STUDIES, DOWN FROM 1 617 TO 836, AND IN THE NUMBERS OF STUDENTS STUDYING FOR 'O' AND 'A' LEVEL GENERAL CERTIFICATES OF EDUCATION, DOWN FROM 1 420 IN 1979 TO 715 LAST YEAR.

THE NUMBER OF FIRST DEGREE STUDENTS WAS ALSO DOWN, FROM 651 IN 1979 TO 389 IN 1980, ALTHOUGH THERE WAS A SLIGHT INCREASE IN POST-GRADUATE STUDENTS, FROM 183 TO 188.

+WE MAY BE DISMAYED BY THE EVIDENCE THAT BRITAIN IS 'DISTANCING' HERSELF FROM HONG KONG - TO USE THE FASHIONABLE JARGON - IN SOME IMPORTANT DIMENSIONS, OF WHICH STUDENT FEES ARE ONLY ONE.

+BUT WE SHOULD NOT CONFUSE THE EXPEDIENT WITH THE FUNDAMENTAL.+

HE POINTED OUT THAT WHAT BRITAIN DID ABOUT EXPENDITURE ON EDUCATION, HOW BRITAIN BEHAVED IN TRADE NEGOTIATION, EVEN HOW BRITAIN ARRANGED HER NATIONALITY AND IMMIGRATION AFFAIRS, COULD NOT BE LUMPED TOGETHER AS EVIDENCE OF A FUNDAMENTAL CHANGE IN THE RELATIONSHIP BETWEEN BRITAIN AND HONG KONG.

THERE IS NO EVIDENCE OF SUCH A CHANGE AND IT IS 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.

WITHOUT SUCH AN UNDERSTANDING, HE SAID, WE MAY FAIL TO IDENTIFY THE REALITIES OF BRITAIN'S COMMITMENT TO HONG KONG.

+FOR THESE REASONS, WE SHOULD REGARD STUDY IN BRITAIN AS SOMETHING TO BE ENCOURAGED.

+THERE ARE MORE PRACTICAL REASONS. IN SPITE OF RISING FEES, AND CONSIDERING OUR OBVIOUS ABILITY TO SUBSIDISE OUR STUDENTS IF WE HAVE TO, BRITISH UNIVERSITIES STILL PROVIDE THE EDUCATION WHICH IS MOST APPROPRIATE TO MANY OF OUR ACTIVITIES AND INSTITUTIONS.

+EVEN IF THIS ENCOURAGEMENT GOES NO FURTHER THAN LOANS TO STUDENTS THERE IS A CASE FOR EVALUATING THEIR COURSES OF STUDY TO ENSURE THAT THERE IS AN OPTIMUM RETURN FOR THE COMMUNITY,+ MR WU SAID.

NEED FOR SCHOOL VICE-PRINCIPALS STRESSED

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THE GOVERNMENT SHOULD RECOGNISE AGAIN THE NEED FOR VICE-PRINCIPALS IN GOVERNMENT AND AIDED SECONDARY SCHOOLS, THE REV THE HON JOYCE M. BENNETT SAID IN LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SHE SAID THE FIFTH REPORT BY THE STANDING COMMISSION ON CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE WAS A HEAVY BLOW TO THE TEACHING PROFESSION WHEN IT ABOLISHED THE SENIOR MASTER GRADE WHICH MADE THE VICE-PRINCIPAL'S POST REASONABLE AND RESPECTED.

SHE HAD ASKED THE DIRECTOR OF EDUCATION ABOUT THE ABOLITION IN THE LEGISLATIVE COUNCIL.

+I AM NOT SATISFIED WITH HIS ANSWER THAT THERE IS NO FUNCTIONAL DIFFERENCE BETWEEN A SCHOOL VICE-PRINCIPAL AND THE SUBJECT HEAD OF A PANEL OF TEACHERS.

+FAILURE TO RECOGNISE ANY DISTINCTION BETWEEN SUCH POSTS REVEALS A SHOCKING FAILURE BY THE GOVERNMENT TO USE ITS PERSONNEL PROPERLY.+

FOLLOWING THE ABOLITION OF THE SM POSITION IN SCHOOLS, SHE SAID, VICE-PRINCIPALS WERE IN EFFECT DEMOTED TO A POSITION EQUIVALENT TO 12 OTHERS IN A STAFF OF 60.

MISS BENNETT POINTED OUT THAT TEACHERS IN THE LOWER GRADES OF GOVERNMENT SERVICE, WHETHER GRADUATE OR NON-GRADUATE, HAVE FOUR AVENUES FOR PROMOTION, I.E. IN THE SCHOOLS THEMSELVES, IN THE INSPECTORATE, AS LECTURERS IN THE COLLEGES OF EDUCATION AND IN THE ADMINISTRATIVE OFFICES OF THE EDUCATION DEPARTMENT.

BUT THE VAST MAJORITY OF TEACHERS IN THE AIDED SECTOR, NEARLY 20 000 MORE THAN IN THE GOVERNMENT SECTOR, HAD ONLY ONE AVENUE FOR PROMOTION, TO THAT OF PRINCIPAL.

+NOW THE SM GRADE IS ABOLISHED, THERE WILL BE ONLY ONE PROMOTION POST FOR ALL THOSE SENIOR GRADUATE TEACHERS.

+WHAT INDEED IS THE RATIONALE FOR PROVIDING FEW PROMOTION POSTS FOR GRADUATE TEACHERS?+ SHE ASKED.

IN HER OPINION, A SCHOOL WITH ONE TO 17 CLASSES IN OPERATION NEEDED ONE VICE-PRINCIPAL, SCHOOLS WITH 18 TO 29 CLASSES NEEDED TWO VICE-PRINCIPALS WHILE SCHOOLS WITH 30 OR MORE CLASSES REQUIRED THREE VICE-PRINCIPALS, EXTRA TO THE ORDINARY STAFF ESTABLISHMENT.

MISS BENNETT ALSO CALLED FOR THE APPOINTMENT OF ONE CAREERS TEACHER TO EACH STANDARD SIZE SECONDARY SCHOOL IN ADDITION TO THE PRESENT CLASS-TEACHER RATIO.

SHE CITED A CAREERS TEACHER WHO RETURNED FROM THE 1980 CAREERS MASTERS' SEMINAR DEMANDING TO TEACH FEWER PERIODS, SO THAT HER CAREERS COUNSELLING AMONG THE 1 270 STUDENTS COULD BE CARRIED OUT MORE EFFECTIVELY THROUGHOUT THE YEAR.

THE PRINCIPAL COULD NOT ACCEDE TO THIS REQUEST BECAUSE TO GIVE ONE TEACHER LESS TEACHING WOULD INCREASE THE TEACHING LOAD OF OTHERS, SHE SAID.

THE CAREERS TEACHER BECAME FRUSTRATED AS SHE HAD BEEN INSPIRED BY THE POTENTIAL OF HER TASKS, BUT FOUND IT IMPOSSIBLE TO FULFIL HER DUTIES IN THE LIMITED TIME AVAILABLE.

+IN MANY COUNTRIES THE CAREERS COUNSELLOR IS APPOINTED EXTRA TO THE TEACHING STAFF,+ SAID MISS BENNETT.

+THE STUDENTS IN OUR SCHOOLS NEED HELP AND ADVICE TO PLAN THEIR CAREERS.

+HONG KONG NEEDS TO DEVELOP ITS RESOURCES TO THE FULL= WE MUST NOT CONTINUE TO WASTE OUR MANPOWER BY NOT PROMOTING PROPERLY THE CAREERS PROSPECTS OF OUR YOUNG PEOPLE.+

COMMENTING ON THE PROVISION OF LABORATORY TECHNICIANS IN GOVERNMENT AND AIDED SCHOOLS, MISS BENNETT RECALLED THAT AS LONG AGO AS DECEMBER 1978, SHE WAS ASSURED BY THE DIRECTOR OF EDUCATION THAT HIS DEPARTMENT WAS LOOKING INTO THE QUESTION OF INCREASING THE NUMBER OF LABORATORY TECHNICIANS IN THESE SCHOOLS.

SHE WAS FURTHER ASSURED BY THE DIRECTOR THAT HE HOPED TO RECEIVE THE REPORT FROM HIS WORKING PARTY ON THIS IN THE SPRING OF 1979.

+I UNDERSTAND FROM LATER COMMUNICATIONS WITH THE DIRECTOR THAT FORMAL PROPOSALS WERE SUBMITTED TO THE GOVERNMENT SECRETARIAT ON AUGUST 12, 1980.

+BUT WILL THERE BE THE MONEY FOR EXTRA LABORATORY TECHNICIANS AVAILABLE FOR THIS SEPTEMBER?+ SHE ASKED.

ON THE SUBJECT OF LANGUAGE TEACHING, MISS BENNETT REITERATED HER CALLS FOR THE EMPLOYMENT OF MORE TEACHERS IN OUR SCHOOLS TO PRODUCE BETTER STANDARDS IN THE USE OF THE ENGLISH AND CHINESE LANGUAGES.

OUR TEACHERS ARE OVER-BURDENED WITH LARGE CLASSES OF CHILDREN WHO HAVE TO RELY ON THEIR TEACHERS FOR IMPROVING THEIR LANGUAGE SKILLS.

+READ THE REPORTS OF THE PERFORMANCE OF OUR STUDENTS IN THE PUBLIC EXAMINATIONS AND YOU WILL FIND CONTINUAL CRITICISMS OF THE FALLING STANDARDS.

+HAS THE ADVISORY INSPECTORATE MADE POSITIVE SUGGESTIONS TO COMBAT THESE WEAKNESSES?+

IN SUMMING UP, MISS BENNETT SAID THAT SHE HAD BEEN WAITING FOR MANY YEARS FOR THE EDUCATION DEPARTMENT TO DO SOMETHING TO IMPROVE THE STAFFING POSITION IN OUR SCHOOLS, BUT TO NO AVAIL.

SO WITH THE HELP OF THE SUBSIDISED SECONDARY SCHOOLS COUNCILS, SHE MADE HER OWN PRELIMINARY SURVEY TO ASSESS THE WORKLOAD OF THE TEACHERS IN 19 OF THE SCHOOLS IN THAT COUNCIL.

QUOTING STATISTICS FROM HER SURVEY, MISS BENNETT SAID THE 253 GRADUATE TEACHERS WHO RESPONDED TO THE SURVEY SPENT, ON AVERAGE, 24.51 HOURS PER WEEK OUTSIDE SCHOOL HOURS IN SCHOOL WORK DURING SCHOOL DAYS= THE 67 SENIOR GRADUATE TEACHERS SPENT AN AVERAGE OF 25.24 HOURS PER WEEK OUTSIDE SCHOOL HOURS IN SCHOOL DUTIES= AND THE 13 SENIOR MASTER TEACHERS PUT IN, ON AVERAGE, 29.5 HOURS EXTRA PER WEEK.

IN ADDITION, THE SM'S ON AVERAGE DURING THE YEAR WORKED 27 DAYS DURING THE SCHOOL HOLIDAYS, WHILE THE SGM'S ONLY USED 14.36 DAYS OF THEIR HOLIDAYS.

SHE WAS THEREFORE NOT SURPRISED THAT TEACHERS OF SPECIAL CLASSES FOR SLOW LEARNERS REQUESTED A FULL-TIME SOCIAL WORKER TO WORK AMONG THE 120 SLOW LEARNERS IN THEIR SIX CLASSES.

+I HOPE I HAVE MADE IT CLEAR THAT THE TEACHERS IN OUR SCHOOLS ARE NOT IDLE, BUT OVERWORKED.

+OUR SCHOOLS NEED MORE STAFF TO COPE WITH THE STUDENTS' PROBLEMS AND NEEDS.

+TODAY WE ARE EDUCATING A WIDE RANGE OF ABILITY.

+WE MAY HAVE MORE SCHOOL BUILDINGS, BUT IF WE DO NOT TAKE CARE OF WHAT GOES ON IN THOSE BUILDINGS, WE COULD BE BUILDING OPPORTUNITIES FOR EVIL TO GROW, INSTEAD OF SPREADING WIDE THE LAMP OF TRUE LEARNING,+ MISS BENNETT CAUTIONED.

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USE RESERVES TO HELP INDUSTRY
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THE HON S.L. CHEN, TODAY URGED THE GOVERNMENT TO USE SOME OF HONG KONG'S +FREE+ FISCAL RESERVES TO PRODUCE MORE LAND AND TO ASSIST RE-EQUIPPING INDUSTRY.

SPEAKING AT THE RESUMED BUDGET DEBATE, HE SAID THE CAPITAL REVENUE IN OUR BUDGETS, WHICH IS DERIVED ALMOST ENTIRELY FROM LAND TRANSACTIONS, HAS INCREASED DRAMATICALLY FROM \$644 MILLION IN 1976-77 TO \$10 626 MILLION IN 1980-81.

AS A RESULT, THE RATIO OF CAPITAL REVENUE TO TOTAL REVENUE INCREASED FROM 8.6 PER CENT TO 36.6 PER CENT.

+THIS MEANS, WHETHER WE LIKE IT OR NOT, PUBLIC SECTOR FINANCE DURING THIS PERIOD HAS BECOME INCREASINGLY DEPENDENT ON LAND RELATED CAPITAL CONTRIBUTION,+ MR CHEN SAID.

+THIS BEING THE CASE, AND IF THIS IS THE INTENTION IN THE FUTURE, IT APPEARS OBVIOUS THAT THERE IS A NEED TO PRODUCE LAND MORE EFFICIENTLY AND ECONOMICALLY.+

TO ACHIEVE THIS, MR CHEN SUGGESTED THAT AN ORGANISATION BE SET UP TO WORK IN CONJUNCTION WITH THE SPECIAL COMMITTEE ON LAND PRODUCTION TO IMPLEMENT THE GOVERNMENT LAND POLICY.

GIVEN AN EXTENDED TERMS OF REFERENCE AND ARMED WITH THE NECESSARY MUSCLES FOR ITS TASK, HE WAS CONVINCED THAT THE HONG KONG INDUSTRIAL ESTATES CORPORATION COULD FULFIL THIS ROLE.

+INCREASING LAND PRODUCTION AS WELL AS ITS AVAILABILITY WOULD RESULT, AS FAR AS INDUSTRY IS CONCERNED, IN REDUCING OVERHEADS FOR INDUSTRIES ALREADY IN EXISTENCE IN HONG KONG AND ENCOURAGING NEW HIGH TECHNOLOGY INDUSTRIES TO COME TO HONG KONG.

+MOREOVER, IT WILL COUNTER THE CRITICISM WHICH IS FREQUENTLY LEVELLED AT GOVERNMENT, RIGHTLY OR WRONGLY, THAT GOVERNMENT IS LIMITING AVAILABILITY OF LAND IN ORDER TO MAINTAIN HIGH LAND PRICES,+ HE ADDED.

MR CHEN DESCRIBED AS +A MOVE IN THE RIGHT DIRECTION+ THE CONCESSION IN DEPRECIATION ALLOWANCES PROPOSED BY THE FINANCIAL SECRETARY TO ENCOURAGE MANUFACTURING INDUSTRIES TO RE-EQUIP AND UPGRADE THEIR PRODUCTION FACILITIES.

BUT HE ASKED: +IS IT ENOUGH?

+IN MY OPINION, TO GIVE THE NECESSARY STIMULUS TO OUR FLAGGING INDUSTRY, SOMETHING MORE IS NECESSARY.+

HE NOTED THAT WHILE THE GOVERNMENT WAS UNWILLING TO SUBSIDISE ANY SECTOR OF THE COMMUNITY, MOST INDUSTRIALLY ADVANCED COUNTRIES IN EUROPE SUBSIDISED THEIR INDUSTRIES BY PROVIDING LONG-TERM LOW-INTEREST FINANCE TO ENCOURAGE EXPORTS, ESPECIALLY EXPORTS OF HEAVY CAPITAL PLANT WHICH OFTEN REQUIRE FINANCING OVER LONG PERIODS.

+OUR INDUSTRIES' NEEDS, HOWEVER, ARE NOT ASSISTANCE GIVEN TO EXPORTS BUT RATHER ASSISTANCE GIVEN TO PURCHASE OF MODERN PLANT AND MACHINERY.

+THIS IS NECESSARY BECAUSE ALMOST ALL OF OUR INDUSTRIAL ESTABLISHMENTS ARE, WITH DUE RESPECT, TOO SMALL TO QUALIFY INDIVIDUALLY FOR, AND TO ENJOY THE BENEFIT OF LONG-TERM LOW-INTEREST CREDITS OFFERED BY EXPORTING COUNTRIES.

+IN MY OPINION, NO ONE BUT GOVERNMENT CAN AND SHOULD FULFIL THIS ROLE AND I WOULD LIKE TO SUGGEST THAT THIS IS ANOTHER AREA WHERE OUR 'FREE' FISCAL RESERVES COULD PROFITABLY BE UTILISED,+ HE SAID.

TOUCHING ON TECHNICAL MANPOWER DEVELOPMENT, MR CHEN SAID HE WAS PLEASED TO NOTE THAT THE FINANCIAL SECRETARY HOPED TO SEE A GREATER INVOLVEMENT OF PUBLIC FUNDS ON TECHNICAL EDUCATION.

+WHILE I AM NOT UNDULY DISAPPOINTED WITH THE INCREASE IN THE TOTAL PROVISION FOR EDUCATION IN 1981-82 OVER THE REVISED ESTIMATES FOR 1980-81 OF ONLY EIGHT PER CENT, I HOPE THAT AN ADEQUATE PROPORTION OF THIS WOULD BE AVAILABLE FOR INDUSTRIAL TRAINING WHICH I ASSUME WAS INCLUDED IN HIS USE OF THE PHRASE 'TECHNICAL EDUCATION', A MATTER ON WHICH I HAVE EMPHASISED MORE THAN ONCE IN THE PAST,+ MR CHEN SAID.

LAND SUBSIDIES FOR HOME OWNERSHIP
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THE HON LYDIA DUNN CRITICISED THE GOVERNMENT FOR INSISTING ON CHARGING FULL MARKET VALUE FOR LAND FOR THE HOME OWNERSHIP SCHEMES IN THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY.

THE GOVERNMENT, SHE SAID, IS MAKING AVAILABLE VIRTUALLY +FREE+ LAND TO PUBLIC HOUSING WHILE IT IS SELLING LAND AT FULL MARKET VALUE FOR PRIVATE RESIDENTIAL DEVELOPMENT, INCLUDING THE HOME OWNERSHIP AND PRIVATE SECTOR PARTICIPATION SCHEMES.

THAT THE POOR SHOULD BE HOUSED AT A SUBSIDY AND THE RICH SHOULD PAY THE FULL MARKET VALUE IS INDISPUTABLE. BUT, SHE ADDED, BETWEEN THESE TWO EXTREMES IS A GROWING NUMBER OF WOULD-BE HOME OWNERS IN THE MIDDLE INCOME RANGE WHO ARE EXCLUDED FROM PUBLIC RENTED HOUSING BECAUSE THEIR INCOMES ARE IN EXCESS OF THE LIMITS OF ELIGIBILITY, AND YET PRIVATE SECTOR ACCOMMODATION IS BEYOND THEIR REACH.

+IF THE OBJECT OF THE HOME OWNERSHIP SCHEME AND THE PRIVATE SECTOR PARTICIPATION SCHEME IS TO MEET THE HOUSING NEEDS OF THE LOWER MIDDLE INCOME GROUP, THERE IS A STRONG CASE FOR AN ESSENTIAL DEGREE OF LAND SUBSIDY WITH, OF COURSE, APPROPRIATE SAFEGUARDS.

+FURTHERMORE, A LAND SUBSIDY BUILT INTO HOME OWNERSHIP SCHEMES WOULD BE A ONCE-FOR-ALL SUBSIDY WHICH MAY BE CONTRASTED WITH THE RECURRENT NATURE OF THE SUBSIDY MADE SO READILY AVAILABLE FOR THOSE OCCUPYING RENTED HOUSING AUTHORITY FLATS,+ SHE SAID.

THE HOME OWNERSHIP SCHEME WORKING PARTY SHOULD BE INSTRUCTED TO RECONSIDER THE QUESTION OF LAND PRICES.

MISS DUNN ALSO EXPRESSED MISGIVINGS THAT THE SUGGESTION FOR THE PRIVATE SECTOR TO PLAY A GREATER ROLE IN LAND PRODUCTION HAS ALWAYS BEEN MET WITH PASSIVE RESISTANCE BY THE GOVERNMENT, THOUGH WITH NO CONVINCING EXPLANATION.

+I BELIEVE THAT ITS POTENTIAL ROLE IN THE PRODUCTION OF LAND SHOULD BE EXAMINED IN A MORE POSITIVE SPIRIT.

+I CAN SEE NO REASON WHY PRIVATE DEVELOPERS SHOULD NOT BE OFFERED UNFORMED LAND IN SUITABLE LOCATIONS, THE GOVERNMENT HAVING FIRST DETERMINED THE BASIC PLANNING CRITERIA FOR DEVELOPMENT, INCLUDING ROADS AND OTHER INFRASTRUCTURAL FACILITIES.

+THE PRIVATE SECTOR HAS THE EXPERIENCE, THE MOTIVATION AND ACCESS TO THE FINANCE TO PRODUCE RESULTS.+

ON REDEVELOPMENT OF OLD URBAN AREAS, MISS DUNN THOUGHT THE ROLE OF THE PRIVATE SECTOR IS ALSO UNDERSTATED.

SHE SUSPECTED THAT THE WAY IN WHICH MODIFICATION PREMIA ARE CALCULATED DISCOURAGES RATHER THAN ENCOURAGES THE REDEVELOPMENT OF OLD PROPERTIES IN PRIVATE HANDS.

SHE SOUGHT AN ASSURANCE FROM THE GOVERNMENT THAT THIS IS NOT SO AND TO REVIEW THE METHOD OF CALCULATION +IF THERE IS EVIDENCE TO THE CONTRARY.+

TURNING TO THE CIVIL SERVICE, MISS DUNN SAID SHE WAS WORRIED THAT THE SERVICE IS STILL UNDERMANAGED.

SHE NOTED THE INTRODUCTION OF THE POLICY SECRETARY CONCEPT IN 1974 WAS THE ONLY MAJOR REFORM OF THE GOVERNMENT'S ADMINISTRATIVE SYSTEM IN RECENT YEARS. THE SIZE OF THE SECRETARIAT HAS INCREASED RAPIDLY SINCE THEN.

THERE ARE NOW AS MANY AS 85 DIRECTORATE POSTS IN THE GOVERNMENT SECRETARIAT, WHICH IS THREE TIMES THE NUMBER IN THE EARLY 1970S.

BUT SHE QUESTIONED: +IS THE CONCEPT OF A CENTRAL SECRETARIAT STILL RELEVANT TO THE GOVERNMENT OF MODERN HONG KONG? IF SO, ARE THE STAFF THERE CORRECTLY DEPLOYED? ARE THEY IN SUFFICIENTLY CLOSE CONTACT WITH EXECUTIVE DEPARTMENTS?+

+PERSONALLY, I THINK THAT THE TIME HAS COME FOR SOME RECASTING OF THE CENTRAL MACHINERY OF GOVERNMENT AND A REAPPRAISAL OF THE RELATIONSHIP BETWEEN POLICY SECRETARIES AND HEADS OF DEPARTMENTS, THE LATTER SOMETIMES FEELING, PERHAPS, OUT OF TOUCH WITH LOWER ALBERT ROAD,+ SHE ADDED.

MISS DUNN ALSO OBSERVED THAT THERE ARE STRESSES AND STRAINS AT THE DEPARTMENTAL LEVEL DUE TO THE RANGE AND COMPLEXITY OF PROBLEMS WITH WHICH DEPARTMENTS ARE HAVING TO GRAPPLE.

SHE RECOGNISED THAT THE GROWTH AND DIVERSIFICATION OF OUR ECONOMY, AND THE NEW FOUND SOPHISTICATED OF OUR SOCIETY, MEAN THAT STRESSES AND STRAINS WILL EMERGE, PARTICULARLY AS THERE IS A LIMIT TO THE EXTENT TO WHICH THE GOVERNMENT CAN BE ANTICIPATORY.

+BUT THAT DOES NOT EXCUSE A LACK OF PERCEPTION AND A SLUGGISHNESS OF RESPONSE: AT THE RISK OF STATING THE OBVIOUS, BUT THE OBVIOUS IS SO EASILY OVERLOOKED, INTERNAL DEPARTMENTAL MANAGEMENT SYSTEMS NEED TO BE REVIEWED FREQUENTLY AND ADAPTED AND REINFORCED APPROPRIATELY.+

THE IMPLICATIONS OF THE EVOLVING ROLE OF UNOFFICIALS FOR THE MACHINERY OF GOVERNMENT ALSO NEED TO BE THOUGHT OUT, SHE SAID.

THE COMPLEXITY OF ISSUES ON WHICH UNOFFICIAL MEMBERS AS A BODY HAVE TO ADVISE AND TAKE A VIEW IS NOW SUCH THAT SOME STRENGTHENING OF THE UMELCO OFFICE IS REQUIRED.

ON THE BUDGET ITSELF, MISS DUNN NOTED THAT THE GROWTH RATE OF PUBLIC EXPENDITURE HAS BEEN CONSISTENTLY IN EXCESS OF THE GROWTH RATE OF OUR ECONOMY FOR FIVE YEARS AND IS PLANNED TO BE SO AGAIN IN 1981-82.

SHE ATTRIBUTED THIS TO THE +GROWING, AND RATHER ALARMING, INABILITY ON THE FINANCIAL SECRETARY'S PART TO PUT THEORY INTO PRACTICE+.

QUOTING STATISTICS, MISS DUNN POINTED OUT THE RELATIVE SIZE OF THE PUBLIC SECTOR WILL BE AS LARGE AS 22.4 PER CENT IN 1981-82, HAVING BEEN ONLY 14.2 PER CENT IN 1976-77 AND 13 PER CENT IN 1970-71.

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+IT IS TRUE THE PUBLIC SECTOR HAS BEEN CONSISTENTLY IN OVERALL SURPLUS, AND RECENTLY SUBSTANTIALLY SO.

+IT IS TRUE ALSO THAT THE FINANCIAL SECRETARY WARNED US ALL SEVERELY THAT, IN THE NEW THREE YEARS FORECAST PERIOD, THERE WILL BE NO ROOM FOR FURTHER ENLARGEMENT.

+BUT HE CANNOT ARGUE THAT 'THE CRITICAL TASK OF MANAGEMENT' IS TO PROTECT THE ABILITY OF THE ECONOMY TO ACHIEVE GROWTH WITH STABILITY AND YET RUN THE RISK OF THE PUBLIC SECTOR BIDDING RESOURCES AWAY FROM THE PRIVATE SECTOR THEREBY CASUING FURTHER DAMAGE THROUGH DOMESTICALLY GENERATED INFLATION.

+I ADMIT THAT EVEN I HAVE SUGGESTED MORE EXPENDITURE ON HOUSING, BUT I HASTEN TO TAKE REFUGE IN A PLEA FOR A MORE AUSTERE VIEW OF PRIORITIES.+

SHE SAID SHE WOULD AGREE THAT THE TRANSPORT INFRASTRUCTURE, TECHNICAL EDUCATION, LAND PRODUCTION AND HOUSING DESERVE SPECIAL ATTENTION, BUT THERE MUST BE SCOPE FOR ECONOMIES ELSEWHERE.

REFERRING TO THE FORTHCOMING RE-NEGOTIATION OF THE MULTI-FIBRE ARRANGEMENT, MISS DUNN WARNED THAT +THE TEXTILES AND CLOTHING TRADE AND INDUSTRY ARE CERTAINLY APPROACHING A CRISIS+.

+IN HONG KONG,+ SHE SAID, +TEXTILES AND CLOTHING STILL ACCOUNT FOR 40 PER CENT OF OUR DOMESTIC EXPORTS REFLECTING NOT LOW WAGES AND SWEAT SHOP WORKING CONDITIONS BUT A CONTINUING PROCESS OF MODERNISATION OF PLANT AND EQUIPMENT, DIVERSIFICATION OF PRODUCTS AND MARKETS, AND A FLEXIBILITY OF RESPONSE TO FASHION CHANGES.

+SO, VERY UNDERSTANDABLY, HONG KONG EXPORTERS AND MANUFACTURERS ALIKE ARE FILLED WITH A SENSE OF FRUSTRATION, INDIGNATION AND APPREHENSION: INDIGNATED AT THE REPEATED REQUESTS FOR EXTRA RESTRICTIONS IN SPITE OF THE EXISTENCE OF BILATERAL AGREEMENTS; FRUSTRATED, BECAUSE THE MFA ITSELF IS TREATED SO CONTEMPTUOUSLY BY CERTAIN IMPORTING COUNTRIES= AND APPREHENDED, SINCE THE FUTURE IS SO UNCERTAIN.+

SHE CALLED ON THE GOVERNMENT TO DO ALL WITHIN ITS POWER TO ENSURE THAT ANY SUCCESSOR ARRANGEMENT TO THE PRESENT MFA WILL BE A MEANINGFUL ONE.

SHE ALSO SAID IT WOULD BE HELPFUL IF THE BRITISH GOVERNMENT WOULD BE PRESSED TO LOOK AFTER HONG KONG'S INTERESTS IN THIS RESPECT.

MISS DUNN ALSO SPOKE AGAINST THE INTRODUCTION OF TOO MANY REFORM MEASURES IN A HURRY, NO MATTER HOW JUSTIFIED EACH MAY BE.

+THE MARKET TENDS NOT TO LISTEN TO THE CASE FOR REFORMS AS CAREFULLY AS THE FINANCIAL SECRETARY FORMULATES THEM AND SO IS EASILY UPSET,+ SHE CAUTIONED.

/+IT IS

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+IT IS ALSO IMPORTANT NOT TO OVERLOOK THE POSSIBILITY OF A NUMBER OF REFORM MEASURES, TAKEN TOGETHER, HAVING A CUMULATIVE EFFECT, ALTHOUGH I WOULD READILY ADMIT THAT I WOULD BE THE FIRST TO CRITICISE THE GOVERNMENT IF, IN A RAPIDLY DIVERSIFYING ECONOMY, IT FAILED TO KEEP THE INSTITUTIONAL AND REGULATORY FRAMEWORK UP TO DATE.

+BUT, IN SAYING THAT, I WOULD CAUTION THE GOVERNMENT NOT TO BE SO PREOCCUPIED WITH THE IMPLICATIONS OF HONG KONG'S EMERGING STATUS AS AN INTERNATIONAL CITY, REQUIRING THE ALIGNMENT OF THAT FRAMEWORK WITH INTERNATIONALLY ACCEPTED STANDARDS, AS TO RUN THE RISK OF DAMAGING THE FREEDOMS OF OUR MARKET PLACE AND TO BE CARELESS OF LOCAL FEELINGS.+

MISS DUNN PAID TRIBUTE TO SIR PHILIP FOR HIS ACHIEVEMENTS DURING HIS REIGN AS FINANCIAL SECRETARY FROM 1972-1981.

SHE RECALLED THAT DURING THE 10-YEAR PERIOD, NOT ALL OF SIR PHILIP'S DECISIONS AS FINANCIAL SECRETARY HAVE ALWAYS BEEN POPULAR WITH, OR UNDERSTOOD BY, ALL SECTIONS OF THE COMMUNITY, SHE SAID.

+BUT HE HAS ALWAYS BEEN CONCERNED TO PURSUE THE BROAD PUBLIC INTEREST, WITHOUT FEAR OR FAVOUR, AND HAS ALWAYS BEEN AT PAINS TO EXPLAIN HIS THINKING - OFTEN AT SOME LENGTH - AND TO DEFINE WITH GREAT CARE A PHILOSOPHICAL FRAMEWORK FOR THE GOVERNMENT'S BUDGETARY AND RELATED POLICIES.

+SO IT IS NO ACCIDENT THAT HONG KONG TODAY HAS A HIGHLY SOPHISTICATED AND DIVERSIFIED ECONOMY IN WHICH, FOR EXAMPLE, THE WORLD'S LARGEST BANKS AND BUSINESS HOUSES OPERATE SIDE BY SIDE WITH DOMESTICALLY BASED ENTERPRISES WHICH, IN SIZE AND SCOPE, NOW HAVE AN INTERNATIONAL DIMENSION OF THEIR OWN.+

THOSE WHO HAVE WORKED WITH SIR PHILIP, AND HAVE KNOWN HIM AS A FRIEND, ALSO KNOW THAT HE IS POSSESSED OF AN ALMOST INSTINCTIVE BELIEF IN THE IMPORTANCE OF LOYALTY TO THE SYSTEM AND AN ABILITY TO INSPIRE LOYALTY IN THOSE WHO WORK WITH AND FOR HIM, SHE NOTED.

+IN HIS PRESENT POST, HE HAS BEEN EXPOSED AS FINANCIAL SECRETARY AS SUCH RATHER THAN A PERSON.

+THAT IS THE INESCAPABLE LOT OF A FINANCIAL SECRETARY.

+YET HE IS A COMPASSIONATE MAN WITH A TOTAL DEDICATION TO HONG KONG.+ MISS DUNN ADDED.

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LET FREE ECONOMY TAKE ITS OWN COURSE

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THE GOVERNMENT SHOULD ENDEAVOUR TO BUILD ITS OWN OFFICES AND DOMESTIC ACCOMMODATION FOR CIVIL SERVANTS INSTEAD OF RENTING THEM FROM THE PRIVATE SECTOR, DR THE HON HENRY HU SAID.

HE SAID ONE FUNDAMENTAL REASON FOR HONG KONG'S SUCCESS IN THE LAST TEN YEARS IS ITS POLICY OF FREE MARKET ORIENTED ECONOMY.

+HOWEVER,+ SAID DR HU, +THE EXORBITANT RISE IN RENTS MIGHT BE ONE OF THE CAUSES OF HARDSHIP TO OUR WAGE-EARNERS.

+IF GOVERNMENT STILL CONTINUES TO PURCHASE AND RENT BOTH OFFICE SPACES AND DOMESTIC FLATS IN LARGE QUANTITIES, IT WILL ONLY COMPETE WITH THE PRIVATE SECTOR AND THUS STIMULATE THE UNREASONABLE RISE IN RENTALS AND SELLING PRICES OF BOTH OFFICE AND DOMESTIC PREMISES.+

HE THOUGHT THAT IF THE GOVERNMENT COULD STOP THIS PRACTICE, THE RENTALS WOULD BE ADJUSTED AND REGULATED BY NATURAL MARKET FORCES WITHOUT HAVING THE PAINFUL EFFECT OF ANY RENT-CONTROL.

+LET THE FREE ECONOMY TAKE ITS OWN COURSE WITHOUT GOVERNMENT'S NEGATIVE INTERVENTION, I.E. RENTING AND BUYING COMMERCIAL AND DOMESTIC PREMISES IN THE OPEN MARKET,+ HE URGED.

DR HU SAID ANOTHER MAJOR REASON FOR HONG KONG'S PHENOMENAL SUCCESS IS ITS GEOGRAPHICAL POSITION, IN THAT +HONG KONG HAS BENEFITED BY THE RESOURCES OF A VAST CONTINENT LYING BEHIND IT+.

BUT HE OBSERVED THAT WE HAVE NOT REALLY DERIVED FULL BENEFIT FROM THAT POSITION YET.

+HOW TO CO-ORDINATE OUR ECONOMIC DEVELOPMENT AND GEAR IT TO THE FOUR-MODERNISATION PLAN OF CHINA FOR MUTUAL BENEFIT IS ONE OF THE WAYS THAT MAY LEAD US TO GREATER PROSPERITY.+

DR HU ALSO NOTED THAT HONG KONG'S INDUSTRIES HAVE ACHIEVED CORRESPONDING SUCCESSES BUT, IN TERMS OF GROWTH RATE, THE YEAR 1980 LAGGED BEHIND BY 15 PER CENT COMPARED WITH THE PREVIOUS YEAR.

ALTHOUGH HE WELCOMED THE INCREASE IN DEPRECIATION ALLOWANCE, DR HU SUGGESTED THE INITIAL DEPRECIATION ALLOWANCE FOR PLANT AND MACHINERY SHOULD BE RAISED TO 50 PER CENT INSTEAD OF THE 35 PER CENT PROPOSED BY THE FINANCIAL SECRETARY IN HIS BUDGET ADDRESS, IN ORDER TO ASSIST LOCAL INDUSTRIES.

HE URGED THE GOVERNMENT TO BUILD A REPLACEMENT AIRPORT AS SOON AS PRACTICABLE AS ITS DELAY WOULD AFFECT HONG KONG'S INDUSTRIAL DEVELOPMENT.

+WE ALSO NEED TO SPEND MORE FOR DIVERSIFICATION AND SOPHISTICATION OF OUR INDUSTRIES IN ORDER TO ENHANCE OUR COMPETITIVE POSITION IN THE WORLD MARKET.

+HIGH LEVEL AND SOPHISTICATED RESEARCH SHOULD BE PURSUED WITH VIGOUR AND MAY BE CONDUCTED, INDEPENDENT OF OUR EDUCATIONAL INSTITUTIONS,+ HE SAID.

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FIVE NT SITES SOLD FOR \$67.5 MILLION
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GOOD PRICES WERE REALISED WHEN THE NEW TERRITORIES ADMINISTRATION SOLD FIVE SITES AT AN AUCTION LASTING 75 MINUTES AT THE SHOUSON THEATRE THIS MORNING (WEDNESDAY).

THE SITES WERE AT SHA TIN (TWO SITES), CHEUNG SHA, PENG CHAU AND SAI KUNG.

THEY REALISED \$67.5 MILLION.

EXCEPT FOR THE ONE AT SAI KUNG, WHICH WAS FOR INDUSTRIAL DEVELOPMENT, THE SITES WERE FOR HIGH CLASS RESIDENTIAL DEVELOPMENT.

ONE OF THE SHA TIN SITES, MEASURING 8 025 SQUARE METRES, SOLD FOR \$34.5 MILLION (\$4 299 PER SQUARE METRE). LOCATED AT KAU TO, IT HAS A BUILDING COVENANT OF \$6.15 MILLION TO BE FULFILLED WITHIN FOUR YEARS. THE PURCHASER WAS KEEP LUCK INVESTMENTS LIMITED. BIDDING OPENED AT \$24 MILLION.

THE OTHER SHA TIN SITE, ALSO AT KAU TO, SOLD FOR \$6.6 MILLION (\$4 314 PER SQUARE METRE). THE BUILDING COVENANT OF \$1.29 MILLION IS TO BE COMPLETED IN 36 MONTHS BY THE PURCHASER, MR LI YEK-LEUNG. THE OPENING BID WAS \$5 MILLION.

THE LARGEST SITE MEASURING 9 354 SQUARE METRES WAS AT CHEUNG SHA ON LANTAU ISLAND. IT WAS BOUGHT BY PODWOOD COMPANY LIMITED FOR \$10.2 MILLION (\$1 090 PER SQUARE METRE), BIDDING HAVING OPENED AT \$7 MILLION. THE BUILDING COVENANT IS \$5 MILLION TO BE COMPLETED IN FOUR YEARS.

THE PENG CHAU SITE SOLD FOR \$1.1 MILLION (\$1 476 PER SQUARE METRE) AFTER SOME VERY KEEN BIDDING. THE PURCHASER WAS TONIC INVESTMENT COMPANY LIMITED, WHO WILL BE REQUIRED TO FULFILL A \$450 000 BUILDING COVENANT WITHIN THREE YEARS. BIDDING FOR THE SITE OPENED AT \$500 000. THE AUCTIONEER, MR TONY HARLAND, SAID: +WE DID AMAZINGLY WELL WITH THIS SITE.+

THE SAI KUNG SITE WAS THE LAST TO BE SOLD IN THE TUI MIN HOI AREA FOR INDUSTRIAL DEVELOPMENT FOR SOME TIME. IT MEASURES 2 290 SQUARE METRES AND SMALL FACTORY UNITS, EACH WITH A FLOOR AREA OF NOT MORE THAN 75 SQUARE METRES, WILL BE BUILT ON THE SITE. THE PURCHASER WAS CONLEY INVESTMENT LIMITED, WHO PAID \$15.1 MILLION (\$6 954 PER SQUARE METRE), MORE THAN DOUBLE THE OPENING BID. THE FOUR YEAR BUILDING COVENANT IS \$7.07 MILLION.

MR HARLAND SAID THE PRICES PAID WERE +GOOD, BUT NOT RECORD PRICES+.

THE SITES ARE THE LAST IN THE NEW TERRITORIES TO BE PUT ON THE MARKET THIS FINANCIAL YEAR. YESTERDAY (TUESDAY) THE NEW TERRITORIES ADMINISTRATION ANNOUNCED ITS LAND SALES PROGRAMME FOR THE NEXT SIX MONTHS, DURING WHICH 32 SITES MEASURING OVER 29 HECTARES WILL BE OFFERED.

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NEW SECONDARY SCHOOLS FOR YUEN LONG AND LANTAU

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THE PUBLIC WORKS DEPARTMENT HAS INVITED TENDERS FOR THE CONSTRUCTION OF TWO SECONDARY SCHOOLS - ONE IN YUEN LONG AND ANOTHER ON LANTAU ISLAND.

THE YUEN LONG SCHOOL WILL BE BUILT NEAR FUK HING TSUEN.

IN ADDITION TO THE 24-CLASSROOM MAIN TEACHING BLOCK, THERE WILL BE ADMINISTRATION OFFICES AND CHANGING ROOMS, A BLOCK OF SPECIAL ROOMS PROVIDING FACILITIES FOR SCIENCE AND TECHNICAL SUBJECTS, A LIBRARY AND WORKSHOPS, AND SEPARATE ANCILLARY BUILDINGS AND MENIAL STAFF QUARTERS.

CONSTRUCTION WORK IS EXPECTED TO START IN MAY THIS YEAR AND COMPLETE IN SEPTEMBER 1982.

THE SCHOOL AT LANTAU WILL BE ON A 7 000 SQUARE-METRE SITE AT MUI WO NEAR THE FERRY PIER.

NAMED NEW TERRITORIES HEUNG YEE KUK MUI WO SECONDARY SCHOOL, IT WILL HAVE A 24-CLASSROOM MAIN TEACHING BLOCK WITH ADMINISTRATION OFFICES AND CHANGING ROOMS ON THE GROUND FLOOR.

THERE WILL BE AN ASSEMBLY HALL WITH COVERED PLAY AREA, AS WELL AS A BLOCK OF SPECIAL ROOMS PROVIDING FACILITIES FOR SCIENCE AND TECHNICAL SUBJECTS, A LIBRARY AND WORKSHOPS. SEPARATE ANCILLARY BUILDINGS AND MENIAL STAFF QUARTERS, A BASKETBALL COURT, CAR PARK AND PLANTING AREAS WILL ALSO BE PROVIDED.

THIS PROJECT IS EXPECTED TO START IN MAY, 1981 AND WILL TAKE ABOUT 16 MONTHS TO COMPLETE.

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OPEN DAYS FOR REHABILITATION CENTRES

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THE SOCIAL WELFARE DEPARTMENT WILL OPEN SEVEN OF ITS REHABILITATION CENTRES TO THE PUBLIC TOMORROW (THURSDAY) AND ON FRIDAY IN RESPONSE TO THE INTERNATIONAL YEAR OF DISABLED PERSONS.

ON THE CENTRES' +OPEN DAYS+, MEMBERS OF THE PUBLIC WILL BE BRIEFED ON THE DAILY PROGRAMMES AND TRAINING ACTIVITIES WHICH ARE GEARED TOWARDS RE-INTEGRATING THE DISABLED INTO THE COMMUNITY.

THE CENTRES ARE THE ABERDEEN REHABILITATION CENTRE AND ITS ADJACENT KAI CHI CHILDREN'S CENTRE AT WELFARE ROAD, ABERDEEN- THE WORLD REHABILITATION FUND SHELTERED WORKSHOP AT 487 KWUN TONG ROAD- THE KAI NANG TRAINING CENTRE AND THE KWUN TONG SETTLEMENT FOR THE SEVERELY DISABLED, BOTH AT TSUI PING ROAD, KWUN TONG- THE WONG TAI SIN BLIND WELFARE CENTRE AT BLOCK 25 LOWER WONG TAI SIN ESTATE AND THE LEK YUEN SHELTERED WORKSHOP AT BLOCK 1, WING SHUI HOUSE, LEK YUEN ESTATE, SHA TIN (OPEN DAY TOMORROW ONLY).

WEDNESDAY, MARCH 25, 1981

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MEMBERS OF THE PUBLIC ARE WELCOME TO VISIT ANY OF THE SEVEN REHABILITATION CENTRES.

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NOTE TO EDITORS:

YOU ARE WELCOME TO SEND REPRESENTATIVES TO VISIT ANY OF THE REHABILITATION CENTRES ON THEIR OPEN DAYS.

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WATER CUT IN MONG KOK
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FRESH WATER SUPPLY TO A NUMBER OF PREMISES IN MONG KOK WILL BE CUT OFF FOR SIX HOURS FROM MIDNIGHT ON FRIDAY (MARCH 27) TO 6 AM ON THE FOLLOWING DAY FOR LEAKAGE TEST.

THE AREA TO BE AFFECTED IS BOUNDED BY CANTON ROAD, NELSON STREET, NATHAN ROAD AND SHANGHAI STREET, INCLUDING SHANTUNG STREET, SOY STREET, CHANGSHA STREET AND PORTLAND STREET.

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