



DAILY INFORMATION BULLETIN

WEDNESDAY, APRIL 20, 1977

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WEDNESDAY, APRIL 20, 1977

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PROPOSAL TO LOWER CLAWBACK PERCENTAGE
IN SUPPLEMENTARY PERSONAL ALLOWANCE

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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE TODAY PROPOSED THE LOWERING OF THE CLAWBACK PERCENTAGE IN THE SUPPLEMENTARY PERSONAL ALLOWANCE FROM 20 TO 15 PER CENT, TO GIVE FURTHER RELIEF TO TAXPAYERS.

WINDING UP THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR. HADDON-CAVE SAID, +THE EFFECT OF THIS GESTURE WILL BE TO RAISE THE POINT WHERE THE SUPPLEMENTARY BASIC ALLOWANCE FOR A SINGLE MAN IS ELIMINATED FROM \$25,000 TO \$29,167 AND FOR A MARRIED MAN FROM \$50,000 TO \$58,334 THEREBY SHIFTING THE RELATIVE BURDEN OF SALARIES TAX EVEN FURTHER UPWARDS+.

UNDER THIS PROPOSAL, THE TAX LIABILITY OF A MARRIED MAN EARNING \$36,000 A YEAR WITH TWO DEPENDENT CHILDREN WILL BE \$282 COMPARED WITH \$310 WITH A 20 PER CENT CLAWBACK AND \$550 AT PRESENT.

THIS WOULD ALSO MEAN A FURTHER COST TO THE REVENUE OF \$10 MILLION IN 1977-78 AND \$7 MILLION IN 1978-79 MAKING THE TOTAL COST OF THE PROPOSED CONCESSIONS, INCLUDING THE IMPROVED CHILD ALLOWANCE, \$74 MILLION OR TEN PER CENT OF ESTIMATED REVENUE FROM SALARIES TAX AND PERSONAL ASSESSMENT IN 1977-78 AND \$45 MILLION IN 1978-79.

THE FINANCIAL SECRETARY SAID, +JUST IN CASE HONOURABLE MEMBERS CONCLUDE THAT IF A REDUCTION OF FIVE PERCENTAGE POINTS IN THE CLAWBACK WILL ONLY COST \$10 MILLION, IT IS NOT WORTH BOTHERING WITH A CLAWBACK AT ALL, LET ME POINT OUT THAT A CLAWBACK OF 10 PER CENT WOULD COST AN ADDITIONAL \$37 MILLION AND NO CLAWBACK AT ALL WOULD COST AN ADDITIONAL \$117 MILLION.

+THUS THE COST OF NEW BASIC ALLOWANCES OF \$2,500 AND \$5,000, WITHOUT A CLAWBACK WOULD BE \$158 MILLION IN 1977-78 AND \$91 MILLION IN 1978-79. WHEN ACCOUNT IS ALSO TAKEN OF THE IMPROVED CHILD ALLOWANCES THE COST WOULD BECOME \$181 MILLION OR 25 PER CENT OF THE ESTIMATED REVENUE FROM SALARIES TAX AND PERSONAL ASSESSMENT IN 1977-78 AND \$105 MILLION IN 1978-79.

+THE REASON FOR THE SHARPLY INCREASING COST OF A LOWER AND LOWER CLAWBACK IS, OF COURSE, THAT THE EFFECTIVE RATE OF TAX IS REDUCED FURTHER AND FURTHER UP THE SCALE= AND THIS IS CLEARLY UNACCEPTABLE ON FISCAL GROUNDS AND UNNECESSARY ON EQUITY GROUNDS,+ SAID MR. HADDON-CAVE.

ON THE SUGGESTION BY DR. THE HON. S.Y. CHUNG, THE HON. Q.W. LEE AND THE HON. WONG LAM FOR AN INCREASE IN THE SUPPLEMENTARY ALLOWANCES COUPLED POSSIBLY WITH A HIGHER CLAWBACK FACTOR, THE FINANCIAL SECRETARY SAID, +THEY HAVE OVERLOOKED THE EFFECT OF MY PROPOSALS ON THE NUMBER IN THE TAX NET AND HAVE PROPOSED A MODIFICATION WHICH WOULD INCREASE THE NUMBER DROPPED OUT.

/+FOR EXAMPLE

+FOR EXAMPLE, IF THE SUPPLEMENTARY ALLOWANCES WERE INCREASED TO \$3,750 AND \$7,500 FOR SINGLE AND MARRIED TAXPAYERS RESPECTIVELY, A FURTHER 20,000 TAXPAYERS WOULD BE REMOVED FROM THE TAX NET AND THE ADDITIONAL COST TO THE REVENUE, INCLUDING THE EFFECT ON THE TAX LIABILITY OF THOSE LEFT IN, WOULD BE \$55 MILLION IN 1977-78 AND \$33 MILLION IN 1978-79 OVER AND ABOVE THE COST OF THE PROPOSED SUPPLEMENTARY ALLOWANCES OF \$2,500 AND \$5,000, NAMELY, OF \$41 MILLION AND \$24 MILLION IN 1977-78 AND 1978-79 RESPECTIVELY.

+ON THE OTHER HAND,+ MR. HADDON-CAVE SAID, +MR. Q.W. LEE AND DR. CHUNG PROPOSED A HIGHER CLAWBACK WHICH WOULD DIMINISH THE BENEFIT TO THOSE WHOSE SALARIES EXCEED THE SUPPLEMENT.+

+IT IS TRUE THAT THE APPLICATION OF A HIGHER CLAWBACK OF, SAY 25 PER CENT WOULD REDUCE THE ADDITIONAL COST OF THESE HIGHER SUPPLEMENTARY ALLOWANCES BY ABOUT \$9 - 10 MILLION ONLY IN 1977-78 AND \$6 - 7 MILLION ONLY IN 1978-79, BUT MY MAIN OBJECTION TO HIGHER SUPPLEMENTARY ALLOWANCES WOULD REMAIN, NAMELY, THAT THE NUMBER OF TAXPAYERS AND POTENTIAL TAXPAYERS DROPPED OUT WOULD BE TOO MANY,+ HE SAID. +SO I CANNOT AGREE TO A FURTHER REDUCTION IN THE NUMBER OF TAXPAYERS AND ADMINISTRATIVE CONSIDERATIONS DO NOT NECESSITATE THIS.+

IN REPLY TO DR. CHUNG'S REQUEST FOR A CLARIFICATION OF THE SHARP INCREASE IN RATEABLE VALUES, THE FINANCIAL SECRETARY SAID THE REASON WAS QUITE CLEAR. IT WAS THE VERY SHARP INCREASE IN OPEN MARKET RENTS OVER THE FIRST HALF OF THIS DECADE, AND THIS WAS EXPLAINED BY THE COMMISSIONER OF RATING AND VALUATION LAST NOVEMBER PRIOR TO THE ISSUE OF NOTICES OF RATEABLE VALUES, WHEN THE COMMISSIONER SPOKE TO THE HONG KONG MANAGEMENT ASSOCIATION.

ANSWERING REV. THE HON. MCGOVERN'S REMARKS THAT HONG KONG'S RENT CONTROL LEGISLATION HAD AN INFLATIONARY EFFECT, MR. HADDON-CAVE SAID, +WHILE IT IS TRUE THAT RENT CONTROLS ON POST-WAR PREMISES PROVIDE FOR A RENT INCREASE OF UP TO 21 PER CENT EVERY TWO YEARS, THIS IS A MAXIMUM AND NO INCREASE IS PERMITTED ABOVE THE FAIR MARKET RENT AS ESTIMATED BY THE COMMISSIONER OF RATING AND VALUATION.

+THERE IS, THEREFORE, NO QUESTION OF RENTS AUTOMATICALLY INCREASING BY 100 PER CENT IN SEVEN-AND-A-HALF YEARS OR 200 PER CENT IN LESS THAN 12 YEARS.

+BECAUSE OF THE WAY OUR RENT CONTROLS OPERATE THROUGH THE FACTOR SYSTEM, THE ACTUAL AVERAGE INCREASE CERTIFIED BY THE COMMISSIONER IN 1974 WAS 16.35 PER CENT AND IN 1976 IT WAS 15.84 PER CENT= THAT IS TO SAY, A COMPOUND RATE OVER FOUR YEARS OF ONLY 7.75 PER CENT PER ANNUM. IT SHOULD BE REMEMBERED THAT RENTS, FOR THOSE EFFECTIVELY CONTROLLED, EVEN AFTER THE INCREASE DUE LAST YEAR, ARE ON AVERAGE STILL ONLY ABOUT 65-70 PER CENT OF OPEN MARKET RENTS.

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ON THE HON. JAMES WU'S PROPOSAL THAT THE 33-1/3 PER CENT MAXIMUM INCREASE IN RATES PAYABLE IN 1977-78 OVER 1976-77 SHOULD BE LOWERED TO 25 PER CENT AS THE GOVERNMENT PERMITS ONLY 10 PER CENT PER ANNUM CUMULATIVE INCREASES IN CONTROLLED RENTS OF POST-WAR DOMESTIC PREMISES, MR. HADDON-CAVE SAID THAT EVEN WITHOUT APPLYING THE RELIEF SCHEME WITH THE REDUCED RATE PERCENTAGES RECENTLY APPROVED BY THE LEGISLATIVE COUNCIL, THE AVERAGE INCREASE IN RATES PAYABLE WAS ONLY 15 PER CENT AND FOR MANY RATEPAYERS THEIR RATES BILL IN 1977-78 WOULD IN FACT BE LESS THAN IN 1976-77.

+THOSE WHO WILL BENEFIT FROM THE SCHEME OF RELIEF ARE RATEPAYERS WHO OCCUPY PREMISES WHERE IN THE INCREASES IN RATEABLE VALUES FOR 1977-78 ARE CONSIDERABLY ABOVE THE AVERAGE, AND IT SHOULD BE BORNE IN MIND THAT IT IS THESE RATEPAYERS WHO HAVE BENEFITED MOST FROM THE POSTPONEMENT OF THE REVALUATION.

+THE SCHEME PROPOSED, IN MY VIEW, ADEQUATELY CUSHIONS THE IMPACT OF LARGE INCREASES AND ALLOWS RATEPAYERS SUFFICIENT TIME TO ADJUST TO INCREASED RATE PAYMENTS,+ SAID THE FINANCIAL SECRETARY.

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ADVISORY NETWORK - A UNIQUE PARTNERSHIP BETWEEN GOVT. AND PUBLIC

THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID UNOFFICIAL MEMBERS OF THE LEGISLATIVE COUNCIL, IN A SERIES OF TELLING SPEECHES, HAD RAISED A LARGE NUMBER OF VALID AND SUBSTANTIVE QUESTIONS WHICH THEY BELIEVED - AND RIGHTLY - TO BE OF CONCERN TO THE PUBLIC.

IN HIS SPEECH WINDING-UP THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY, MR. HADDON-CAVE SAID, +WE MAY NOT HAVE A PARLIAMENTARY SYSTEM OF GOVERNMENT IN HONG KONG, BUT WE HAVE EVOLVED A SYSTEM IN WHICH UNOFFICIAL MEMBERS OF THE COUNCILS, AND ALL THOSE WHO SIT ON OUR NETWORK OF ADVISORY BOARDS AND COMMITTEES, ARE ASSOCIATED WITH THE DECISION-MAKING PROCESS.

+IN OPERATING THIS SYSTEM OF OURS, BASED AS IT IS ON A CONTINUING PROCESS OF CONSULTATION AND DEBATE, I BELIEVE A QUITE UNIQUE PARTNERSHIP BETWEEN BUREAUCRACY AND THE COMMUNITY AT LARGE HAS BEEN EVOLVED.

+IT MAY NOT ALWAYS BE OPERATED PERFECTLY, BUT IT DOES HAVE A STYLE OF ITS OWN AND I BELIEVE IT ENGENDERS A GENERAL CONFIDENCE THAT THE HONG KONG GOVERNMENT IS SEIZED WITH A REAL SENSE OF RESPONSIBILITY: THAT IS TO SAY, THAT THE HONG KONG GOVERNMENT IS CONCERNED TO PURSUE, AND IN A CONSISTENT MANNER, POLICIES WHICH ARE RELEVANT TO OUR CIRCUMSTANCES AND SYMPATHETIC WITH THE PREDILECTIONS OF THE VARIOUS SECTIONS OF THIS COMMUNITY,+ HE SAID.

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GOVT. PLANNING COMPREHENSIVE
FUTURE LAND POLICY
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THE GOVERNMENT IS TAKING POSITIVE, FORWARD LOOKING AND COMPREHENSIVE APPROACH TO LAND PRODUCTION POLICY, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID IN THE LEGISLATIVE COUNCIL TODAY.

WINDING-UP THE RESUMED BUDGET DEBATE, MR. HADDON-CAVE SAID THAT OUR TRADITIONAL LAND POLICY HAD BEEN PROJECT ORIENTED AND CONSEQUENTLY PIECEMEAL. HE NOTED THAT CIRCUMSTANCES NOW REQUIRED US TO REVERSE THIS POLICY.

+WE SHOULD BEGIN BY ESTABLISHING THE QUANTUM OF OUR LIMITED LAND RESOURCES, AND THEN PLAN HOW AND WHEN THEY SHOULD BE MADE AVAILABLE TO THE PRIVATE AS WELL AS THE PUBLIC SECTOR.+

HE REVEALED THAT CONSULTANTS HAVE BEEN BRIEFED TO ESTABLISH THE MAXIMUM AMOUNT OF LAND THAT COULD BE MADE AVAILABLE BY EXTENDING THE RECLAMATION ALREADY IN HAND AT SHA TIN= AN URGENT STUDY WILL BE PUT IN HAND TO ESTABLISH THE AMOUNT OF FORMED LAND THAT COULD BE PRODUCED WITHIN CERTAIN COST RESTRICTIONS.

FROM THIS STUDY WILL BE EXCLUDED -- LANTAU= LAND PRODUCTION INVOLVING EXCESSIVE SOCIAL DISRUPTION THROUGH CLEARANCES= HONG KONG ISLAND, SINCE THE POSSIBILITIES OF PRODUCING LAND ADDITIONAL TO THAT REQUIRED FOR PUBLIC PURPOSES ARE SO LIMITED= AND AREAS LIKELY TO BE DESIGNATED AS COUNTRY PARKS.

+ONCE WE HAVE THE RESULTS OF THIS STUDY WE WILL KNOW HOW MUCH LAND WE CAN PRODUCE WITHOUT TACKLING, AT VERY GREAT EXPENSE, THE DEVELOPMENT OF LANTAU. THIS STUDY SHOULD INDICATE THAT THERE ARE POSSIBILITIES OF FORMING LAND ON A SCALE NOT KNOWN IN HONG KONG IN RECENT YEARS,+ MR. HADDON-CAVE SAID.

BUT, IF AND WHEN THE LAND THUS PRODUCED IS INADEQUATE TO HONG KONG'S NEEDS, THE ONLY REMAINING POTENTIAL FOR DEVELOPMENT LIES ON THE NORTH COAST OF LANTAU, WHICH COMBINES COMPARATIVE EASE OF RECLAMATION WITH GOOD ACCESS TO THE HARBOUR, AND WHICH WOULD NOT INTERFERE WITH THE GOVERNMENT'S INTENTION OF PRESERVING SOUTH LANTAU FOR RECREATIONAL PURPOSES.

+WE HAVE IN MIND A STUDY TO ASCERTAIN HOW MUCH LAND COULD BE PRODUCED BY FORMATION AND RECLAMATION ON THE NORTH COAST OF LANTAU. THIS STUDY WOULD HAVE TO COVER THE FEASIBILITY AND COST OF THE CONSTRUCTION OF A BRIDGE AS WELL AS THE COST OF ACCOMPANYING ROADS AND SERVICES, INCLUDING THE COST OF SURMOUNTING THE TRAFFIC PROBLEMS THAT MIGHT BE GENERATED BETWEEN THE POINT AT WHICH THE ROUTE FROM LANTAU REACHES THE MAINLAND AND THE URBAN AREAS OF KOWLOON.

/#WE ALREADY

+WE ALREADY HAVE A PRELIMINARY AND GENERALLY FAVOURABLE STUDY BY CONSULTANTS OF THE FEASIBILITY OF A BRIDGE. BUT BEFORE WE COULD REACH A DECISION ON THE DESIRABILITY OF SUCH MASSIVE INVESTMENT WE NEED A MORE DEFINITIVE AND COMPREHENSIVE STUDY,+ THE FINANCIAL SECRETARY POINTED OUT.

+IN VIEW OF THE MANY YEARS OF LEADTIME INVOLVED IN THE DEVELOPMENT OF LANTAU, WE THINK IT WOULD BE PRUDENT TO APPOINT CONSULTANTS IN THE NEAR FUTURE TO UNDERTAKE THIS STUDY. IF EXECUTIVE COUNCIL AGREES, A PAPER SEEKING FINANCIAL AUTHORITY FOR THE STUDY WILL BE PUT TO THE FINANCE COMMITTEE OF THIS COUNCIL,+ HE SAID.

BUT, THE FINANCIAL SECRETARY WARNED THAT IN HONG KONG'S SITUATION, FORMED AND SERVICED LAND IS, AND ALWAYS WILL BE, A SCARCE AND COSTLY FACTOR OF PRODUCTION AND THAT ITS PRICE WAS BOUND TO REFLECT ITS SCARCITY.

REFERRING TO THE MANAGEMENT OF THE HONG KONG DOLLAR AND THE UNOFFICIALS' CALL FOR INTERVENTION IN MARKET FORCES WHICH IS STRENGTHENING THE HONG KONG CURRENCY AT THE EXPENSE OF THE COMPETITIVE POSITION OF OUR EXPORTS, MR. HADDON-CAVE SAID THAT THIS WAS A DIFFICULT MATTER.

HE SAID THE HONG KONG GOVERNMENT ADHERED TO THE POLICY OF +POSITIVE NON-INTERVENTIONISM +IN MARKET FORCES, BUT, HE ADDED, THIS PHILOSOPHY WAS COUPLED WITH A VIEW THAT THE GOVERNMENT HAD CERTAIN QUITE SPECIFIC OBLIGATIONS TO PURSUE A MONETARY POLICY THAT WAS NOT DAMAGING TO THE ECONOMIC WELL-BEING OF HONG KONG.

+WE HAVE A DELIBERATE, IF LIMITED, POLICY OF INTERVENTION IN THE FOREIGN EXCHANGE MARKET,+ HE POINTED OUT.

BUT, HE EXPLAINED THAT INSTITUTIONAL CHANGES AND EXCHANGE RATE POLICIES AS SUCH CANNOT INSULATE US FROM THE EFFECTS OF ECONOMIC DEVELOPMENTS IN THE REST OF THE WORLD.

+IF THERE IS A TENDENCY FOR STRONG CAPITAL INFLOWS INTO HONG KONG TO STRENGTHEN AND SUSTAIN THE EXCHANGE RATE, AGGRESSIVE DEPLOYMENT OF THE EXCHANGE FUND'S RESOURCES WILL NOT REMOVE THE PROBLEM,+ HE SAID.

+WE CAN ONLY TRY TO RESPOND, AS BEST WE CAN IN OUR OVERALL INTERESTS,+ HE ADDED.

IN THE LONG RUN, THE RESULTS WILL ALWAYS BE THE SAME. BUT IN THE SHORT RUN, WE HAVE A CHOICE TO MAKE.

+IN A WORLD OF FLOATING EXCHANGE RATES IT WOULD BE DANGEROUS FOR US TO PEG OUR CURRENCY TO ONE RESERVE CURRENCY.

+THE DIFFICULTIES INHERENT IN MANAGING A FLOATING RATE HAVE LED US TO OUR POLICY OF LEAVING THE RATE TO BE DETERMINED BY LONG RUN FACTORS IN THE MARKET WITH INTERVENTION BY THE EXCHANGE FUND ONLY OCCURRING WHEN WE JUDGE THE RATE TO BE INFLUENCED BY WAYWARD OR ERRATIC FACTORS.+

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REPLYING TO THE QUESTION OF MANPOWER PLANNING RAISED BY THE UNOFFICIALS, THE FINANCIAL SECRETARY SAID THAT WHILE HE AGREED IN SPIRIT ABOUT THE IMPORTANCE OF HAVING AN ACCURATE ASSESSMENT OF THE DEMAND FOR TRAINED MANPOWER AND THE NEED FOR A REALISTIC PLAN FOR DEVELOPING THE SUPPLY, THE TASK LAY WITH THE INDUSTRY.

HE DREW THE ATTENTION OF THE UNOFFICIALS THAT A WORKING PARTNERSHIP BETWEEN THE GOVERNMENT AND INDUSTRY ALREADY EXISTS WHEREBY THE GOVERNMENT PROVIDED SUITABLE EDUCATIONAL INSTITUTIONS AND THE COURSES WHILE THE EMPLOYERS RELEASE STAFF FOR FULL-TIME OR PART-TIME TRAINING.

THIS PARTNERSHIP SHOULD ENSURE THAT EXPENDITURE ON TECHNICAL EDUCATION AND INDUSTRIAL TRAINING ARE KEPT IN BALANCE.

THE SUCCESS OF OUR EXPORT ORIENTED ECONOMY HAS BEEN, AND WILL CONTINUE TO BE, DEPENDENT ON OUR ABILITY TO EXPLOIT QUICKLY AND EFFECTIVELY THE OPPORTUNITIES FOR PROFITABLE GROWTH. SO WE MUST AIM FOR FLEXIBILITY BY STRIKING A BALANCE BETWEEN HIGHLY SPECIALISED TRAINING AND MORE GENERAL TRAINING SO AS TO SECURE THE MOBILITY OF OUR LABOUR FORCE, THE FINANCIAL SECRETARY STRESSED.

COMMENTING ON THE ECONOMIC OUTLOOK FOR THE CURRENT FISCAL YEAR, MR. HADDON-CAVE SAID THE TRADE STATISTICS FOR JANUARY AND FEBRUARY DO SUGGEST A VERY SLIGHTLY LOWER GROWTH RATE FOR EXPORTS IN 1977, BUT THIS IS PROBABLY ONLY A REFLECTION OF THE TIMING OF SHIPMENTS AT THIS PARTICULAR TIME OF THE YEAR.

UNUSUALLY HIGH VOLUME OF EXPORTS RECORDED IN DECEMBER REFLECTED TO SOME EXTENT A DESIRE BY EXPORTERS TO UTILISE THEIR TEXTILE QUOTAS BEFORE THE END OF THE YEAR AND IT WOULD NOT BE SURPRISING IF THE PROVISIONAL ESTIMATE FOR THE G.D.P. IN REAL TERMS IN 1976 SHOWS A SOMEWHAT HIGHER GROWTH RATE THAN THE PRELIMINARY ESTIMATE OF 16 PER CENT, HE SAID.

+HOWEVER, BECAUSE THE TIMING OF SHIPMENT WAS BROUGHT FORWARD, THE GROWTH OF EXPORTS IN THE EARLY MONTHS OF 1977 WILL BE LOWER THAN EXPECTED WITH THE POSSIBILITY OF A SLIGHTLY LOWER GROWTH RATE FOR THE G.D.P. IN 1977 THAN THE FORECAST IN THE BUDGET.+

BUT, THE FINANCIAL SECRETARY ASSURED THAT THE ACTUAL LEVEL OF THE G.D.P. IN 1977 WAS UNLIKELY TO BE VERY DIFFERENT.

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GOVERNMENT CONCERNED ABOUT PROPOSALS
FOR A MORE RESTRICTIVE M.F.A.

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THE DIRECTOR OF COMMERCE AND INDUSTRY, THE HON. DAVID JORDAN, SAID TODAY THAT THE HONG KONG GOVERNMENT WAS +NATURALLY VERY CONCERNED+ ABOUT REPORTS THAT SOME MEMBERS OF THE EEC WERE PROPOSING TO MAKE THE MULTI-FIBRE ARRANGEMENT EVEN MORE RESTRICTIVE THAN IT WAS AT PRESENT.

MR. JORDAN WAS REPLYING TO A STATEMENT MADE BY THE HON. FRANCIS TIEN DURING THE RESUMED BUDGET DEBATE AT THE LEGISLATIVE COUNCIL.

THE MFA PROVIDES THE FRAMEWORK FOR THE NEGOTIATION OF ALL BILATERAL TEXTILE AGREEMENTS. IT EXPIRES AT THE END OF THIS YEAR AND TALKS ON ITS FUTURE HAVE STARTED IN GENEVA.

BUT NO DECISION HAS BEEN REACHED SO FAR. WHILE THE MAJORITY OF PARTICIPATING COUNTRIES AND TERRITORIES, INCLUDING HONG KONG, ARE PREPARED TO EXTEND THE MFA WITHOUT MODIFICATIONS, THE EEC HAS MADE IT CLEAR THAT, WHILE IT IS ALSO PREPARED TO EXTEND THE ARRANGEMENT, IT WISHES TO SEEK MODIFICATIONS TO IT.

ALTHOUGH THE MEMBERS OF THE EEC HAVE NOT YET BEEN ABLE TO AGREE AMONGST THEMSELVES ON PRECISELY WHAT MODIFICATIONS THEY WOULD WISH TO PROPOSE, IT APPEARS FROM REPORTS PUBLISHED IN BRUSSELS AND FROM OTHER SOURCES THAT SOME MEMBERS OF THE COMMUNITY WANT TO MAKE THE MFA MORE RESTRICTIVE, MR. JORDAN SAID.

+WE - AND MANY OTHERS - WILL RESIST ANY CHANGES THAT WOULD HAVE A MORE RESTRICTIVE EFFECT, AND PERSONALLY I CANNOT SEE AGREEMENT BEING REACHED ON ALL THE MORE RESTRICTIVE PROPOSALS THAT THE EEC HAS INDICATED THAT IT MAY SEEK,+ HE SAID.

+I BELIEVE THAT THE MOST LIKELY OUTCOME WILL BE SOMETHING THAT THE TEXTILE AND CLOTHING INDUSTRY CAN LIVE WITH,+ MR. JORDAN ADDED.

HE WENT ON : +ON THE OTHER HAND, IF I AM WRONG ABOUT THIS, AND IF ALL THE RESTRICTIONS THAT SOME PARTICIPATING COUNTRIES WOULD LIKE TO SEE CAME INTO EFFECT THEY COULD HAVE A SERIOUS EFFECT ON THE GROWTH POTENTIAL OF OUR INDUSTRY, WITH ALL THAT THAT WOULD ENTAIL IN EFFECTS ON OUR TOTAL ECONOMIC GROWTH AND ON THE FURTHER INCREASE IN PROSPERITY THAT THE PEOPLE OF HONG KONG HAVE EARNED BY THEIR EFFICIENCY, RESOURCEFULNESS AND PLAIN HARD WORK. AND IF THE MFA WERE TO GO THIS WAY, IT WOULD CREATE A VERY UNHEALTHY PRECEDENT FOR OTHER SECTORS OF TRADE. THIS COULD SET THE WORLD ON A DOWNWARD SLIDE INTO WIDESPREAD PROTECTIONISM.+

MR. JORDAN

MR. JORDAN GAVE AN ASSURANCE THAT +THE GOVERNMENT WOULD CONTINUE ITS EFFORTS TO PERSUADE THOSE OF OUR TRADING PARTNERS WHO ARE DOUBTFUL ABOUT IT THAT THE MFA AS IT EXISTS NOW ALREADY PROVIDES FOR AS MUCH RESTRICTIONS ON LEGITIMATE TRADE AS WE CAN REASONABLY BE EXPECTED TO ACCEPT AND THAT THIS WOULD BE IN THE INTERESTS NOT ONLY OF HONG KONG AND OF OTHER DEVELOPING COUNTRIES, BUT IN THE INTEREST OF THE GROWTH OF WORLD TRADE, ON WHICH THE DEVELOPED COUNTRIES ALSO DEPEND.+

ON THE QUESTION OF INDUSTRIAL DEVELOPMENT, THE DIRECTOR OF COMMERCE AND INDUSTRY EXPLAINED THAT HIS DEPARTMENT WAS CONCERNED TO ENCOURAGE AND ASSIST THE DIVERSIFICATION OF PRODUCTS, AND THAT THE TRADE DEVELOPMENT COUNCIL HAD BEEN PROMOTING DIVERSIFICATION OF MARKETS.

BUT, HE ADDED, THE DEPARTMENT WAS NOT GOING TO PRODUCE PLANNED GROWTH RATES OF THE REAL PRODUCTS FOR MAJOR INDUSTRIES AS SUGGESTED BY ONE COUNCILLOR. +THERE WOULD BE NO POINT IN DOING SO UNLESS WE WERE PREPARED TO USE GOVERNMENT AUTHORITY AND FINANCE TO SEE THAT THOSE RATES ARE ACHIEVED,+ HE SAID.

+WHAT WE ARE GOING TO DO IS TO PUT MORE EFFORT INTO THE 'ACTIVE PROMOTION OF INDUSTRIAL DEVELOPMENT', WHICH ANOTHER COUNCILLOR, THE HON. JAMES WU, SAID WE MUST 'PURSUE WITH FULL VIGOUR'.+

MR. JORDAN CONTINUED : +IN THE LAST FEW YEARS WE AND THE HONG KONG GENERAL CHAMBER OF COMMERCE HAVE EXPANDED OUR ACTIVITIES IN THIS FIELD, IN ASSOCIATION WITH THE TRADE DEVELOPMENT COUNCIL. IN 1976 WE SENT MISSIONS TO AUSTRALIA, SWITZERLAND, THE FEDERAL REPUBLIC OF GERMANY, THE UNITED STATES AND JAPAN.

+AS A RESULT OF THESE AND THE EARLIER MISSIONS, ELEVEN NEW FACTORIES HAVE BEEN ESTABLISHED IN HONG KONG, MANUFACTURING PRODUCTS AS DIVERSE AS FORGED STEEL VALVES, ELECTRIC SWITCH BOARDS AND SWITCHGEAR, LIQUID QUARTZ CRYSTALS AND SYNTHETIC LEATHER PRODUCTS.

+I HOPE SOON TO BE ABLE TO IMPLEMENT A RE-ORGANISATION AND STRENGTHENING OF THE DEPARTMENT, WHICH WILL ENABLE US TO INCREASE OUR EFFORTS. EVEN IN ADVANCE OF THIS, THE CHAMBER, THE TRADE DEVELOPMENT COUNCIL AND THE DEPARTMENT PLAN TO SEND OUT A TOTAL OF SIX INDUSTRIAL INVESTMENT PROMOTION MISSIONS TO AUSTRALIA, THE UNITED STATES, CANADA, WEST GERMANY, SWITZERLAND, FRANCE AND JAPAN DURING 1977.

+IN ORGANISING THESE MISSIONS WE SHALL CONTINUE TO SELECT AS OUR TARGETS COMPANIES WHICH IF THEY SET UP HERE, WOULD WIDEN OUR INDUSTRIAL BASE AND RAISE THE LEVEL OF TECHNOLOGY. THIS IS THE NEAREST WE GET - AND IT ISN'T VERY CLOSE - TO PLANNING INDUSTRIAL DEVELOPMENTS. SELECTIVE ENCOURAGEMENT - BUT AT THE SAME TIME WE SHALL ALWAYS BE READY TO ASSIST ANY POTENTIAL INDUSTRIAL INVESTMENT, WHETHER THE SOURCE IS LOCAL OR OVERSEAS.

+AS I HAVE OFTEN SAID, IT'S OUR JOB TO ENCOURAGE AND ASSIST. IT'S THE POTENTIAL INVESTOR'S JOB TO DECIDE - TO MAKE HIS OWN DECISION AND TO STAND OR FALL BY IT.+

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OBJECTIVES BEHIND THE BUDGET

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THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE TOLD THE LEGISLATIVE COUNCIL TODAY THAT THE 1977-78 BUDGET WAS CONSTRUCTED WITH FOUR OBJECTIVES.

THEY ARE TO PROVIDE FOR A REAL GROWTH RATE OF THE ORDER OF 15 PER CENT= TO MAINTAIN HONG KONG'S FISCAL RESERVES AT AROUND \$3,700 MILLION AS AT APRIL 1, 1977= TO IMPLEMENT CERTAIN TAX CONCESSIONS AND REFORMS JUSTIFIED IN THEIR OWN RIGHT ON ADMINISTRATIVE OR SOCIAL GROUNDS, AND TO ACHIEVE A BALANCE, OR NEAR BALANCE, ON MONETARY GROUNDS.

WINDING UP THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR. HADDON-CAVE SAID THE OBJECTIVE TO PROVIDE FOR A REAL GROWTH RATE OF THE ORDER OF 15 PER CENT WAS TO MAKE UP FOR THE FACT THAT IN 1976-77 IT WAS ONLY EIGHT PER CENT, AND IN 1975-76 IT WAS ONLY ONE PER CENT AS COMPARED WITH THE GUIDELINE GROWTH RATE OF 10 PER CENT BASED ON HISTORICAL EXPERIENCE.

+ I AM CONFIDENT WE CAN EXCEED THE TEN PER CENT GUIDELINE GROWTH RATE IN 1977-78 WITHOUT SERIOUS IMPLICATIONS FOR THE ECONOMY AND WITHOUT DISREGARDING THE VALUE FOR MONEY CRITERION,+ HE SAID.

ON THE SECOND OBJECTIVE TO MAINTAIN HONG KONG'S FISCAL RESERVES AT AROUND \$3,700 MILLION AS AT APRIL 1, 1977, MR. HADDON-CAVE SAID: +THIS OBJECTIVE HAD REGARD TO THE FACT THAT, AT THIS ENHANCED LEVEL, OUR FISCAL RESERVES ARE NOW ADEQUATE - OR, AT ANY RATE, ADEQUATE FOR THE TIME BEING - TO SECURE OUR CONTINGENT LIABILITIES, FINANCE SEASONAL DEFICITS AND COVER ANY SHORT TERM DIFFICULTIES THAT MIGHT ARISE.+

MR. HADDON-CAVE SAID THESE FOUR OBJECTIVES OF THE 1977-78 BUDGET WERE CONSISTENT WITH THE GENERAL OBJECTIVES OF THE BUDGETARY POLICY IN HONG KONG AND HE WAS GRATIFIED BY THE HON. Q.W. LEE'S RECOGNITION OF THE COMPATIBILITY OF SOUND BUDGETARY, FISCAL, ECONOMIC AND MONETARY POLICIES AND THE GOVERNMENT'S PURSUIT OF A BETTER QUALITY OF LIFE, THROUGH PUBLIC EXPENDITURE, FOR THE COMMUNITY AS A WHOLE.

/HE SAID:

HE SAID: +MR. Q.W. LEE ALSO ENDORSED THE WAY THE BUDGET IS ACTUALLY CONSTRUCTED IN TERMS OF CERTAIN GUIDELINE RATIOS. THESE RATIOS SEEK FIRST, TO DEFINE THE SIZE OF THE PUBLIC SECTOR= SECONDLY, TO ENSURE THAT THE BUDGET ITSELF IS CONSTRUCTED WITHIN CERTAIN CONSTRAINTS AS REGARDS THE RELATIONSHIP BETWEEN THE RECURRENT AND CAPITAL ACCOUNTS AND THE FINANCING OF THE CAPITAL ACCOUNT= THIRDLY, TO DEFINE THE BALANCE OF FISCAL SYSTEM= AND FINALLY, TO ACHIEVE STEADY PROGRESS BY FIXING UPON AN ANNUAL GROWTH RATE OF EXPENDITURE IN REAL TERMS WHICH IS PRACTICABLE AND BY MAINTAINING A CERTAIN RELATIONSHIP BETWEEN OUR FISCAL RESERVES AND GENERAL REVENUE ACCOUNT EXPENDITURE.+

THE FINANCIAL SECRETARY NOTED THAT THE TOTAL EFFECT OF THESE GUIDELINE RATIOS WITHIN WHICH THE BUDGET WAS CONSTRUCTED WAS THAT, TAKING ONE YEAR WITH ANOTHER, HONG KONG BUDGETS HAD A NEUTRAL EFFECT ON THE GROWTH RATE OF THE MONEY SUPPLY AFTER MAKING DUE ALLOWANCE FOR ANY NECESSARY INCREASE IN OUR FISCAL RESERVES.

+THIS IS AS IT SHOULD BE. I SAY THIS BECAUSE I BELIEVE THERE SHOULD NOT BE ANY UNPLANNED MONETARY CONSEQUENCES FROM OUR DECISIONS ON REVENUE AND EXPENDITURE= RATHER, DECISIONS TO INCREASE EXPENDITURE SHOULD BE REFLECTED IN DECISIONS TO RAISE THE NECESSARY REVENUE,+ SAID MR. HADDON-CAVE.

THE FINANCIAL SECRETARY SAID: +IT IS TRUE THAT THE 1977-78 BUDGET DOES NOT CONFORM VERY CLOSELY TO THE GUIDELINE RATIOS. THUS RECURRENT EXPENDITURE WILL ABSORB NEARLY 85 PER CENT OF RECURRENT REVENUE (COMPARED WITH THE GUIDELINE RATIO OF 80 PER CENT), THE SURPLUS ON RECURRENT ACCOUNT WILL FINANCE ONLY 55 PER CENT OF CAPITAL EXPENDITURE (COMPARED WITH THE GUIDELINE RATIO OF 60 PER CENT) AND THE RATIO OF RECURRENT EXPENDITURE TO TOTAL EXPENDITURE WILL BE 76 PER CENT (COMPARED WITH THE GUIDELINE RATIO OF 70 PER CENT).

+THESE ARE QUITE SERIOUS BREACHES OF THE GUIDELINE RATIOS, BUT CAPITAL REVENUE WILL BE VERY BUOYANT IN 1977-78, FINANCING 47 PER CENT OF CAPITAL EXPENDITURE (COMPARED WITH THE GUIDELINE RATIO OF 20 PER CENT) AND, THEREFORE, IT WAS POSSIBLE FOR ME TO PRODUCE A BALANCED BUDGET, MAKING THESE BREACHES ACCEPTABLE,+ HE SAID.

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PROPOSAL TO SET UP SELECT COMMITTEE TO COMPLEMENT LEGCO ROLE IN
APPROVING MEASURES FOR RAISING REVENUE

* * * * *

THE GOVERNMENT PLANS TO SET UP A SMALL SELECT COMMITTEE OF THE LEGISLATIVE COUNCIL TO COMPLEMENT THE COUNCIL'S ROLE IN APPROVING MEASURES FOR RAISING REVENUE AND IN VOTING FUNDS FOR EXPENDITURE.

DISCLOSING THIS AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE SAID A PROPOSAL TO THIS EFFECT WOULD BE PUT FORWARD TO THE EXECUTIVE AND LEGISLATIVE COUNCILS FOR CONSIDERATION.

THE COMMITTEE, HE SAID, WOULD BE SERVICED BY A DEPUTY CLERK OF COUNCILS, WITH THE DIRECTOR OF AUDIT, THE DIRECTOR OF ACCOUNTING SERVICES AND THE DEPUTY FINANCIAL SECRETARY IN ATTENDANCE.

THE FINANCIAL SECRETARY SAID THAT AS AMENDMENTS TO THE AUDIT ORDINANCE WOULD BE NECESSARY HE DID NOT THINK THE NEW PROCEDURE PROPOSED COULD TAKE EFFECT BEFORE THE DIRECTOR'S REPORT ON THE ACCOUNTS FOR THE CURRENT FINANCIAL YEAR WAS SUBMITTED.

THE DUTIES OF THE COMMITTEE WOULD BE TO :-

- * SELECT FROM THE DIRECTOR OF AUDIT'S ANNUAL REPORT THOSE MATTERS WHICH IT WISHED TO EXAMINE=
- * CALL UPON THE ACCOUNTING OFFICERS CONCERNED TO APPEAR BEFORE IT TO ACCOUNT FOR THE RELEVANT TRANSACTIONS=
- * SUBMIT TO THE GOVERNOR, AS PRESIDENT OF THE LEGISLATIVE COUNCIL, A REPORT CONTAINING SUCH COMMENTS OR RECOMMENDATION AS IT SAW FIT.

MR. HADDON-CAVE SAID THAT IN CONDUCTING ITS EXAMINATION, THE COMMITTEE'S MAIN AIM WOULD BE TO ESTABLISH THE CIRCUMSTANCES SURROUNDING THE MATTERS REPORTED ON BY THE DIRECTOR OF AUDIT AND TO CONSIDER WHAT REMEDIAL MEASURES HAD BEEN OR SHOULD BE TAKEN.

+IN THE GOVERNMENT'S VIEW, THE COMMITTEE SHOULD BE CONCERNED, THEREFORE, WITH PRINCIPLES, SYSTEMS AND PROCEDURES RATHER THAN WITH DETAILS AND PERSONALITIES,+ HE SAID.

REFERRING TO THE COMMITTEE'S REPORT, THE FINANCIAL SECRETARY SAID IT WOULD REPLACE THE COMMENTS AT PRESENT PREPARED BY THE FINANCE BRANCH ON BEHALF OF THE GOVERNOR.

+THEREAFTER, THE FINANCE BRANCH, AS THE ORGAN OF THE GOVERNMENT RESPONSIBLE FOR THE CONTROL AND MANAGEMENT OF PUBLIC FUNDS, WOULD TAKE, OR ARRANGE TO BE TAKEN, SUCH ACTION AS THE ADMINISTRATION CONSIDERED APPROPRIATE ON THE COMMITTEE'S COMMENTS AND RECOMMENDATIONS.+

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EXPENDITURE ON SOCIAL WELFARE PLAN DEFENDED
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EXPENDITURE ON IMPLEMENTING THE 1973 SOCIAL WELFARE FIVE-YEAR PLAN, AT \$192.5 MILLION, HAS BEEN 25 PER CENT MORE THAN WHAT WAS ENVISAGED, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE TOLD THE LEGISLATIVE COUNCIL IN THE RESUMED BUDGET DEBATE TODAY.

MR. HADDON-CAVE SAID HE WOULD NOT WISH TO OVER-PLAY THE FACT THAT MUCH BETTER WAS DONE THAN INTENDED FOUR YEARS AGO, BUT HE FELT OBLIGED TO POINT OUT THAT CRITICISM OF +STOP-GO+, +UPS-AND-DOWNS+ AND +ABSENCE OF STEADY PROGRESS+ WAS NOT CONSISTENT WITH ARITHMETIC FACTS.

ANOTHER ALLEGATION THAT THE PRESENT PRACTICE WAS TO LOOK AT ONLY ONE YEAR AT A TIME, IMPLYING A FORM OF STOP-GO, WAS NOT SUPPORTED BY ACTUAL EXPENDITURE FIGURES WHICH REFLECTED A STEADY EXPANSION IN REAL TERMS, HE ADDED.

MR. HADDON-CAVE EXPLAINED THAT ALTHOUGH THE ESTIMATES WERE PREPARED ON AN ANNUAL BASIS, THEY WERE DONE SO IN THE CONTEXT OF THE GOVERNMENT'S VARIOUS PLANS AND THE FIVE-YEAR FORECAST.

+SUBJECT ALWAYS TO THE STATE OF THE ECONOMY, OUR WHOLE APPROACH IS BASED ON THE PREMISE THAT ONCE WE ENTER INTO COMMITMENTS ON RECURRENT OR CAPITAL ACCOUNT WE HAVE EVERY INTENTION OF SEEING THEM THROUGH,+ HE STRESSED.

BLOCK GRANTS WOULD INJECT AN UNNECESSARY ELEMENT OF RIGIDITY INTO THE FORWARD PLANNING OF SOCIAL WELFARE SERVICES WITHOUT GIVING AGENCIES ANY GREATER SENSE OF SECURITY AS REGARDS EXISTING SERVICES, HE EXPLAINED.

HE POINTED OUT THAT SOCIAL WELFARE VOLUNTARY AGENCIES HAVE ACCESS TO THE LOTTERIES FUND FOR CAPITAL EXPENDITURE AND WERE QUITE INDEPENDENT OF GENERAL REVENUE FOR THIS PURPOSE.

+AND SO, EVEN IF IT WERE NECESSARY TO DELAY SOME CAPITAL EXPENDITURE PROJECTS BECAUSE OF MY GUIDELINE THAT AT LEAST 60 PER CENT OF CAPITAL EXPENDITURE SHOULD BE FINANCED BY THE SURPLUS ON RECURRENT ACCOUNT, THEY WOULD CERTAINLY NOT BE SOCIAL WELFARE PROJECTS+, HE SAID.

THE FINANCIAL SECRETARY ALSO SAID HE WAS NOT AWARE THAT THE PROVISION IN THE DRAFT ESTIMATES WAS INADEQUATE FOR THE MAINTENANCE AND IMPROVEMENT OF EXISTING SERVICES BY VOLUNTARY AGENCIES AND FOR THE NEW SERVICES THEY PROJECTED FOR 1977-78.

HE SAID ADDITIONAL PROVISION WOULD BE MADE AVAILABLE FOR REFUNDS OF RATES IN 1977-78, AND BESIDES, SHOULD THE SOCIAL WELFARE ADVISORY COMMITTEE THINK THAT THE PROVISION WAS INADEQUATE, HE WOULD BE VERY READY TO LISTEN TO THEM.

/+BUT I AM

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+BUT I AM AFRAID I MUST HAVE A PROPERLY DOCUMENTED CASE AND NOT JUST AN ASSERTION THAT THE PROVISION IS INADEQUATE,+ HE SAID.

MR. HADDON-CAVE SAID IT WAS CORRECTLY POINTED OUT THAT THE TOTAL PROVISION FOR SOCIAL WELFARE IN 1977-78 WAS ONLY SLIGHTLY MORE THAN THE APPROVED ESTIMATE FOR 1976-77, MAINLY DUE TO A DECREASE IN THE ESTIMATE FOR PUBLIC ASSISTANCE.

BUT EXCLUDING PROVISION FOR SOCIAL SECURITY, HE EMPHASISED, THE PROVISION SOUGHT FOR ALL OTHER SOCIAL WELFARE SERVICES IN 1977-78 OF \$134.7 MILLION WAS 26 PER CENT MORE THAN THE APPROVED ESTIMATE OF \$106.8 MILLION IN 1976-77.

+AND WE MUST NOT FORGET THAT THE PROVISION FOR PAYMENTS UNDER OUR SOCIAL SECURITY SCHEMES IS NO MORE THAN A REALISTIC GUESS OF WHAT WILL BE REQUIRED ON THE BASIS OF INFORMATION AVAILABLE AT THE TIME THE DRAFT ESTIMATES WERE PREPARED.

+A SUBSTANTIAL INCREASE IN PAYMENTS ARISING FROM FACTORS OUTSIDE OUR CONTROL WILL INEVITABLY LEAD TO A NEED FOR SUPPLEMENTARY PROVISION,+ HE WARNED.

HE ADDED THAT THE EXPANSION OF THE PUBLIC ASSISTANCE SCHEME TO COVER UNEMPLOYED ADULTS REPRESENTED A VERY SIGNIFICANT POTENTIAL COMMITMENT ON PUBLIC FUNDS.

THE FINANCIAL SECRETARY SAID HE DETECTED FROM REMARKS MADE BY SEVERAL UNOFFICIAL MEMBERS A FEELING THAT THE GOVERNMENT DID NOT TAKE THE ROLE WHICH VOLUNTARY AGENCIES COULD PLAY IN THE DEVELOPMENT OF SOCIAL WELFARE SERVICES SERIOUSLY ENOUGH.

+I WOULD NOT, AS FINANCIAL SECRETARY, BE AVERSE TO SEEING THE PRESENT ARRANGEMENTS FOR DETERMINING SOCIAL WELFARE SUBVENTIONS REVIEWED, PARTICULARLY AS THERE IS TO BE A REVIEW THIS YEAR OF OUR SOCIAL SECURITY SCHEMES,+ HE SAID.

+IT MAY BE THAT CERTAIN SERVICES WHICH ARE REGARDED AS COMPLEMENTARY TO THE GOVERNMENT'S SOCIAL SECURITY SCHEMES, FOR EXAMPLE, HOMES FOR THE AGED, SHOULD BE SUBVENTED ON A UNIT COST BASIS,+ HE SUGGESTED.

+THUS THE ROLE OF AGENCIES PROVIDING SOME PARTICULAR SERVICES WOULD BE CLEARLY DEFINED AND THEIR FINANCIAL POSITION SECURED, LEAVING AGENCIES PROVIDING OTHER SERVICES TO RELY ON VOLUNTARY SUBSCRIPTIONS AUGMENTED BY DISCRETIONARY GRANTS,+ HE SAID.

REFERRING TO CALLS BY SOME UNOFFICIALS FOR PARITY OF SALARIES BETWEEN STAFF EMPLOYED BY SUBVENTED AGENCIES AND COMPARABLE CIVIL SERVANTS, MR. HADDON-CAVE SAID THE GOVERNMENT DID AT PRESENT MEET THE FINANCIAL CONSEQUENCES OF PARITY IN THE CASE OF AGENCIES SUBVENTED ON A DEFICIENCY GRANT BASIS.

IF THE PRACTICE OF UNDERPAYING VOLUNTARY AGENCY STAFF EXISTED, IT COULD ONLY EXIST IN AGENCIES SUBVENTED ON A DISCRETIONARY GRANT BASIS, HE SAID.

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IN THEIR CASE, MR. HADDON-CAVE POINTED OUT, THEY RETAIN +A DEGREE OF INDEPENDENCE NOT ENJOYED BY AGENCIES SUBVENTED ON A DEFICIENCY GRANT BASIS. THEIR BUDGETS ARE NOT SUBJECT TO APPROVAL, AND THEY ARE FREE TO EMPLOY AS MANY PERSONS AS THEY WISH WITH WHATEVER QUALIFICATIONS THEY DEEM NECESSARY.+

HE SAID THE GOVERNMENT CLEARLY COULD NOT ACCEPT FINANCIAL COMMITMENT TO MAINTAIN PARITY WITHOUT AT THE SAME TIME REQUIRING SIMILAR CONTROL OVER AGENCIES SUBVENTED ON A DEFICIENCY GRANT BASIS AND HE WAS NOT SURE THAT SUCH CONTROL WOULD BE DESIRABLE OR WOULD BE WELCOMED BY THE AGENCIES THEMSELVES.

AS TO PARITY OF FRINGE BENEFITS, MR. HADDON-CAVE SAID EXPERIENCE HAD PROVED IT WAS DIFFICULT BECAUSE THOSE APPLICABLE TO CIVIL SERVANTS WERE NOT NECESSARILY APPROPRIATE OUTSIDE THE CIVIL SERVICE AND WHERE CERTAIN FRINGE BENEFITS HAD BEEN RECOGNISED, SUCH AS CONTRIBUTORY PROVIDENT FUND SCHEMES, SEPARATE AND DETAILED CONTROL WAS REQUIRED.

ON THE SUGGESTION TO OFFER A HIGHER SALARY TO COMPENSATE FOR THIS, MR. HADDON-CAVE SAID IT WOULD BE CONTRARY TO CIVIL SERVICE PRACTICE OF DISTINGUISHING BETWEEN REMUNERATION IN CASH AND IN KIND, +AND, THE MOMENT THIS KIND OF TRADE-OFF WAS ALLOWED, ESTABLISHED SUBVENTION PRINCIPLES WOULD BE ERODED, FOR EXCEPTIONS TEND TO SET PRECEDENTS WHICH, IN THE FULLNESS OF TIME, BECOME SACROSANCT RULES.+

THE FINANCIAL SECRETARY RECALLED THAT HE HAD SUGGESTED IN HIS BUDGET SPEECH THAT SOME PRIORITY SHOULD BE GIVEN TO LOWERING THE AGE LIMIT OF ELIGIBILITY FOR INFIRMITY ALLOWANCE.

HE SAID THE EXTRA COST WOULD BE CONSIDERABLE AND IT WAS NOT FOR HIM TO SAY WHAT PRIORITY IT SHOULD BE GIVEN IN RELATION TO OTHER FORMS OF ASSISTANCE.

THE ISSUE WOULD BE CAREFULLY CONSIDERED DURING THE FORTHCOMING REVIEW OF SOCIAL SECURITY SCHEMES.

REFERRING TO A PROPOSAL THAT VOLUNTARY AGENCIES SHOULD BE ACCOUNTABLE FOR THEIR FUNDS, MR. HADDON-CAVE EXPLAINED THAT THE GOVERNMENT HAD EVERY RIGHT TO EXPECT VALUE FOR MONEY FROM THEM, BUT THEY COULD, AND DID, LEGITIMATELY ENGAGE IN ACTIVITIES WHICH WERE OUTSIDE THE GOVERNMENT'S APPROVED POLICIES AND TARGETS AND WHICH WERE NOT THEREFORE DEEMED TO BE SUBVENTION-WORTHY.

+TO THE EXTENT THAT SUCH ACTIVITIES ARE FINANCED FROM DONATIONS, I DO NOT SEE HOW THE AGENCIES CAN BE HELD ACCOUNTABLE TO THE GOVERNMENT FOR THE FUNDS EXPENDED ON THEM.

+I CONSIDER THAT TO REQUIRE SUBVENTED AGENCIES TO ACCOUNT TO THE GOVERNMENT FOR ALL THEIR FUNDS WOULD BE AN UNJUSTIFIED INFRINGEMENT OF THE INDEPENDENCE OF THOSE AGENCIES,+ HE SAID.

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ESTIMATES FOR PUBLIC WORKS EXPENDITURE MORE REALISTIC
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THE PACKAGE CONCEPT THAT SCHOOLS AND ROADS BE BUILT AT THE SAME TIME AND THE PROJECT PRIORITY SYSTEM INTRODUCED IN 1974 FOR THE PUBLIC WORKS PROGRAMME ARE THE TWO MAJOR REASONS RESULTING IN THE PUBLIC WORKS DEPARTMENT UNDERSPENDING IN THE LAST TWO YEARS.

THIS WAS STATED BY THE FINANCIAL SECRETARY IN REPLY TO CRITICISMS RAISED BY THE UNOFFICIALS AGAINST THE UNDERSPENDING ON PUBLIC WORKS PROGRAMME AT THE RESUMED BUDGET DEBATE THIS AFTERNOON.

IN 1975-76 THE PROVISION IN THE ESTIMATES WAS \$1,626 MILLION, BUT ACTUAL EXPENDITURE WAS \$1,272 MILLION. IN 1976-77 THE PROVISION WAS \$1,602 MILLION BUT \$1,174 MILLION WAS SPENT.

THE FINANCIAL SECRETARY EXPLAINED THAT THE PACKAGE CONCEPT PROVIDES FOR BALANCED DEVELOPMENT, BUT THERE WAS A GREATER RISK OF SLIPPAGE BECAUSE THE CO-ORDINATION OF THE VARIOUS AND DIVERSE PROJECTS WITHIN EACH PACKAGE IS COMPLICATED.

HENCE, HE SAID, ONE DIFFICULT CLEARANCE CAN DELAY THE IMPLEMENTATION NOT JUST OF THE PROJECT CONCERNED, BUT OF ALL PROJECTS WITHIN A PACKAGE.

+THE LIKELIHOOD OF SUCH INTERRUPTIONS WAS UNDER-ESTIMATED AND SO THE PROVISION SOUGHT IN EACH OF THESE YEARS WAS BASED ON UNWARRANTED OPTIMISM,+ HE SAID.

REGARDING THE PRIORITY SYSTEM, THE FINANCIAL SECRETARY POINTED OUT THAT HIGH PRIORITY PROJECTS TENDED TO BE MORE COMPLICATED THAN LOW PRIORITY ONES AND THIS HAD HAD AN EFFECT ON EXPENDITURE PERFORMANCE.

+AT THE SAME TIME, IN OUR ANXIETY TO MAXIMISE THE BENEFIT OF OUR INVESTMENT IN THE PUBLIC WORKS PROGRAMME WE HAVE BEEN SOMEWHAT RELUCTANT TO FEED IN LOW PRIORITY PROJECTS WHICH COULD BE PROCEEDED WITH QUICKLY SIMPLY TO BOOST EXPENDITURE,+ HE SAID.

HE ASSURED THE MEMBERS THAT SUCH MISTAKE WOULD NOT BE COMMITTED THIS YEAR AND THAT THE ESTIMATES WERE MORE REALISTIC. BUT, HE SAID, BOTH HE AND THE FINANCE BRANCH ARE CAUGHT IN A DILEMMA.

/+IF WE

+IF WE TAKE A PARTICULAR VIEW OF WHAT WE BELIEVE TO BE A REALISTIC LEVEL OF PROVISION, WE CAN BE - AND FREQUENTLY ARE - ACCUSED OF EXERCISING UNNECESSARY RESTRAINT. IF WE VEER TOWARDS A LESS REALISTIC VIEW AND UNDERSPENDING RESULTS, WE STILL GET INTO TROUBLE.+

THE FINANCIAL SECRETARY RECALLED THE TWO PROCEDURAL CHANGES INTRODUCED IN MID-1976 AND IN APRIL THIS YEAR, ADDING THAT THESE SHOULD PROVE HELPFUL IN THE CURRENT FINANCIAL YEAR.

FIRSTLY, BEGINNING FROM MID-1976, THE PUBLIC WORKS DEPARTMENT WAS NO LONGER REQUIRED TO IDENTIFY SAVINGS ON OTHER PROJECTS WHEN APPLYING FOR SUPPLEMENTARY FUNDS FOR AN EXISTING OR NEW PROJECT.

WHILE IT WAS ESSENTIAL TO DO SO, ON GENERAL ECONOMIC AND POLICY GROUNDS, HE SAID, IT HAD ALSO THE UNFORESEEN EFFECT OF INDUCING A MARKED DEGREE OF CAUTION ON THE PART OF THE PUBLIC WORKS DEPARTMENT BECAUSE OF THE DIFFICULTY OF IDENTIFYING SAVINGS.

THE RESULT WAS THAT WORKS DID NOT PROCEED AS FAST AS THE TOTAL PROVISION AVAILABLE FOR THE PUBLIC WORKS PROGRAMME WOULD HAVE PERMITTED.

SECONDLY, AS FROM 1977-78, PROJECTS WHICH ARE IN CATEGORY A AND HAVE INDIVIDUALLY BEEN AUTHORISED BY THE FINANCE COMMITTEE ALREADY NO LONGER HAVE TO AWAIT THE ENACTMENT OF THE APPROPRIATION ORDINANCE. HENCE NEW COMMITMENTS MIGHT BE ENTERED INTO AS SOON AS PRACTICABLE.

PREVIOUSLY, IN 1975, A BAN WAS IMPOSED ON DEPARTMENTS FROM ENTERING IN NEW COMMITMENTS UNTIL THE ENACTMENT OF THE APPROPRIATION ORDINANCE.

ON STAFFING AND ORGANISATION, THE FINANCIAL SECRETARY RECALLED THAT APPROVAL HAD BEEN GIVEN LAST YEAR TO THE SUBSTANTIAL INCREASE IN POSTS IN BOTH THE NEW TERRITORIES DEVELOPMENT DEPARTMENT OF THE PUBLIC WORKS DEPARTMENT AND THE NEW TERRITORIES ADMINISTRATION WHICH SHOULD SIGNIFICANTLY IMPROVE THE SPEED OF PROGRESS WITH PUBLIC HOUSING AND NEW TOWN PROJECTS.

HE ADDED THAT THE ORGANISATION AND ESTABLISHMENT OF POSTS IN DEPARTMENTS ARE CONSTANTLY BEING REVIEWED BY THE FINANCE BRANCH. THE MANAGEMENT LEVEL IN THE CIVIL SERVICE ARE ALSO CONCERNED TO STRIVE CONTINUOUSLY FOR COST-EFFECTIVENESS AND COST EFFICIENCY, HE SAID. PROPOSALS TO THIS EFFECT WILL SOON BE MADE TO THE ESTABLISHMENT SUB-COMMITTEE.

ON MONITORING PROCEDURES, THE FINANCIAL SECRETARY EMPHASISED THAT THE PUBLIC WORKS PROGRAMME IN HONG KONG IS +WELL DOCUMENTED+ AND THAT THERE IS AMPLE MATERIAL TO FORM A BASIS FOR MONITORING.

/HE SAID

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HE SAID DETAILS OF ALL PUBLIC WORKS PROGRAMME COULD BE SEEN IN THE ANNUAL REPORT OF THE PUBLIC WORKS SUB-COMMITTEE= THE HISTORY AND PRESENT POSITION ON EACH PROJECT IS AVAILABLE FOR READY REFERENCE FROM THE PUBLIC WORKS NON-RECURRENT HEADS OF EXPENDITURE= PROGRESS ON EACH PROJECT IS MENTIONED IN THE QUARTERLY REPORTS OF THE PUBLIC WORKS DEPARTMENT= THE PRIORITY RATING OF ALL PROJECTS ARE RECORDED IN THE PRIORITY SCHEDULES= AND FINALLY DETAILS OF THE DEVELOPMENT STRATEGY FOR THE NEW TOWNS ARE MENTIONED IN THE NEW TOWNS DEVELOPMENT PROGRAMME.

+IT IS UNREALISTIC, AND INDEED INAPPROPRIATE, TO EXPECT MEMBERS OF THE PUBLIC WORKS SUB-COMMITTEE TO PERFORM THIS FUNCTION AS WELL AS THEIR FUNCTION OF ASSESSING THE CONTENT OF THE PUBLIC WORKS PROGRAMME AND RECOMMENDING UPGRADINGS ALTHOUGH MEMBERS CAN, AND DO, ASK ABOUT PROGRESS ON INDIVIDUAL PROJECTS,+ HE SAID.

HE POINTED OUT THAT THE MAIN RESPONSIBILITY MUST LIE WITH SECRETARIES IN CHARGE OF PROGRAMME AREAS AND HEADS OF DEPARTMENTS, AND WHILE THE FINANCE BRANCH SHOULD AND DOES EXERCISE AN OVERALL MONITORING FUNCTION, IT MUST REMAIN THE DIRECT RESPONSIBILITY OF THE PUBLIC WORKS DEPARTMENT TO ENSURE THAT +INTENTIONS ARE FULFILLED.+

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FINANCIAL SECRETARY ATTENDING ADB MEETING
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THE FINANCIAL SECRETARY, MR. PHILIP HADDON-CAVE, LEFT HONG KONG THIS EVENING FOR MANILA AT THE HEAD OF A DELEGATION TO ATTEND THE 10TH ANNUAL MEETING OF THE BOARD-OF-GOVERNORS OF THE ASIAN DEVELOPMENT BANK, OF WHICH HE IS VICE-CHAIRMAN.

INCLUDED IN THE DELEGATION WAS MR. D.W.A. BLYE, SECRETARY FOR MONETARY AFFAIRS.

THE MEETING STARTS TOMORROW AND LASTS THROUGH TO THE WEEKEND.

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QUALIFICATIONS OF WELFARE SUPERVISORS
TO COME UNDER REVIEW

THE SOCIAL WELFARE DEPARTMENT IS TO SET UP A WORKING PARTY TO REVIEW THE QUALIFICATIONS AND CONDITIONS OF ALL GRADES IN THE WELFARE CLASS, INCLUDING THE WELFARE SUPERVISORS.

THIS WAS REVEALED BY THE DIRECTOR OF SOCIAL WELFARE, THE HON. THOMAS LEE, IN REPLY TO QUESTIONS RAISED BY REV. THE HON. JOYCE BENNETT IN THE LEGISLATIVE COUNCIL MEETING TODAY.

EARLIER, REV. BENNETT HAD REFERRED TO NEWSPAPER ADVERTISEMENTS FOR WELFARE SUPERVISOR AND ASKED WHY NO SPECIALIST TEACHING QUALIFICATIONS, TRAINING AND EXPERIENCE WERE STIPULATED.

SHE ALSO ASKED WHETHER THERE IS A POLICY TO ENSURE THAT ONLY THOSE WHO ARE SUITABLY QUALIFIED ARE ENGAGED FOR SUCH SPECIALIST TYPE OF WORK.

MR. LEE SAID THAT ALL WELFARE SUPERVISORS, AFTER THEIR APPOINTMENT, WERE REQUIRED TO UNDERGO IN-SERVICE TRAINING ON RESIDENTIAL WORK ORGANISED BY THE SOCIAL WELFARE DEPARTMENT.

+SOME HAVE RECEIVED TWO YEAR FULL-TIME TRAINING AT THE INSTITUTE FOR SOCIAL WORK TRAINING. A CONSIDERABLE NUMBER OF THEM HAVE OBTAINED QUALIFICATIONS AS TEACHERS THROUGH THE IN-SERVICE COURSES OF TRAINING FOR TEACHERS ORGANISED BY THE EDUCATION DEPARTMENT,+ HE POINTED OUT.

THE PRESENT ARRANGEMENT, MR. LEE SAID, WAS THAT IN EACH INSTITUTION THERE WAS AT LEAST ONE QUALIFIED TEACHER TO SUPERVISE THE PROGRAMME OF CLASSROOM TEACHING.

MR. LEE ALSO EMPHASISED THAT NO MORE THAN 25 PER CENT OF WELFARE SUPERVISOR'S TIME WAS SPENT ON TEACHING.

+THE GREATER PART OF HIS TIME IS SPENT ON SUPERVISION AND OTHER RESIDENTIAL CARE DUTIES WHICH ARE MORE RELATED TO SOCIAL WORK THAN TO EDUCATION,+ HE ADDED.

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ASSISTANT INSPECTORS (GRADUATE) OF SPECIAL SCHOOLS
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THE DIRECTOR OF EDUCATION, THE HON. KENNETH TOPLEY TOLD THE LEGISLATIVE COUNCIL TODAY THAT NO SPECIAL TRAINING WAS STIPULATED IN A RECENT NEWSPAPER ADVERTISEMENT FOR ASSISTANT INSPECTORS (GRADUATE) OF SPECIAL SCHOOLS BECAUSE THE NUMBER OF CANTONESE SPEAKING PERSONNEL WITH SPECIALIST QUALIFICATIONS IN SPECIAL EDUCATION WAS LIMITED.

REPLYING TO REV. THE HON. JOYCE BENNETT, THE DIRECTOR SAID THIS WAS DONE IN ORDER TO OPEN THE FIELD OF RECRUITMENT AS WIDE AS POSSIBLE TO ALL INTERESTED QUALIFIED TEACHERS WITH OR WITHOUT SPECIALIST QUALIFICATIONS.

HE EMPHASISED THAT IF THE CANDIDATE SELECTED DID NOT HAVE THE SPECIALIST QUALIFICATIONS REQUIRED, HE WOULD BE GIVEN SPECIALIST TRAINING PRIOR TO TAKING UP HIS DUTIES.

+AT THE SELECTION BOARD A CANDIDATE'S ORDINARY AND SPECIALIST TEACHING QUALIFICATIONS, TRAINING AND EXPERIENCE WILL BE CONSIDERED TOGETHER WITH HIS MOTIVATION, PERSONALITY AND POTENTIAL FOR THE POST. IN THIS HIGHLY SPECIALISED FIELD OF EDUCATION THESE QUALITIES ARE AS IMPORTANT AS QUALIFICATIONS AND EXPERIENCE,+ MR. TOPLEY SAID.

IN ANSWER TO ANOTHER POINT RAISED BY MISS BENNETT, THE DIRECTOR SAID: +ALL QUALIFIED CANDIDATES FOR THESE POSTS ARE VERY CAREFULLY INTERVIEWED BY A BOARD OF SPECIALISTS IN SPECIAL EDUCATION.+

GREAT CARE WAS TAKEN TO ENSURE THAT ONLY CANDIDATES WHO WERE SUITABLE IN ALL RESPECTS FOR WORK IN SPECIAL EDUCATION WERE SELECTED.

MR. TOPLEY STRESSED THAT +NO OFFICER UNDERTAKES SPECIAL EDUCATION DUTIES UNTIL HE IS FULLY QUALIFIED IN HIS PARTICULAR SPECIALIST FIELD.+

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\$1,300 MILLION WORTH OF HOUSING CONTRACTS
TO BE LET IN 1977/78

MORE THAN \$1,300 MILLION WORTH OF NEW CONTRACTS ON 32 DIFFERENT HOUSING PROJECTS WILL BE LET BY THE HOUSING AUTHORITY IN THE CURRENT FINANCIAL YEAR, THE ACTING SECRETARY FOR HOUSING, THE HON. DONALD LIAO, SAID TODAY.

SPEAKING IN THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, HE SAID THAT THE CONTRACTS TO BE LET WOULD INCLUDE THE FIVE HOME OWNERSHIP SCHEMES AT SHA TIN AND KWAI CHUNG IN THE NEW TERRITORIES, HO MAN TIN IN KOWLOON, AND ABERDEEN AND CHAI WAN ON THE ISLAND.

MR. LIAO ASSURED THE COUNCIL THAT THE AUTHORITY WOULD MAINTAIN THE VIGOROUS PURSUIT OF THE LONG-TERM HOUSING PROGRAMME AND EVERY EFFORT WOULD BE MADE TO MEET THIS YEAR'S EXPENDITURE TARGETS.

ON THE HOME OWNERSHIP SCHEME, HE SAID HE WAS GLAD THERE HAD BEEN SUCH A GOOD RECEPTION TO THE IDEA, WITH MUCH FAVOURABLE COMMENT BY THE PUBLIC AND THE MEDIA.

HE GAVE AN ASSURANCE THAT FLATS SOLD UNDER THE SCHEME WOULD BE AS ATTRACTIVE AS ANY PRODUCED BY GOOD PRIVATE DEVELOPERS.

ON A SUGGESTION THAT MORTGAGE ARRANGEMENTS MIGHT BE EXTENDED OUTSIDE THE SCHEME SO THAT ELIGIBLE PEOPLE COULD BUY SMALL FLATS IN THE PRIVATE SECTOR, HE SAID SUCH A STEP WOULD APPEAR LOGICAL BUT IT WOULD BE PRUDENT TO ALLOW THE PRESENT ARRANGEMENTS TO STAND FOR A YEAR OR TWO.

+WE MUST LEARN TO WALK BEFORE WE CAN RUN,+ HE SAID.

ON THE TIME LIMIT SET FOR RESALE OF FLATS, MR. LIAO AGREED THERE WAS ROOM FOR DISAGREEMENT BUT POINTED OUT THAT ANYTHING LONGER THAN THE FIVE-YEAR PERIOD ADVISED BY THE EXECUTIVE COUNCIL COULD WELL MAKE THE SCHEME MUCH LESS ATTRACTIVE TO BUYERS.

SPEAKING ON THE NEW FINANCIAL ARRANGEMENTS BETWEEN THE AUTHORITY AND GOVERNMENT, MR. LIAO SAID THEY WERE DESIGNED PRIMARILY TO STRAIGHTEN OUT THE PREVIOUSLY COMPLICATED ACCOUNTING ARRANGEMENT, TO SHOW CLEARLY GOVERNMENT'S CONTRIBUTION TO THE PUBLIC HOUSING PROGRAMME AND TO SIMPLIFY THE AUTHORITY'S CASH FLOW.

/+THESE

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+THESE PROPOSALS TAKE INTO ACCOUNT THE AUTHORITY'S OBLIGATIONS AND PROBLEMS AND ARE DESIGNED TO PUT ITS FINANCIAL STRUCTURE ON A MORE RATIONAL BASIS IN FUTURE,+ HE SAID.

THE AUTHORITY WOULD BE ABLE TO DETERMINE RENTS ON MORE LOGICAL GROUNDS AND NOT LARGELY ON THE BASIS OF THE COST OF INDIVIDUAL ESTATES, HE SAID.

IN LINE WITH THIS THE AUTHORITY HAD RECENTLY SET UP A RENT POLICY STEERING COMMITTEE TO UNDERTAKE AN OVERALL VIEW OF RENTS IN ALL ITS ESTATES, AND TO FORMULATE GENERAL PRINCIPLES FOR RENT FIXING IN THE FUTURE.

TURNING TO A SUGGESTION THAT THE REDEVELOPMENT OF OLD ESTATES BE SPEEDED UP, THE ACTING SECRETARY SAID THIS WAS UNDOUBTEDLY DESIRABLE, BUT THE PRIMARY AIM FOR THE NEXT FEW YEARS MUST BE TO INCREASE THE TOTAL STOCK OF PUBLIC HOUSING AND THE EMPHASIS HAD TO REMAIN ON NEW CONSTRUCTION.

MR. LIAO POINTED OUT THAT REDEVELOPMENT AND THE ASSOCIATED REHOUSING OPERATIONS DISTURBED THE EXISTING SOCIAL AND ECONOMIC LIFE OF TENANTS AND MUST THEREFORE BE CAREFULLY PLANNED AND TIMED TO MINIMISE SUCH DISRUPTION.

+HOWEVER, IT MUST NOT BE THOUGHT THAT THE OCCUPANTS OF THESE OLDER ESTATES HAVE NO OPPORTUNITY TO IMPROVE THEIR HOUSING CONDITIONS,+ HE SAID.

+THE HOUSING AUTHORITY IS SETTING ASIDE A QUOTA OF NEW FLATS FOR RELIEF OF OVERCROWDING AND ENCOURAGING TENANTS IN OLD ESTATES TO APPLY FOR TRANSFER TO BETTER FLATS IN THE IMPROVED ENVIRONMENT OF NEW ESTATES.+

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POWERS FOR COMMISSIONER FOR TRANSPORT
OVER FERRY OPERATIONS PROPOSED
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THE SECRETARY FOR THE ENVIRONMENT, THE HON. DEREK JONES, TODAY INTRODUCED INTO THE LEGISLATIVE COUNCIL THREE AMENDING BILLS WHICH SEEK TO TRANSFER TO THE COMMISSIONER FOR TRANSPORT CERTAIN POWERS OVER THE OPERATION OF FERRIES.

THE THREE BILLS ARE THE HONG KONG AND YAUMATI FERRY COMPANY (SERVICES) (AMENDMENT) BILL, STAR FERRY COMPANY (SERVICES) (AMENDMENT) BILL AND THE FERRIES (AMENDMENT) BILL.

IN MOVING THE SECOND READING OF THE HONG KONG AND YAUMATI FERRY COMPANY (SERVICES) (AMENDMENT) BILL, MR. JONES SAID THE OBJECT OF THE BILL, AND OF THE OTHER TWO BILLS, WAS TO GIVE THE COMMISSIONER FOR TRANSPORT POWERS OVER THE DAY TO DAY OPERATIONS OF THE FERRY COMPANIES MORE IN LINE WITH THOSE HE ALREADY POSSESSED IN RESPECT OF THE BUS COMPANIES.

HE SAID: +THE TWO PRINCIPAL FERRY COMPANIES OPERATING IN HONG KONG, NAMELY THE HONG KONG AND YAUMATI FERRY COMPANY AND THE STAR FERRY COMPANY, RUN THEIR SERVICES UNDER ORDINANCES EXCLUSIVE TO THEMSELVES.

+THESE ORDINANCES HAVE A LONG HISTORY AND MOST OF THE GOVERNMENTAL POWERS CONTAINED IN THEM ARE VESTED IN THE GOVERNOR-IN-COUNCIL.+

THIS MEANS THAT THE COMMISSIONER FOR TRANSPORT, WHO HAS OVERALL RESPONSIBILITY FOR THE DAY TO DAY SUPERVISION OF PUBLIC TRANSPORT, HAS ONLY VERY LIMITED POWERS OVER FERRY OPERATIONS AND THAT MOST CHANGES IN EVEN MINOR OPERATIONAL DETAILS OF FERRY SERVICES REQUIRE THE PRIOR APPROVAL OF THE GOVERNOR-IN-COUNCIL.

THE RESULT IS THAT +NOT ONLY IS THE DISTRIBUTION OF POWERS NOT IN KEEPING WITH THE PRINCIPLE OF THE CONTROLLED DELEGATION OF AUTHORITY IN APPROPRIATE MATTERS TO THE HEAD OF DEPARTMENT MOST CLOSELY CONCERNED, BUT ALSO THE TIME TAKEN FOR DECISIONS ON EVEN MINOR MATTERS IS OFTEN UNNECESSARILY LONG AND COMPLICATED FOR THIS DAY AND AGE+ MR. JONES POINTED OUT.

HE ADDED THAT WHEN THE FERRY COMPANIES' PRESENT FRANCHISES EXPIRE IN 1979, IT IS PROPOSED TO ENACT NEW FERRY SERVICES LEGISLATION, SIMILAR TO THE PUBLIC OMNIBUS SERVICES ORDINANCE, AND TO ISSUE NEW FRANCHISES TO THE FERRY COMPANIES UNDER POWERS GRANTED BY SUCH LEGISLATION.

+THE TREATMENT OF THE FERRY COMPANIES WOULD THEN BE MORE OR LESS COMPARABLE TO THAT OF THE BUS COMPANIES.+

/THE BILL

THE BILL ALSO SEEKS TO GIVE ADDITIONAL POWERS TO THE COMMISSIONER FOR TRANSPORTS OVER THE OPERATIONS OF THE HONG KONG AND YAUMATI FERRY COMPANY IN RESPECT OF:

- * CHANGING CALLING POINTS AND ROUTES OF FERRY SERVICES ON A TEMPORARY BASIS=
- * INTRODUCING TEMPORARY SERVICES AND SETTING CONDITIONS, INCLUDING FARES, FOR THE RUNNING OF SUCH SERVICES= AND
- * REQUIRING THE MAINTENANCE OF RECORDS AND THEIR SUBMISSION TO THE COMMISSIONER ON DEMAND.

MR. JONES SAID THAT ALL THESE AMENDMENT WERE ACCEPTABLE TO THE HONG KONG AND YAUMATI FERRY COMPANY.

HOWEVER, IN MOVING THE SECOND READING OF THE STAR FERRY COMPANY (SERVICES) (AMENDMENT) BILL, HE SAID THAT THE STAR FERRY COMPANY HAD OBJECTED TO THE PROVISION RELATING TO THE KEEPING OF RECORDS AND OR MAKING COPIES OF SUCH RECORDS AVAILABLE TO THE COMMISSIONER FOR TRANSPORT WHEN REQUIRED.

+THE GOVERNMENT, ON THE OTHER HAND, CONSIDERS THAT IT MUST INSIST ON THIS REQUIREMENT,+ HE SAID. +IT CANNOT ACCEPT THAT, IN THIS RESPECT, THE STAR FERRY COMPANY SHOULD BE PLACED IN A PRIVILEGED POSITION IN RELATION TO THESE OTHER COMPANIES (THE YAUMATI FERRY COMPANY AND THE BUS COMPANIES)+.

THE FERRIES (AMENDMENT) BILL, WHICH ALSO RECEIVED ITS SECOND READING TODAY, SEEKS TO AMEND THE PRINCIPAL ORDINANCE TO ENABLE REGULATIONS TO BE MADE TO REQUIRE THE HOLDERS OF LICENCES FOR MINOR FERRY SERVICES TO KEEP RECORDS.

IT ALSO PROVIDES FOR THE GOVERNOR TO ISSUE INSTRUCTIONS TO THE COMMISSIONER FOR TRANSPORT AND FOR APPEALS AGAINST THE COMMISSIONER'S DECISIONS TO BE MADE TO THE GOVERNOR-IN-COUNCIL.

IN ADDITION, IT IS PROPOSED TO AMEND THE FERRY REGULATIONS TO PROVIDE THE COMMISSIONER WITH POWERS OVER THE MINOR SERVICES SIMILAR TO THOSE PROPOSED FOR HIM OVER THE SERVICES OPERATED BY THE TWO PRINCIPAL FERRY COMPANIES.

MR. JONES SAID THAT THE FERRIES ORDINANCE WAS ENACTED BEFORE THE ORDINANCES GOVERNING THE OPERATIONS OF THE TWO MAJOR FERRY COMPANIES.

BUT HE ADDED THAT THE ORDINANCE, TOGETHER WITH THE SUBSIDIARY FERRIES REGULATIONS, WAS STILL USED TO GOVERN MINOR FERRY SERVICES.

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INCREASED SEVERANCE PAY PROPOSED

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EMPLOYEES WILL BE ELIGIBLE FOR INCREASED SEVERANCE PAY IN THE EVENT OF REDUNDANCY IF A BILL INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY BECOMES LAW.

MOVING THE SECOND READING OF THE EMPLOYMENT (AMENDMENT) (NO. 2) BILL 1977, THE COMMISSIONER FOR LABOUR, MR. IAN PRICE SAID THE BILL SEEKS TO INCREASE THE AMOUNT OF AN EMPLOYEE'S SEVERANCE PAY FOR EACH YEAR OF SERVICE FROM ONE-THIRD OF A MONTH'S PAY TO HALF A MONTH'S PAY FOR MONTHLY-RATED EMPLOYEES, AND FROM 10 DAYS' WAGES TO 13 DAYS' WAGES FOR TIME-RATED OR PIECE-RATED EMPLOYEES.

IT ALSO PROPOSES TO EXTEND THE PERIOD OF CONTINUOUS SERVICE TO BE TAKEN INTO ACCOUNT IN CALCULATING SEVERANCE PAY, FROM FIVE TO EIGHT YEARS.

+THESE AMENDMENTS, IF APPROVED BY COUNCIL,+ SAID MR. PRICE, +WILL PROVIDE MORE EQUITABLE AND MEANINGFUL SEVERANCE PAYMENTS FOR REDUNDANT EMPLOYEES AND IN PARTICULAR MORE GENEROUS TREATMENT FOR THOSE WITH LONGER SERVICE.

+UNDER THE EXISTING SCHEME+ HE WENT ON, +THOSE EMPLOYEES WITH MORE THAN EIGHT YEARS OF CONTINUOUS EMPLOYMENT RECEIVE AN AMOUNT OF SEVERANCE PAY IN COMMENSURATE WITH THEIR LENGTH OF SERVICE.+

CONCLUDING, MR. PRICE SAID THAT ALTHOUGH SOME RESERVATIONS HAD BEEN EXPRESSED REGARDING THE PROPOSAL +NO ONE HAS ADVOCATED THAT EMPLOYEES SHOULD NOT HAVE THE RIGHT TO EXPECT A REASONABLE SUM OF SEVERANCE PAY AFTER YEARS OF LOYAL SERVICE - AND THIS WILL BE PROVIDED BY THE AMENDMENT.+

THE LAW AT PRESENT PROVIDES FOR EMPLOYEES TO BE GIVEN SEVERANCE PAY AT A FLAT RATE OF ONE-THIRD OF A MONTH'S PAY FOR MONTHLY-RATED WORKERS, OR 10 DAYS' WAGES FOR TIME AND PIECE RATED WORKERS FOR EVERY YEAR OF CONTINUOUS SERVICE, SUBJECT TO A QUALIFYING PERIOD OF TWO YEARS' SERVICE. ANY SERVICE IN EXCESS OF FIVE YEARS PRIOR TO THE ENACTMENT OF THE LEGISLATION, I.E. AUGUST 23, 1974, DOES NOT COUNT FOR THE CALCULATION OF PAYMENTS.

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PLANS TO DEVELOP MEDICAL AND HEALTH SERVICES OUTLINED
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THE DIRECTOR OF MEDICAL AND HEALTH SERVICES, DR. THE HON. K.L. THONG, TODAY OUTLINED PLANS TO DEVELOP MEDICAL AND HEALTH SERVICES AND TO STREAM-LINE THE ADMINISTRATIVE STRUCTURE IN ORDER TO COPE WITH NEW CHALLENGES AND DEMANDS FOR BETTER AND IMPROVED SERVICES.

HE ALSO TOLD OF THE PROBLEMS CONFRONTING THE DEPARTMENT AND THE CONSTRAINTS UPON THE MEDICAL AND HEALTH SERVICES.

SPEAKING IN THE LEGISLATIVE COUNCIL DURING THE RESUMED BUDGET DEBATE, DR. THONG DESCRIBED THE INTRODUCTION OF THE REGIONALISATION SCHEME ON APRIL 1 AS AN ESSENTIAL STEP IN THE PROVISION OF GOOD AND EFFICIENT MEDICAL AND HEALTH SERVICES.

THE PRIMARY OBJECTIVE OF REGIONALISATION, HE SAID, WAS TO ENSURE THAT +FACILITIES ARE PROVIDED WHERE THEY CAN BE BEST USED, THAT RESOURCES ARE NOT UNNECESSARILY DUPLICATED AND THAT ONE SERVICE COMPLEMENTS ANOTHER.+

+BY JUDICIOUS USE OF ALL RESOURCES AVAILABLE AND UNDER THE CONTROL OF MANAGEMENT ON THE SPOT, IT IS HOPED TO RELIEVE CONGESTION IN THE REGIONAL HOSPITALS AND TO MAKE BETTER USE OF UNDER-UTILISED FACILITIES IN SOME DISTRICT HOSPITALS,+ HE SAID.

+UNDER THIS SCHEME IT IS ALSO POSSIBLE TO SPREAD MORE EVENLY THE CASE LOADS BETWEEN GOVERNMENT AND GOVERNMENT-ASSISTED HOSPITALS AND IN THIS WAY PROVIDE A MORE BALANCED SERVICE IN EACH REGION BASED UPON THE REGIONAL HOSPITAL,+ HE ADDED.

THE DIRECTOR SAID IN ACCORDANCE WITH THIS PRINCIPLE A DETERMINED EFFORT WAS BEING MADE TO ELIMINATE THE USE OF TEMPORARY BEDS IN QUEEN MARY AND QUEEN ELIZABETH HOSPITALS.

+WITH THIS ALL-OUT EFFORT AND THE GOODWILL AND COOPERATION OF ALL CONCERNED, WE SHOULD BE ABLE TO SOLVE THIS CLASSIC PROBLEM IN OUR TWO MAJOR HOSPITALS BY THE END OF THE YEAR,+ HE ADDED.

LOOKING INTO THE FUTURE DEVELOPMENT, DR. THONG SAID SPECIAL DEMANDS WERE LIKELY TO COME FROM THE RAPIDLY GROWING AGGLOMERATIONS IN PARTS OF KOWLOON, SPECIFICALLY EAST KOWLOON AND KWUN TONG AND THE NEW TERRITORIES.

THUS, PLANS WERE IN HAND TO PROVIDE MORE IN-PATIENT AND OUT-PATIENT FACILITIES IN ACCORDANCE WITH THE AREAS OF MOST DEMAND, HE SAID.

THESE PROJECTS INCLUDE THREE HOSPITALS, ONE EACH AT EAST KOWLOON, SHA TIN AND TUEN MUN AND A NUMBER OF SPECIALIST CLINICS AND GENERAL CLINICS.

WHEN ALL THE PROJECTS ARE COMPLETED, THE BED-POPULATION RATIO WILL INCREASE FROM 4.2 IN 1976 TO 5 BEDS PER THOUSAND BY 1985.

DR. THONG POINTED OUT THAT STATISTICS SUCH AS BED-POPULATION RATIOS WERE IMPORTANT INDICES IN SO FAR AS THEY MEASURED THE INPUT OF THE SERVICE PROGRAMME.

HOWEVER, THE ULTIMATE INDICATORS OF HEALTH OF A COMMUNITY MUST BE THE INTERNATIONALLY RECOGNISED INDICES SUCH AS STATISTICS ON MORBIDITY, BIRTH RATES AND INFANT MORTALITY RATES.

THE DIRECTOR SAID HONG KONG'S BIRTH RATE HAD FALLEN FROM 25.5 IN 1966 TO 17.2 LAST YEAR AND THE INFANT MORTALITY RATES FROM 24.9 TO 14.3 OVER THE SAME PERIOD, AND THE PATTERN OF DISEASE HAD SHIFTED FROM THE ERA OF COMMUNICABLE DISEASES TO THE AGE OF DEGENERATIVE DISEASES, SUCH AS CANCER AND HEART DISEASES.

BY THESE STANDARDS, HE SAID, HONG KONG WAS SECOND ONLY TO JAPAN IN ALL OF ASIA AND BETTER THAN A NUMBER OF ADVANCED COUNTRIES IN THE WORLD.

ON COMMUNITY NURSING, DR. THONG SAID THE SERVICE WAS BEING UNDERTAKEN BY SIX SEPARATE AGENCIES WITH VARYING PROGRAMMES OF WORK AND VARYING LEVELS AND NUMBERS OF STAFF.

+THERE IS, THEREFORE, A NEED FOR AN AGREED PROGRAMME OF WORK AMONG ALL AGENCIES AND TO EVALUATE HOW THESE SERVICES CAN BEST BE FITTED IN TO COMPLEMENT AND IMPROVE EXISTING FACILITIES AND IN PARTICULAR WHETHER AND TO WHAT EXTENT COMMUNITY NURSING SERVICES CAN REDUCE PRESSURE ON HOSPITAL BEDS,+ HE SAID.

IF THERE WAS SUFFICIENT EVIDENCE TO SHOW THAT THE SERVICE WAS ATTAINING ITS OBJECTIVES THE ORIGINAL THREE-YEAR EVALUATION PERIOD COULD BE MODIFIED TO ALLOW FOR AN EARLIER EXPANSION PROGRAMME, HE SAID.

IN REGARD TO THE PROVISION OF CLINIC SERVICES, THE DEPARTMENT WAS CONSIDERING PROPOSALS FOR EXTRA EVENING CLINIC SESSIONS IN AREAS OF GREATER DEMANDS, HE SAID.

ON THE QUESTION OF DOCTOR SUPPLY, THE DIRECTOR SAID THERE WOULD ALWAYS BE A CERTAIN TURNOVER AMONG MEDICAL OFFICERS AT ALL LEVELS.

HE POINTED OUT THAT GOVERNMENT HOSPITALS AND CLINICS PROVIDED VALUABLE TRAINING AREAS FOR THE YOUNG DOCTORS WHO DESIRE TO OBTAIN FURTHER EXPERIENCE IN THE GENERAL FIELD OR IN SOME SPECIALTIES BEFORE DECIDING TO REMAIN EITHER IN GOVERNMENT SERVICE OR TO GO INTO PRIVATE PRACTICE.

HOWEVER, HE SAID, ASPIRATIONS FOR REASONABLE TERMS AND CONDITIONS OF SERVICE AND JOB SATISFACTION AMONG MEDICAL OFFICERS MUST BE BORNE IN MIND BECAUSE NO SERVICE +WISHES TO RETAIN MEMBERS WHO ARE DISSATISFIED AND FRUSTRATED.+

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+SENSIBLE PROPOSALS ON THESE MATTERS FROM RELEVANT QUARTERS WILL THEREFORE ALWAYS BE CONSIDERED VERY CAREFULLY,+ HE SAID.

THE DIRECTOR FURTHER POINTED OUT THAT THE NUMBER OF DOCTORS IN THE SERVICE HAD BEEN INCREASING STEADILY OVER THE YEARS AND THE OVERALL SUPPLY OF DOCTORS FOR HONG KONG WOULD BE MUCH IMPROVED WITH THE ADDITION OF 100 DOCTORS GRADUATING FROM THE CHINESE UNIVERSITY ANNUALLY FROM 1987 ONWARDS.

HE ADDED THAT RECENT STEPS TAKEN OVERSEAS TO STOP RECRUITING MEDICAL STAFF FROM OUTSIDE THEIR OWN COUNTRIES WERE LIKELY TO ENCOURAGE MORE LOCAL DOCTORS TO REMAIN IN HONG KONG.

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S.W.D. PLANS TO SET UP REGIONAL OFFICES UNDER CONSIDERATION
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THE SOCIAL WELFARE DEPARTMENT PLANS TO REVIEW ITS SERVICES WITH THE AIM OF SETTING UP REGIONAL OFFICES EACH DESIGNED TO DEAL WITH A WIDER RANGE OF NEEDS.

THE DIRECTOR OF SOCIAL WELFARE, THE HON. THOMAS LEE, WHO DISCLOSED THIS DURING THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY, SAID THAT PRELIMINARY PROPOSALS FOR SUCH REGIONALISATION WERE BEING CONSIDERED IN THE GOVERNMENT SECRETARIAT.

HE EXPLAINED THAT THE PRESENT LARGE NUMBER OF BRANCH OFFICES IN HIS DEPARTMENT WAS TO A GREAT EXTENT A LEGACY OF THE VERY RAPID EXPANSION WHICH THE DEPARTMENT HAD EXPERIENCED SINCE 1970.

+AS WE HAVE DEVELOPED SO QUICKLY, THE DEMAND FOR OFFICE SPACE TO ADMINISTER OUR NEW SCHEMES HAS OUTSTRIPPED OUR ABILITY TO PLAN FOR AND OBTAIN SUFFICIENTLY LARGE OFFICES TO ACCOMMODATE SEVERAL SERVICES,+ HE SAID.

MR. LEE ADDED THAT THE EXPANSION HAD ALSO LED TO STRAINS IN SUPERVISING SO MANY SCATTERED OUTPOSTS AND HE FELT THE TIME HAD COME TO UNDERTAKE A THOROUGH REVIEW.

HE HOPED THAT BEFORE LONG, THE DEPARTMENT COULD BE REORGANISED TO PROVIDE A SERVICE +DESIGNED TO SERVE OUR CLIENTS RATHER THAN THE EXPEDIENCIES OF THE MOMENT AND TO RELIEVE SOME OF THE BEWILDERMENT WITH WHICH PEOPLE IN TROUBLE APPROACH US.+

ON THE QUESTION OF PROCESSING APPLICATIONS FOR SUBVENTIONS, THE DIRECTOR NOTED THAT THE HONG KONG COUNCIL OF SOCIAL SERVICE HAD RECENTLY HELD A TWO-DAY SEMINAR ON THE SUBJECT TO STUDY HOW BEST TO RELIEVE THE LOAD ON ALL WHO HAD TO EXAMINE REQUESTS FOR SUBVENTION AND TO BRING ABOUT MORE SECURITY FOR VOLUNTARY AGENCIES TO PLAN THEIR DEVELOPMENT.

+I AM LOOKING FORWARD TO THEIR RECOMMENDATIONS AND I AM SURE THAT THEIR PROPOSALS ON RATIONALIZATION AND SIMPLIFYING PROCEDURES WILL RECEIVE SERIOUS CONSIDERATION BY THE GOVERNMENT AND THE SOCIAL WELFARE ADVISORY COMMITTEE,+ HE SAID.

TO BE BORNE IN MIND IN THIS REVIEW, HE SAID, WOULD BE THE SUGGESTION BY THE HON. ROGER LOBO TO IMPROVE THE WAY IN WHICH THE DEPARTMENT DEALT WITH SUBVENTIONS.

MOREOVER, HE SAID THAT DECENTRALISED ADMINISTRATION OF THE DEPARTMENT SHOULD ALLOW HIS OFFICERS TO GET INTO CLOSER AND MORE EFFECTIVE LIAISON WITH THE MANY VOLUNTARY AGENCIES OPERATING IN THE FIELD.

REFERRING TO THE PROPOSAL FOR LOWERING THE AGE LIMIT FOR OLD PEOPLE TO RECEIVE INFIRMITY ALLOWANCE, MR. LEE RECALLED THAT THE FINANCIAL SECRETARY HAD IN HIS BUDGET SPEECH ALREADY SUGGESTED THAT SOME PRIORITY SHOULD BE GIVEN TO THIS.

+I, TOO, FEEL THAT THE TIME HAS COME FOR US TO RECONSIDER THE QUALIFYING AGE WHETHER THEY ARE LIVING WITH THEIR FAMILIES OR RESIDING IN AN OLD PEOPLE'S HOME,+ HE SAID.

THE DIRECTOR EXPLAINED THAT THE ORIGINAL INTENTION OF NOT APPLYING THE ALLOWANCE TO THOSE WHO LIVE IN HOMES FOR THE AGED WAS TO PROVIDE SOME INCENTIVE FOR THEM AND THEIR FAMILIES TO REMAIN AS LONG AS POSSIBLE IN A NATURAL FAMILY ENVIRONMENT.

+HOWEVER, IT HAS TRANSPIRED THAT MANY OF THOSE WHO ARE LIVING IN SUCH INSTITUTIONS HAVE NO ONE OUTSIDE TO CARE FOR THEM,+ HE SAID.

HE TOLD THE COUNCIL HE HAD RECOMMENDED EXTENDING THE INFIRMITY ALLOWANCE TO THOSE IN THE OLD PEOPLE'S HOMES AS ONE OF THE PROPOSALS TO BE CONSIDERED IN THE +PROGRAMME PLAN FOR THE ELDERLY+.

MR. LEE WAS SURE THERE WAS SCOPE FOR THE ELDERLY AND HIS DEPARTMENT WAS DISCUSSING SUCH PROJECTS WITH INTERESTED VOLUNTARY AGENCIES.

HE ALSO ANTICIPATED THAT MORE HOSTELS WOULD BE ESTABLISHED WHERE SUITABLE ACCOMMODATION COULD BE MADE AVAILABLE IN PUBLIC HOUSING ESTATES.

AS FOR THE ELDERLY WHO COULD STILL LIVE INDEPENDENTLY, THE DIRECTOR SAID HE HAD BEEN ABLE UNDER EXISTING ARRANGEMENTS TO REFER SUITABLE CASES TO THE HOUSING DEPARTMENT FOR COMPASSIONATE REHOUSING.

ON THE SUBJECT OF HELPING PUBLIC ASSISTANCE RECIPIENTS TO OBTAIN PRIVATE DENTAL SERVICES AND GLASSES, MR. LEE SAID PROVIDED THE CHARGE WAS REASONABLE, A DISCRETIONARY GRANT COULD BE MADE TO COVER THE COSTS UPON MEDICAL ADVICE.

IF THE CHARGE APPEARED TOO HIGH, HE EXPLAINED, THE GRANT WAS RESTRICTED IN THE CASE OF DENTURES TO AN AMOUNT THAT WAS NORMALLY CHARGED BY DENTAL CLINICS RUN BY WELFARE AGENCIES AT ABOUT \$15 PER TOOTH. FOR A PAIR OF GLASSES A PUBLIC ASSISTANCE CLIENT COULD GET UP TO \$40.

+CHARITABLE FUNDS ARE ALSO AVAILABLE TO ASSIST PERSONS IN SPECIAL CIRCUMSTANCES TO ACQUIRE SPECTACLES OR DENTURES,+ HE ADDED.

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ELEMENTS CONTRIBUTING TO UNDER-SPENDING BY P.W.D.

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THE DIRECTOR OF PUBLIC WORKS, THE HON. DAVID MCDONALD SAID TODAY HE WAS CONFIDENT THAT THE TARGET SET FOR SPENDING ON PUBLIC WORKS PROJECTS THIS FINANCIAL YEAR WOULD BE MET.

SPEAKING IN THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, HE SAID HE CONSIDERED THAT THE PROVISION IN THE 1977/78 DRAFT ESTIMATES FOR NON-RECURRENT SPENDING REALISTICALLY REFLECTED THE CAPACITY OF THE PUBLIC WORKS DEPARTMENT.

+I FEEL CONFIDENT THAT WE CAN ACHIEVE OUR AIMS,+ HE SAID.

MR. MCDONALD ALSO ASSURED THE COUNCIL THAT THE P.W.D. -- ASSISTED BY A SPECIAL MANAGEMENT SERVICE UNIT STAFFED BY OFFICERS OF THE ORGANISATION AND METHODS DIVISION OF THE FINANCE BRANCH -- WAS CONSTANTLY REVIEWING ITS PROCEDURES AND ORGANISATION SO AS TO PROVIDE A MORE EFFICIENT PUBLIC SERVICE.

MR. MCDONALD SAID THAT DESPITE EFFORTS BY THE P.W.D. TO BOOST SPENDING ON PUBLIC WORKS PROJECTS DURING THE LAST FINANCIAL YEAR, AS EXPLAINED BY THE FINANCIAL SECRETARY IN HIS BUDGET SPEECH IT HAD NOT BEEN POSSIBLE TO SPEND ALL THE MONEY ALLOCATED.

IN RESPONSE TO A REQUEST BY UNOFFICIAL LEGISLATIVE COUNCILLOR MISS LYDIA DUNN, IN HER SPEECH IN THE BUDGET DEBATE ON MARCH 31, MR. MCDONALD PROVIDED A FURTHER BREAKDOWN HIGHLIGHTING THE MAIN REASONS FOR THE UNDER-EXPENDITURE.

HE SAID THE LARGEST SINGLE CAUSE OF UNDERSPENDING WAS DIFFICULTIES AND DELAYS IN LAND CLEARANCES, ACQUISITIONS, RESUMPTIONS AND COMPENSATION PAYMENTS -- ALL OF WHICH RESULTED IN ABOUT \$130 MILLION BEING UNSPENT.

MUCH OF THE DELAY, HE ADDED, STEMMED FROM OWNERS' UNWILLINGNESS TO ACCEPT GOVERNMENT OFFERS DURING A PERIOD WHEN MARKET VALUES WERE RISING.

ABOUT \$20 MILLION COULD NOT BE SPENT BECAUSE OF DELAYS IN WORKS PROGRAMMES AND COMPENSATION PAYMENTS BROUGHT ABOUT BY OBJECTIONS RAISED UNDER THE STREETS (ALTERATION) ORDINANCE.

MR. MCDONALD SAID THERE HAD ALSO BEEN AN UNEXPECTED SAVING OF \$114 MILLION DURING THE YEAR AS A RESULT OF LOW TENDER PRICES, WHICH ACCOUNTED FOR THE SECOND HIGHEST AMOUNT UNSPENT.

BUT HE SAID IT SHOULD BE REMEMBERED THAT THE ESTIMATES FOR 1976/77 WERE PREPARED IN OCTOBER 1975 WHEN LABOUR, MATERIALS AND TENDER PRICES HAD ALREADY HIT A LOW LEVEL AND WERE BEGINNING TO SHOW AN UPTURN, SO THE ESTIMATES HAD ALLOWED FOR RISING COSTS.

+HOWEVER, AS THE FINANCIAL SECRETARY STATED IN HIS SPEECH, THE EXPECTED SHARP RISE IN PRICES DID NOT MATERIALISE -- EVEN WITH THE DEMANDS BEING MADE ON THE CONSTRUCTION INDUSTRY,+ HE SAID.

FAILURE OF CONTRACTORS TO MEET THEIR PROGRAMMES AS A RESULT OF ORGANISATIONAL AND LABOUR PROBLEMS, EXCEPTIONALLY WET WEATHER, DIFFICULTY IN OBTAINING MATERIALS OR PLANT, OR DIFFICULT SITE CONDITIONS HAD MEANT THAT ANOTHER \$109 MILLION WAS NOT SPENT.

HE SAID THE REST OF THE UNDER-SPENDING WAS MAINLY DUE TO CHANGES IN THE DESIGN OR SCOPE OF PROJECTS -- WHICH EITHER CUT COSTS OR DELAYED THE START OF WORK -- AND TO OVER-ESTIMATION BY OTHER GOVERNMENT DEPARTMENTS.

MR. MCDONALD SAID THAT DURING THE YEAR ATTEMPTS HAD BEEN MADE BY THE P.W.D. TO MAKE UP FOR THE UNDER-SPENDING BY INJECTING NEW ITEMS INTO THE PUBLIC WORKS PROGRAMME, AND ACCELERATING WORK ON OTHERS.

+THE RESULTS OF OUR EFFORTS PRODUCED ADDITIONAL EXPENDITURE OF \$113 MILLION,+ HE SAID, +BUT THIS WAS ERODED BY FURTHER MISCELLANEOUS ITEMS OF UNDER-EXPENDITURE, AND FINALLY ONLY ABOUT 18 PER CENT OF THE OVERALL DEFICIENCY WAS RETRIEVED.+

REFERRING TO ANOTHER POINT RAISED BY MISS DUNN, REGARDING THE STAFFING AND ORGANISATION OF THE PUBLIC WORKS DEPARTMENT, MR. MCDONALD SAID THAT LIKE MOST OTHER GOVERNMENT DEPARTMENTS THE P.W.D. HAD BEEN GREATLY AFFECTED BY THE LIMITATIONS PLACED ON STAFF RECRUITMENT AND EXPANSION IN EARLY 1975.

+THESE LIMITATIONS, COUPLED WITH THE COMPETITION FROM AND ATTRACTION TO EMPLOYMENT IN OTHER SECTORS, UNDERMINED THE DEPARTMENT'S ABILITY TO MEET ALL OUR PROGRAMMES,+ HE SAID.

AT APRIL 1, 1975 THE ARCHITECTURAL OFFICE, FOR INSTANCE, HAD BEEN 16 PER CENT BELOW ITS ESTABLISHMENT FOR ARCHITECTS= 18 PER CENT BELOW FOR BUILDING SERVICES ENGINEERS= 19 PER CENT FOR QUANTITY SURVEYORS AND 26 PER CENT FOR STRUCTURAL ENGINEERS.

HE SAID: +DURING 1976 VACANCIES FOR STRUCTURAL ENGINEERS WERE REDUCED BY ABOUT HALF, BUT THE SITUATION DETERIORATED STILL FURTHER IN RESPECT OF ARCHITECTS, WITH THE POSITION AT MARCH 1, 1977 SHOWING VACANCIES OF OVER 30 PER CENT.

+HOWEVER, RESPONSE TO CURRENT RECRUITMENT EXERCISES BEING CARRIED OUT BOTH LOCALLY AND OVERSEAS INDICATES THAT WE SHOULD COME CLOSE TO FILLING MOST IF NOT ALL OF THE VACANCIES OVER THE NEXT FEW MONTHS,+ SAID MR. MCDONALD.

THE DEFICIENCY OF PROFESSIONAL STAFF IN THE CIVIL ENGINEERING FIELD -- WHICH WAS RUNNING AT MORE THAN 15 PER CENT IN APRIL 1975 -- HAD BEEN FULLY MADE UP BY MARCH THIS YEAR.

+THE FULL EFFECTS OF THIS IMPROVEMENT SHOULD BECOME EVIDENT DURING THE CURRENT FINANCIAL YEAR,+ MR. MCDONALD SAID.

+WE ARE CONTINUOUSLY EXAMINING THE ADEQUACY OF STAFF TO MEET WORKS PROGRAMMES AND ARE, FOR EXAMPLE, AT PRESENT PRODUCING DETAILED ASSESSMENTS OF STAFF REQUIREMENTS TO IMPLEMENT THE 10-YEAR MEDICAL DEVELOPMENT PROGRAMME,+ HE ADDED.

PUBLIC CONTROL AND CO-ORDINATION OF PUBLIC EXAMINATIONS
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THE TIME HAS COME TO ESTABLISH A SINGLE BODY, BROADLY REPRESENTATIVE OF THE COMMUNITY, TO ENSURE THAT PUBLIC EXAMINATIONS ARE SUBJECT TO THE RIGHT KINDS OF PUBLIC CONTROL AND CO-ORDINATION, SAID THE DIRECTOR OF EDUCATION, THE HON. KENNETH TOPLEY, WHEN HE MOVED THE SECOND READING OF THE HONG KONG EXAMINATIONS AUTHORITY BILL 1977 IN THE LEGISLATIVE COUNCIL THIS AFTERNOON.

THE PRESENT ARRANGEMENTS, UNDER WHICH THE TWO UNIVERSITIES AND A DIVISION OF THE EDUCATION DEPARTMENT SEPARATELY PROVIDE EXAMINATIONS, +ARE FROM THIS POINT OF VIEW NO LONGER SATISFACTORY,+ HE SAID.

THE PROPOSED AUTHORITY MR. TOPLEY SAID, +WILL BE ABLE TO HOLD IN VIEW OF THE NEEDS OF THE VARIOUS INSTITUTIONS, THE GENERAL OBJECTIVES OF SOCIAL AND EDUCATIONAL POLICY, AND THE REQUIREMENTS OF THE INDIVIDUAL STUDENTS.+

THIS IS A TASK CALLING FOR THE ASSEMBLY, UNDER A SINGLE AEGIS, OF A WIDE VARIETY OF PERSONS, NOT ALL OF THEM ENGAGED IN EDUCATION.

THERE WILL BE FIVE EX-OFFICIO MEMBERS AND BETWEEN 17 AND 20 OTHER MEMBERS, INCLUDING THREE EXPERIENCED IN COMMERCE OR INDUSTRY IN HONG KONG.

MR. TOPLEY SAID THE AUTHORITY +WILL PROVIDE THE NECESSARY BREADTH OF VISION AND HOLD A PROPER BALANCE BETWEEN GENERAL AND PARTICULAR INTERESTS. IT WILL ALSO BE ABLE IN DUE COURSE TO BRING ABOUT A CO-ORDINATED AND CONSISTENT APPROACH TO THE WHOLE FIELD OF PUBLIC EXAMINATIONS, AVOIDING ADMINISTRATIVE WASTE AND SPREADING THE BENEFITS OF PROFESSIONAL EXPERTISE MORE WIDELY.

+I SHOULD ADD THAT, SINCE IT IS OF PARAMOUNT IMPORTANCE TO AVOID DISRUPTIONS AND OPERATIONAL BREAKDOWNS, THIS RATIONALISATION MUST BE ACHIEVED CAREFULLY AND OVER A REASONABLE PERIOD OF TIME.+

THE AUTHORITY WILL BE REQUIRED TO SUBMIT TO THE GOVERNMENT ITS BUDGETS, AND IN PARTICULAR ITS FEE-PROPOSALS, FOR APPROVAL.

THE DIRECTOR SAID: +THE ACTIVITIES AND PLANS OF THE AUTHORITY, THEREFORE, WILL BE MONITORED BY THE GOVERNMENT, BOTH FROM THE POINT OF VIEW OF HARMONY WITH GENERAL EDUCATIONAL OBJECTIVES AND FROM THAT OF THE RESTRAINT OF CANDIDATES' FEES TO A REASONABLE LEVEL.+

THE OPPORTUNITY WOULD BE TAKEN, SUBJECT TO FINANCE COMMITTEE APPROVAL, TO EXTEND TO THE SIXTH FORM EXAMINATIONS THE FEE-REMISSION NOW AVAILABLE ONLY IN THE CERTIFICATE OF EDUCATION EXAMINATION.

WE ARE CONTINUOUSLY EXAMINING THE ADEQUACY OF STAFF
TO MEET WORKS PROGRAMMES AND ARE, FOR EXAMPLE, AT PRESENT
PRODUCING DETAILED ASSESSMENTS OF STAFF REQUIREMENTS TO
IMPL... 5-YEAR MEDICAL DEVELOPMENT PROGRAMME + HE ADDED.
/ +IT IS

SPORTS-FOR-ALL DAY AT SOUTHERN PLAYGROUND TOMORROW
QUEEN'S SILVER JUBILEE CELEBRATIONS
WEDNESDAY, APRIL 20, 1977

+IT IS PROPOSED THAT THE COST OF THIS REMISSION SHALL BE BORNE BY THE PUBLIC PURSE AND NOT BY THE FEE-PAYING CANDIDATES, - AND THIS IS AN ADDITIONAL REASON WHY A CLOSE WATCH WILL BE KEPT OVER EXAMINATION FEES GENERALLY,+ MR. TOPLEY SAID.

THE DIRECTOR POINTED OUT THAT FOR THE ACTUAL PRODUCTION, ADMINISTRATION AND MARKING OF EXAMINATIONS, RESOURCES - ESPECIALLY HUMAN RESOURCES - WERE NOT UNLIMITED.

+SUCCESS WILL THEREFORE BE DEPENDENT ON THE CONTINUED ASSISTANCE OF THE MANY INSTITUTIONS AND INDIVIDUALS WHO HAVE GIVEN SPLENDID CO-OPERATION HITHERTO,+ HE SAID.

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GOVERNOR SENDS BIRTHDAY GREETINGS TO QUEEN

ON BEHALF OF THE PEOPLE OF HONG KONG, THE GOVERNOR, SIR MURRAY MACLEHOSE, HAS SENT A TELEGRAM OF BIRTHDAY GREETINGS AND CONGRATULATIONS TO THE QUEEN ON THE OCCASION OF THE OFFICIAL OBSERVANCE HERE OF HER MAJESTY'S BIRTHDAY, WHICH WILL ALSO BE MARKED BY A PROCESSION IN HONOUR OF THE SILVER JUBILEE.

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NOTE TO EDITORS:

YOU ARE WELCOME TO COVER THE SPORTS-FOR-ALL DAY AT SOUTHERN PLAYGROUND TOMORROW. THE RIBBON CUTTING CEREMONY WILL BE HELD AT 9.10 A.M. WHILE THE RECREATION AND SPORTS PROGRAMME WILL BEGIN AT 10.30 A.M. AND END AT ABOUT 12. NOON

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WEDNESDAY, APRIL 20, 1977

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SPORTS-FOR-ALL DAY AT SOUTHORN PLAYGROUND TOMORROW
PART OF QUEEN'S SILVER JUBILEE CELEBRATIONS

YOU WILL NOT HAVE TO LOOK ON BY THE SIDE WHILE OTHERS ARE HAVING FUN AND HEALTHY EXERCISES IN THE SPORT FIELD IF YOU GO ALONG TO SOUTHORN PLAYGROUND TOMORROW MORNING.

THE RECREATION AND SPORT SERVICE HAS ORGANISED A SPORTS-FOR-ALL DAY THERE AS PART OF THE QUEEN'S SILVER JUBILEE CELEBRATIONS AND FROM THE DESCRIPTION OF THE PROGRAMME, IT PROMISES TO BE A SPORTING FEAST FOR ALL TASTES AND ALL AGES.

BEGINNING AT 8.45 A.M., BEFORE THE ARRIVAL OF THE CHIEF GUESTS-OF-HONOUR, MR. KEN TOPLEY, DIRECTOR OF EDUCATION AND MR. F.K. HU, A MEMBER OF THE COUNCIL FOR RECREATION AND SPORT, THE NEW METHOD COLLEGE BAND WILL PERFORM AND PARADE BEFORE THE SPECTATORS.

TO ADD COLOUR TO THE OPENING CEREMONY, THERE WILL BE A CYCLING DISPLAY AND A SPIRITED DANCE SIMULTANEOUSLY BY SIX LIONS.

THE EYES OF THE LIONS WILL BE DOTTED BY MR. TOPLEY AND MR. HU AND THE CHAIRMEN OF FOUR REGIONAL RECREATION AND SPORTS PROMOTION ORGANISATIONS.

THE SPORTS-FOR-ALL PROGRAMME WILL FOLLOW IMMEDIATELY AND WILL START WITH POTTED SPORT GAMES WHICH ARE ESPECIALLY DESIGNED FOR CHILDREN.

IN OTHER PARTS OF THE PLAYGROUND, SPECTATORS WILL BE ABLE TO TAKE PART FREELY IN TRAMPOLIN, TAI CHI, TABLE TENNIS AND LATER A DANCE IN THE INDOOR STADIUM.

THERE WILL BE PERFORMANCES IN MARTIAL ARTS, GYMNASTICS, AND WHEELCHAIR BASKETBALL BY THE PHYSICALLY HANDICAPPED AND ABLE-BODIED ASSOCIATION.

FINAL MATCHES OF VOLLEYBALL AND BASKETBALL TOURNAMENT ORGANISED BY THE RECREATION AND SPORT SERVICE WILL ALSO BE PLAYED.

ABOUT 5,000 PEOPLE ARE EXPECTED TO TAKE PART IN THE VARIOUS ACTIVITIES IN THE SPORT EVENT TOMORROW.

NOTE TO EDITORS:

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PRIZES FOR WINNERS OF INDUSTRIAL SAFETY POSTER COMPETITION
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THE CHINESE MANUFACTURERS ASSOCIATION ENDORSES THE PRINCIPLES BEHIND THE FACTORY AND INDUSTRIAL UNDERTAKINGS (GUARDING AND OPERATION OF MACHINERY) REGULATIONS WHICH CAME INTO FORCE ON APRIL 1.

THIS WAS STATED BY THE SECRETARY-GENERAL OF CMA MR. J.P. LEE TODAY (WEDNESDAY) WHEN HE PRESENTED CASH AWARDS TO 11 WINNERS OF THE INDUSTRIAL SAFETY POSTER AND SAFETY SLOGAN COMPETITION JOINTLY ORGANISED BY THE LABOUR AND EDUCATION DEPARTMENTS.

MR. LEE SAID THE REGULATIONS LISTED THE DANGEROUS PARTS OF DIFFERENT TYPES OF MACHINES AND SUGGESTED WAYS ON HOW THEY COULD BE EFFECTIVELY GUARDED.

+THROUGH STUDYING THESE, BOTH MANAGEMENT AND WORKERS WILL BE IN A BETTER POSITION TO RE-ORGANIZE THEIR EQUIPMENT AND OPERATION,+ HE SAID.

MR. LEE SAID THE OBJECTIVE OF THIS YEAR'S SAFETY COMPETITION WAS TO DRAW THE ATTENTION OF BOTH MANUFACTURERS AND WORKERS TO THE IMPORTANCE OF SAFE OPERATION OF MACHINERY.

+IT IS GENERALLY RECOGNIZED THAT ATTRACTIVE, INFORMATIVE AND WELL-DESIGNED SAFETY POSTERS AND SLOGANS CAN EFFECTIVELY HELP PREVENT ACCIDENTS AT WORK FROM OCCURRING,+ HE SAID.

+ON ONE HAND THEY CAN REMIND EMPLOYEES NOT TO OVERLOOK HAZARDOUS CONDITIONS INCLUDING THE DANGEROUS PARTS OF MACHINES AND OTHER PRODUCTION EQUIPMENT TO WHICH THEY ARE SO ACCUSTOMED. ON THE OTHER HAND THEY DRAW ATTENTION TO THE NEED TO ADOPT PREVENTIVE MEASURES SUCH AS INSTALLING APPROPRIATE GUARDS ON MACHINES.

+SAFETY OPERATION IS AN IMPORTANT ELEMENT IN IMPROVING CONDITIONS OF WORK GENERALLY. NEGLIGENCE CAN ONLY LEAD TO SERIOUS CONSEQUENCES,+ MR. LEE ADDED.

HE THEN COMMENDED THE SCHOOLS FOR THEIR ARDENT SUPPORT FOR THE COMPETITION AND THE ENCOURAGEMENT AND GUIDANCE PROVIDED BY TEACHERS TO STUDENTS WHICH HE SAID HAD BROUGHT ABOUT A VERY HIGH STANDARD OF ENTRIES IN THIS YEAR'S COMPETITION.

THE WINNERS IN THE COMPETITION WERE:

POSTER CONTEST:

MR. YIU YAU-HUNG OF TSUEN WAN GOVERNMENT SECONDARY SCHOOL=

MR. LEUNG NAI-FAI OF KOWLOON TECHNICAL SCHOOL=

MISS CHOW YUK-HAN OF JOCKEY CLUB SECONDARY TECHNICAL SCHOOL=

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MR. LEE KAM-KWONG OF VICTORIA TECHNICAL SCHOOL=

MR. CHAN CHI-HUNG OF SHEUNG KWAI CHUNG GOVERNMENT TECHNICAL
SCHOOL=

MR. LO YAN-PIN OF KEI HEEP SECONDARY MODERN SCHOOL=

MISS CHIU CHUI-WAN OF TSUEN WAN GOVERNMENT SECONDARY SCHOOL=

AND

MR. LAI SIU-MING OF SHEUNG KWAI CHUNG GOVERNMENT
SECONDARY TECHNICAL SCHOOL.

SAFETY SLOGAN CONTEST:

MISS CATHERINE NG YUK-KING OF OUR LADY'S COLLEGE=

MR. CHAN SHING-FAI OF JOCKEY CLUB GOVERNMENT SECONDARY
TECHNICAL SCHOOL= AND

MISS ANGELA WONG WAI-WAH OF OUR LADY'S COLLEGE.

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TEMPORARY TRAFFIC ARRANGEMENTS IN KOWLOON

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THE TRANSPORT DEPARTMENT ANNOUNCED TODAY THAT FROM 10 A.M.
ON SATURDAY (APRIL 23) THE SECTION OF KOWLOON CITY ROAD BETWEEN
MOK CHEONG STREET AND MA TAU KOK ROAD WOULD BE TEMPORARILY
RE-ROUTED ONE-WAY FROM MOK CHEONG STREET TO MA TAU KOK ROAD.

THIS ARRANGEMENT, AIMED AT FACILITATING ROAD WORKS FOR THE
SAN SHAN INTERCHANGE, WILL LAST FOR ABOUT TWO MONTHS.

APPROPRIATE TRAFFIC SIGNS WILL BE POSTED TO GUIDE MOTORISTS.

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