



DAILY INFORMATION BULLETIN

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THURSDAY, MARCH 29, 1984

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REASSURANCE SOUGHT ON TAXATION PRINCIPLE
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IT WOULD BE REASSURING IF THE FINANCIAL SECRETARY COULD RECONFIRM THAT GOVERNMENT REMAINS WEDDED TO THE BASIC PRINCIPLE THAT TAXATION SHOULD ONLY BE APPLIED TO INCOME ARISING IN HONG KONG, HON W.C.L. BROWN SAID IN THE LEGISLATIVE COUNCIL ANNUAL BUDGET DEBATE TODAY.

HE POINTED OUT THAT THE PROPOSAL TO MOVE FURTHER AWAY FROM THE TERRITORIAL CONCEPT OF NOT TAXING TRANSACTIONS MADE OUTSIDE HONG KONG WAS ONE OF A NUMBER OF ISSUES ARISING FROM THE BUDGET WHICH WERE OF FUNDAMENTAL IMPORTANCE TO THE FUTURE OF OUR ECONOMY.

THE OTHER ISSUES ARE THE POSSIBILITY OF DEFICIT BUDGETING BECOMING A PERMANENT FEATURE OF OUR FINANCIAL AFFAIRS AND MEASURES WHICH SOME BELIEVE WILL RESULT IN RETROACTIVE TAXATION.

ON THE PROPOSAL TO TAX TRANSACTIONS MADE OUTSIDE HONG KONG, MR BROWN SAID, +TO A LARGE EXTENT BUSINESS HAS BROUGHT THIS MODIFICATION OF THE TERRITORIAL CONCEPT ONTO ITS OWN HEAD BY THE DEGREE IT HAS USED THE PROVISION OF CREDIT TEST TO AVOID PAYMENT OF PROFITS TAX, AND IT IS DIFFICULT TO ARGUE AGAINST THE VIEW THAT THE NEW RULES ARE REASONABLE IN EQUITY AND WILL LEAD TO A FAIRER DISTRIBUTION OF THE OVERALL TAX BURDEN.+

HOWEVER, HE WONDERED WHETHER GOVERNMENT HAD SUFFICIENTLY ASSESSED THE LIKELY EFFECT OF TAX AVOIDANCE MEASURES ON ITS ESTIMATES OF THE \$350 MILLION ADDITIONAL REVENUE TO BE DERIVED FROM THIS MEASURE AND WHETHER THE SIDE EFFECTS HAD BEEN FULLY TAKEN INTO ACCOUNT.

+IN REGARD TO THE FORMER WE ARE ALREADY WITNESSING 'SMART ALECS' DEVISING NEW AVOIDANCE SCHEMES, AND IN THE LATTER CONTEXT THE FINANCIAL SECRETARY'S WORDS, TAKEN AT THEIR FACE VALUE, COULD MEAN THAT COMPANIES INCORPORATED IN HONG KONG, REGARDLESS OF THE NATURE OF THEIR ACTIVITIES, COULD BE TAXABLE UPON INTEREST RECEIVED OVERSEAS,+ HE OBSERVED.

+IF SO, WE COULD WITNESS, AT BEST, INTERMINABLE ARGUMENTS WITH THE INLAND REVENUE AUTHORITIES AND AT WORST AN EXODUS OF MANY COMPANIES WHO TAKE ADVANTAGE OF HONG KONG'S STATUS AS AN INTERNATIONAL FINANCIAL CENTRE TO REGISTER THEMSELVES HERE BUT WHO DO NOT CONDUCT A TRADE OR BUSINESS HERE IN THE NORMAL SENSE OF THESE WORDS,+ HE SAID.

IN REGARD TO THE TAXATION OF INTEREST EARNED BY COMPANIES CARRYING ON BUSINESS IN HONG KONG, HE HOPED THAT THE ENABLING LEGISLATION WOULD SPELL OUT IN CLEAR AND PRECISE TERMS THOSE COMPANIES DEEMED TO FALL WITHIN THIS DEFINITION FOR AS CURRENT EVENTS IN THE MARKET ILLUSTRATE OUR ENTREPRENEURS WILL NOT HESITATE TO TAKE PREVENTIVE ACTION IF THEY BELIEVE THEIR COMMERCIAL INTERESTS TO BE THREATENED.

/MR BROWN

MR BROWN NOTED THAT THE MOVE AWAY FROM THE TERRITORIAL CONCEPT DID CAUSE LEGITIMATE CONCERN AND THAT ANY FURTHER ATTEMPT TO APPLY HONG KONG TAXATION TO ALL INCOME IRRESPECTIVE OF ITS SOURCE COULD CREATE SERIOUS REPERCUSSIONS FOR THE ECONOMY, THUS HIS CALL FOR A RECONFIRMATION FROM THE FINANCIAL SECRETARY.

TURNING TO THE BUDGET DEFICIT, MR BROWN SAID IT WAS A FAIR ASSUMPTION THAT CYCLICAL FACTORS RELATED TO THE DOWNTURN IN THE ECONOMY HAD PLAYED A PART IN FIRST PUSHING GOVERNMENT INTO THE RED.

HOWEVER, HE FELT THAT THE FORECAST THAT TOTAL EXPENDITURE WOULD STILL EXCEED TOTAL REVENUE IN A PERIOD WHEN THE RECOVERY IN THE ECONOMY ENTERED INTO ITS SECOND AND THIRD YEAR, OR EVEN FURTHER AHEAD, SUGGESTED THAT A CERTAIN PORTION OF THE DEFICIT MIGHT IN FACT BE STRUCTURAL.

POINTING OUT THAT STRUCTURAL DEFICITS OF COURSE ARE NOT EASY TO CURE, MR BROWN SAID, +THE CHOICE BETWEEN INCREASING TAX RATES TO ACHIEVE A HIGHER LEVEL OF REVENUE THAN THE GIVEN GROWTH RATE OF THE ECONOMY, OR THE REDUCTION IN THE RELATIVE SIZE OF PUBLIC SECTOR EXPENDITURE - AS A PERCENTAGE OF GDP - HAS SIGNIFICANT SOCIAL AND POLITICAL IMPLICATIONS.+

+GIVEN OUR PRESENT AND FUTURE PLANS FOR PUBLIC WORKS, HOUSING, TRANSPORT AND OTHER INFRASTRUCTURE FACILITIES, AND THE NECESSITY NOT TO COMPROMISE OUR SUCCESS IN THESE AREAS, IT IS NOT REALLY FEASIBLE TO FREEZE THE LEVEL OF CAPITAL EXPENDITURE, AND TO REDUCE THE LEVEL OF RECURRENT EXPENDITURE WOULD BE DIFFICULT, NOT LEAST BECAUSE SUCH EXPENDITURE IS DIRECTED TO EMINENTLY DESIRABLE ENDS,+ HE SAID.

+ON THE OTHER SIDE OF THE COIN, ACTION IS NECESSARY TO PREVENT THE ACCUMULATED DEFICIT REDUCING THE LEVEL OF OUR 'FREE' FISCAL RESERVES TO AN UNACCEPTABLE LEVEL,+ HE ADDED.

IN THESE CIRCUMSTANCES, HE SUGGESTED THAT THE BEST COURSE TO FOLLOW WAS A MIX OF INCREASED EFFICIENCY-PRODUCTIVITY OF THE PUBLIC SECTOR, INCREASED TAXES AND FURTHER DEFICIT FINANCING MEASURES.

ON THE SUBJECT OF RETROACTIVE TAXATION, HE SAID, +THE POSSIBILITY OF TAX BEING IMPOSED RETROACTIVELY ARISES IN CONNECTION WITH THE PROPOSALS TO COUNTER TAX AVOIDANCE DEVICES IN REGARD TO THE LIABILITY TO PAY PROFITS TAX, WHICH HAVE BEEN MADE POSSIBLE BY THE REMOVAL OF INTEREST TAX ON DEPOSITS.+

HE SAID HE HAD STUDIED THE BUDGET SPEECH CAREFULLY IN REGARD TO THESE PROPOSALS AND FELT THAT IT WOULD BE PREMATURE TO JUMP TO CONCLUSIONS REGARDING THE POSSIBILITY OF TAX BEING LEVIED RETROACTIVELY UNTIL THE ENABLING LEGISLATION WAS LAID BEFORE US AND ONE COULD COMMENT ON FACTS RATHER THAN ASSUMPTIONS.

HE ADDED THAT HE WOULD LIKE TO BELIEVE THAT TAX WOULD NOT BE IN FACT BE LEVIED RETROACTIVELY.

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1983-84 SEEN AS 'ONE OF MOST TURBULENT YEARS'
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THE CONFIDENCE CRISIS HAS CAUSED PEOPLE TO TRANSFER THEIR MONEY TO SAFER PLACES AND THE MYTH THAT THIS IS ONLY THE ROUTINE WHEREBY MONEY FLOWS IN AND OUT REQUIRES MORE THOUGHT, THE HON K.C. CHAN SAID TODAY.

SPEAKING AT THE BUDGET DEBATE, HE SAID, +THERE IS A LOT OF DIFFERENCE BETWEEN HOT MONEY COMING INTO SPECULATIVE MARKETS AWAITING A QUICK KILL AND INVESTMENT CAPITAL OF A MORE PERMANENT NATURE SUCH AS CAPITALS FOR MANUFACTURING.

+HOT MONEY IS WATER, AS CAPITALS FOR MANUFACTURING AND PEOPLE'S LIFETIME SAVINGS ARE BLOOD TO OUR COMMUNITY. IF ONE INJECTS A LARGE AMOUNT OF WATER INTO ONE'S BODY AND TRANSFUSES ONE'S BLOOD OUT, ONE CAN IMAGINE THE RESULTS IN THE LONGER TERM.+

MR CHAN DESCRIBED THE FINANCIAL YEAR 1983-84 AS +ONE OF THE MOST TURBULENT YEARS BOTH POLITICALLY AND ECONOMICALLY FOR THE PEOPLE OF HONG KONG.+

+POLITICALLY, THE UNCERTAINTY OF THE FUTURE LOOMS LIKE A SHADOW ON THE HORIZON AND IS GETTING BIGGER AND BIGGER EVERY DAY UNTIL IT COVERS ALL OTHER ISSUES AND BECOMES 'THE SUBJECT' IN EVERYONE'S CONVERSATION,+ HE SAID.

BUSINESSMEN WERE HESITANT ABOUT INVESTING, AND SOME PEOPLE COULD NOT WAIT FOR THE FINAL ANNOUNCEMENT AND HAD PACKED UP AND EMIGRATED, HE SAID.

+ONLY TIME WOULD TELL WHETHER THEY HAD MADE THE RIGHT DECISION,+ HE ADDED.

HE OBSERVED THAT IT WAS +HUMAN NATURE AND QUITE UNDERSTANDABLE+ FOR THOSE WHO CHOSE TO STAY BEHIND TO BE CLAMOURING FOR INFORMATION AND TALKING ABOUT THEIR WISHES ALOUD.

ECONOMICALLY, HE SAID, WE HAD SEEN A SUDDEN DEVALUATION OF OUR DOLLAR BY 20 PER CENT WITH A CORRESPONDING INCREASE IN PRICES OF ALL DAILY NECESSITIES.

HOWEVER, HE NOTED THAT ON THE BRIGHTER SIDE OF THINGS, THE DEVALUATION OF OUR DOLLAR HAD GIVEN US A TEMPORARY EDGE OVER COMPETING COUNTRIES.

OUR EXPORTS, ESPECIALLY TO THE UNITED STATES AND OUR RE-EXPORTS TO CHINA, AS WELL AS OUR TOURIST INDUSTRY HAD INCREASED SUBSTANTIALLY, HE SAID.

+AS LONG AS THIS IMPROVEMENT HOLDS AND OUR UNEMPLOYMENT FIGURES REMAINS LOW, OUR INTERNAL PROBLEMS ARE MANAGEABLE,+ HE ADDED.

/+ANY REVALUATION

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+ANY REVALUATION OF OUR DOLLAR SHOULD BE CAUTIOUS AND GRADUAL AND CALCULATED TO MAINTAINING A COMPETITIVE MARGIN FOR OUR INDUSTRIES,+ HE STRESSED.

TURNING TO THE BUDGET, MR CHAN DREW ATTENTION TO THE TIME-TESTED CHINESE SAYING: +TO ADJUST ONE'S EXPENDITURE TO ONE'S INCOME+ AND +ESTABLISH NEW SOURCES AND PREVENT WASTEFUL OUTFLOW.+

+FROM MY OWN DEPARTMENTAL DOCTORING EXPERIENCE, I HAVE FOUND THAT IT PAYS TO PAY YOUR STAFF WELL AND DEMAND MAXIMUM EFFICIENCY AT THE SAME TIME,+ HE SAID.

HE ALSO WARNED THAT THE SETTING UP OF NEW DEPARTMENTS OR SECTIONS SHOULD BE TREATED WITH CARE.

+ONE MUST BE VERY CAREFUL IN STARTING NEW DEPARTMENTS OR SECTIONS, AS ONCE A DEPARTMENT IS ESTABLISHED, IT MULTIPLIES AS QUICKLY AS CELLS. IT TAKES A LOT OF HARD WORK TO MAINTAIN ZERO GROWTH,+ HE SAID.

HE ALSO SUGGESTED THAT WE SHOULD TAKE A MORE CRITICAL LOOK AT THE EXPENDITURE ON PUBLIC WORKS AND POSTPONE SOME NEW PROJECTS TO BALANCE THE BUDGET.

COMMENTING ON THE DIFFICULTIES ENCOUNTERED BY THE VOCATIONAL TRAINING COUNCIL (VTC) IN ITS PROJECT OF BUILDING TWO NEW TECHNICAL INSTITUTES, MR CHAN SAID, +THE PROBLEM IS NOT SOLELY CONFINED TO THE VOCATIONAL TRAINING COUNCIL AS I BELIEVE OTHER ORGANISATIONS ARE ALSO SUBJECTED BY GOVERNMENT TO A FRUSTRATING STOP-GO EXPERIENCE IN THEIR BUILDING PROJECTS.+

TO SOLVE THIS PROBLEM, HE SUGGESTED THAT THE VOCATIONAL TRAINING COUNCIL, AND ANY OTHER ORGANISATION IN A SIMILAR SITUATION, BE PERMITTED TO SET UP A DEVELOPMENT FUND FOR SAVINGS ACCRUED.

HE NOTED THAT AT PRESENT THESE SAVINGS HAD TO BE RETURNED TO THE GOVERNMENT ANNUALLY.

+AS MAJOR DEVELOPMENT PLANS OF THE VTC NOW AMOUNTS TO OVER \$700 MILLION AT CURRENT COSTS, I THINK IT ESSENTIAL FOR SOME FINANCIAL ARRANGEMENT TO BE AGREED BETWEEN THE VTC AND THE GOVERNMENT TO AVOID ANY UNNECESSARY DELAY WHEN THE VTC HAS, IN FACT, FUNDS,+ HE SAID.

MR CHAN SAID THAT THERE SHOULD BE NO INCREASE IN THE STANDARD RATE OF SALARIES TAX OF 15 PER CENT.

HE POINTED OUT THAT AN INCREASE TO 17 PERCENT NOW WOULD IMPAIR THE LOW TAX IMAGE OF HONG KONG.

+IT WOULD BE BETTER TO ADD ON A SMALL PERCENTAGE FOR THE VARIOUS TYPES OF TAXES AS A TEMPORARY MEASURE,+ HE SUGGESTED.

DESCRIBING THE TWO PER CENT SALARIES TAX RISE AS HARSH, HE ADDED: +AS THE SUM OF ALL THE PARTS (WORKERS) CANNOT BE LARGER THAN THE WHOLE (THE BUSINESS ESTABLISHMENT), WE HAVE ACCEPTED THAT BUSINESS ESTABLISHMENTS IS THE RICHER AND SHOULD BE TAXED MORE.+

/MR CHAN

MR CHAN SAID THAT WHILE THE CORPORATE TAX RATE WOULD INCREASE FROM 16-1/2 PER CENT TO 18-1/2 PER CENT WHICH IS A 12.12 PER CENT INCREASE, THE WORKER'S SALARY TAX RATE WOULD INCREASE FROM 15 PER CENT TO 17 PER CENT OR 13.3 PER CENT INCREASE,+ HE ARGUED.

HE SAID THAT AN ADDITIONAL TAX BURDEN OF \$614 MILLION SPREAD OVER 152 065 BUSINESS ESTABLISHMENTS (ACCORDING TO THE HONG KONG MONTHLY DIGEST OF STATISTICS DECEMBER 1983) MEANT THAT AN AVERAGE OF ONLY \$4 037.74 WOULD BE PAID BY EACH ESTABLISHMENT A YEAR.

HOWEVER, AN ADDITIONAL TAX BURDEN OF \$162 MILLION ADDED ONTO THE SANDWICH CLASS OF 30 000 WOULD MEAN THAT EACH MEMBER OF THE CLASS WOULD HAVE TO PAY \$5 400 MORE A YEAR, MR CHAN SAID.

MR CHAN SAID ALSO THAT CONSIDERATION SHOULD BE GIVEN TO ADJUSTING UPWARDS THE PERSONAL ALLOWANCES TO REFLECT INFLATION.

HE BELIEVED THAT THERE WERE OTHER SOURCES FROM WHICH TO GET MONEY.

HE WAS GLAD, HE SAID, TO HEAR THAT BETTING TAX WOULD BE SOME \$50 MILLION IN EXCESS OF THE 1983-84 ESTIMATES.

+THIS TAX IS PAID VOLUNTARILY AS THE PUBLIC LIKES TO BET, AND IF THIS 'LEISURE MONEY' DOES NOT COME INTO THE PUBLIC COFFERS IT WOULD GO TO ILLEGAL 'TURF ACCOUNTANTS' DOING NO GOOD TO THE PUBLIC,+ HE SAID.

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THREE-PRONGED APPROACH SUPPORTED

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HON STEPHEN CHEONG SAID TODAY THAT THE COMMUNITY, BEING WILLING TO INCREASE OUR SHARE OF CONTRIBUTIONS TO RECURRENT GENERAL REVENUE, WOULD HELP TO DEMONSTRATE TO THE WORLD THAT IT COULD BE RELIED UPON TO SHOULDER AND COUNTER EFFECTIVELY WITHIN REASON, ANY ADVERSE EFFECTS OF WHATEVER CRISIS FACING US.

SPEAKING AT THE BUDGET DEBATE, HE SAID HE SUBSCRIBED FULLY TO THE THREE-PRONGED APPROACH WHICH THE FINANCIAL SECRETARY HAD ADOPTED IN DEALING WITH THE EXPECTED DEFICIT OF \$3.6 BILLION FOR THE FISCAL YEAR OF 1984-85.

+TO REDUCE OUR FISCAL RESERVE; AND TO FINANCE ONLY A PORTION OF THE DEFICIT THROUGH INCURRENCE OF PUBLIC DEBT COUPLED WITH A CONTINUED TIGHT REIN ON PUBLIC SECTOR EXPENDITURE WILL HELP TO DEMONSTRATE TO THE WORLD THAT WE HAVE, AS ALWAYS, A SENSIBLE, RESPONSIBLE AND RESPONSIVE ADMINISTRATION,+ HE OBSERVED.

HE SAID THAT ONE OF THE MOST IMPORTANT FACTORS BEHIND HONG KONG'S SUCCESS FOR THE PAST TWO DECADES HAD BEEN +THE GOVERNMENT'S STEADFAST ADHERENCE TO A SET OF ECONOMIC POLICIES WHICH HAVE TIME AND AGAIN ALLOWED BUSINESS TO PROSPER+.

+HONG KONG OWES ITS SUCCESS NOT SO MUCH TO THE GENEROSITY OF OUR TRADING PARTNERS AS TO THE ENVIRONMENT IN WHICH WE LIVE AND DO BUSINESS,+ HE SAID.

HE SAID THAT HONG KONG, BOTH POLITICALLY AND ECONOMICALLY, HAD REACHED A CROSSROAD AND THERE MIGHT BE CHANGES AHEAD AND WE WERE NATURALLY CONCERNED ABOUT THE NATURE AND THE EXTENT OF SUCH CHANGES.

HE SHARED THE FINANCIAL SECRETARY'S VIEW THAT THERE WAS NOTHING WRONG WITH CHANGE AND WE MUST BE CAREFUL NOT TO CAST EXPERIENCE ASIDE.

+WE ARE WELL KNOWN TO THE WORLD AS A HARD NOSED PRAGMATIC COMMUNITY, AND NO PRAGMATIC COMMUNITY CAN CONTINUE TO FUNCTION OR PROSPER IF ANY IMPLEMENTATION OF NEW POLICIES OR IDEOLOGIES WAS UNDERTAKEN WITHOUT DUE CONSIDERATION BEING GIVEN TO EXPERIENCE,+ HE SAID.

+IF, THEREFORE, WE ARE TO PROPEL OURSELVES TO GREATER HEIGHTS, IT IS VITAL THAT WE MUST NOT ALLOW OURSELVES TO BE EASILY PERSUADED TO DEVIATE FROM POLICIES THAT HAVE PROVEN TO BE SO SUCCESSFUL IN THE MAINTENANCE OF STABILITY AND PROSPERITY,+ HE ADDED.

IT WAS WITHIN THIS SPIRIT THAT HE MADE HIS OBSERVATIONS ON THE BUDGET, HE SAID.

HE SAID THAT THE IMPORTANT PRINCIPLE OF KEEPING THE GROWTH RATE OF CONSOLIDATED ACCOUNT EXPENDITURE BELOW THAT OF THE GDP HAD BEEN BREACHED CONTINUOUSLY FOR THE PAST FIVE YEARS, MR CHEONG SAID THAT IT WAS ENCOURAGING TO NOTE A REVERSE TREND FOR 1984-85.

+I SINCERELY HOPE THIS REPRESENT, ONLY THE FIRST OF A CONTINUOUS ATTEMPT TO REVERSE THE TREND,+ HE SAID.

HE ADDED THAT IN ORDER TO REDRESS THE IMBALANCE OF THE PAST FIVE YEARS AND FOR THE LONG TERM HEALTH OF OUR ECONOMY, THE GROWTH RATE OF CONSOLIDATED ACCOUNT EXPENDITURE SHOULD BE PITCHED WELL BELOW THAT OF GDP FOR THE NEXT FEW YEARS.

+THE REASON IS SIMPLE. GOVERNMENT EXPENDITURE ARE NOTORIOUSLY DIFFICULT TO CUT, WHILE THE GROWTH RATE OF THE GDP IS ALWAYS SUSCEPTIBLE TO FACTORS BEYOND OUR CONTROL,+ HE SAID.

+THERE CAN BE NO GUARANTEE THAT WE WILL ACHIEVE A POSITIVE GROWTH RATE FOR GDP YEAR AFTER YEAR, YET GOVERNMENT EXPENDITURES ARE SUBJECT TO UPWARD PRESSURES ALL THE TIME,+ HE OBSERVED.

HE SAID THAT IN THE PAST YEAR, VISIBLE IMPROVEMENT HAD BEEN ACHIEVED IN BRINGING EXPENDITURE WITHIN CASH LIMITS. BUT ONE HAD THE IMPRESSION, WHEN EXAMINING THE DRAFT ESTIMATES OF EXPENDITURE, THAT NOT ENOUGH HAD BEEN DONE BY CONTROLLING OFFICERS TO REVIEW CRITICALLY AND REGULARLY, THE PUBLIC SERVICES THEY PROVIDE.

+THE TIME IS PERHAPS RIPE FOR A DIFFERENT KIND OF FINANCIAL MECHANISM TO BE INTRODUCED, ONE THAT IS DESIGNED TO ASK CONTROLLING OFFICERS TO REVIEW, ON A REGULAR BASIS, THE RELATIVE IMPORTANCE OF THE SERVICES THEY ARE EXPECTED TO PROVIDE,+ HE SUGGESTED.

MR CHEONG QUERIED HOW SERIOUSLY THE CONCEPT OF INCREASED PRODUCTIVITY HAD BEEN APPLIED TO PUBLIC SECTOR ACTIVITIES.

+TO THE BEST OF MY KNOWLEDGE THE GOVERNMENT HAS TRIED TO DEMONSTRATE GROWTH IN PRODUCTIVITY IN THE CIVIL SERVICE ONLY IN SOMEWHAT MACRO TERMS, BUT ONE WONDERS WHETHER ANY HEAD OF DEPARTMENT OR DEPARTMENTAL ESTABLISHMENT COMMITTEE HAS INTRODUCED SPECIFIC PERFORMANCE MEASURES FOR THE SERVICES THEIR STAFF PROVIDE, AND KEPT THEM UNDER REGULAR REVIEW,+ HE SAID.

HE SAID PERHAPS THERE WERE LESSONS TO BE LEARNT FROM A RECENT EXERCISE IN UK WHEREBY ALL MINISTRIES WERE ASKED TO INTRODUCE PERFORMANCE MEASURES, AS A MEANS OF REQUIRING SENIOR MANAGEMENT FIRST TO KEEP PRODUCTIVITY UNDER REVIEW AND SECONDLY TO SEEK TO PROMOTE IT.

+THESE ARE BUT TWO POSSIBLE IDEAS OUT OF MANY WHICH THE GOVERNMENT MIGHT EXPLORE, IN AN ENDEAVOUR TO GET CONTROLLING OFFICERS INTO THE HABIT OF CURTAILING SERVICES WHICH HAVE BECOME MORE DESIRABLE THAN ESSENTIAL, AND OF MONITORING AND CONTROLLING THE GROWTH RATE OF RECURRENT EXPENDITURE,+ HE SAID.

HE SAID THAT EVEN ALLOWING FOR THE LABOUR INTENSIVE NATURE OF MOST PUBLIC SERVICES, THE PROPORTION OF RECURRENT EXPENDITURE TO TOTAL EXPENDITURE HAD BECOME ALARMINGLY HIGH.

+IN 1984-85 PERSONAL EMOLUMENTS PLUS SUBVENTIONS WILL ACCOUNT FOR OVER 70 PER CENT OF TOTAL EXPENDITURE, BUT IT IS PRECISELY THIS TYPE OF EXPENDITURE THAT IS MOST DIFFICULT TO SLOW DOWN OR CURTAIL IF WE ARE FORCED TO GO FOR RETRENCHMENT,+ HE SAID.

HE THEN CALLED ON THE GOVERNMENT TO TAKE STOCK OF CAPITAL WORKS EXPENDITURE AS MAJOR ITEMS WOULD BE NEARING COMPLETION IN THE COMING YEARS.

+WE HAVE ALREADY SPENT A GREAT DEAL ON CAPITAL WORKS OVER THE PAST TEN YEARS, AND IT MAY PERHAPS BE USEFUL TO REVIEW WHAT HAS BEEN DONE SO FAR BEFORE ENTERING INTO FURTHER COMMITMENTS,+ HE SAID.

HE CITED LAND PRODUCTION AS AN EXAMPLE AND WONDERED WHETHER THE PLANNING FOR MORE NEW TOWNS AND THE DEVELOPMENT OF JUNK BAY WERE REALLY NECESSARY.

+SHOULD WE NOT BE THINKING ABOUT IMPROVING TRANSPORT LINKS BETWEEN THE NEW TOWNS AND THE URBAN AREAS - NOTABLY TUEN MUN - SO AS TO MORE IMPORTANTLY REDRESS THE IMBALANCE OF HOUSING AND LOCAL EMPLOYMENT OPPORTUNITIES IN THE NEW TOWNS? SHOULD WE NOT REASSESS CRITICALLY OUR PRIORITIES?+ HE ASKED.

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MR CHEONG SAID THAT HE SUPPORTED WHOLEHEARTEDLY THE PROPOSAL THAT FEES AND CHARGES MUST BE KEPT UNDER CONSTANT REVIEW AND MUST BE BROUGHT INTO LINE WITH COSTS.

+JUST AS GOVERNMENT DEPARTMENTS MUST GET INTO THE HABIT OF LOOKING FOR ECONOMIES, SO MEMBERS OF THE PUBLIC MUST GET INTO THE HABIT OF PAYING THE COST, OR A FAIR PROPORTION OF IT, OF THE SERVICES RECEIVED,+ HE SAID.

HE SUGGESTED THAT FEES AND CHARGES FOR THE FOLLOWING SHOULD BE REVIEWED FURTHER:

AIR CARGO THROUGHPUT CHARGES, AIRCRAFT PEAK MOVEMENT SURCHARGE, RENT OF PRIVATE POST BOXES AND BAGS, HONG KONG-MACAU FERRY TERMINAL - BERTHING FEES, BIRTHS AND DEATHS REGISTRATION FEES, MARRIAGE REGISTRATION FEES, PATENTS AND TRADE MARK REGISTRATION FEES, OFFICIAL RECEIVER'S FEES, IMPORT AND EXPORT DECLARATIONS, APPLICATION FEES FOR CERTIFICATE OF ORIGIN, SUBSCRIPTION TO NOTICE TO EXPORTERS, APPLICATION FEES FOR TEXTILE EXPORT LICENCES.

HE OBSERVED THAT MOST OF THESE FEES AND CHARGES HAD NOT BEEN INCREASED SINCE 1978 AND IF THEY WERE INCREASED BY 20 PER CENT TO ALLOW FOR COST INCREASES, THESE WOULD BRING IN AN ADDITIONAL \$60 MILLION.

+THIS SUM MAY SEEM SMALL IN COMPARISON WITH THE TOTAL CONSOLIDATED ACCOUNT EXPENDITURE, BUT ONE MUST NOT FORGET THAT REGULAR REVISIONS WILL PROVIDE A MORE MEANINGFUL YIELD,+ HE SAID.

COMMENTING ON THE TWIN PROPOSALS DESIGNED TO PROTECT THE YIELD FROM PROFITS TAX AS WELL AS TO CHARGE PROFITS TAX ON INTEREST RECEIVED, MR CHEONG SAID THAT HE COULD UNDERSTAND THE CONCERN OF THE FINANCIAL SECRETARY OVER THE LOSS TO REVENUE ARISING FROM THE ABOLITION OF THE INTEREST WITHOLDING TAX.

HE CONCEDED THAT SOMETHING HAD TO BE DONE BUT ADDED, +IN EXAMINING THE PROPOSALS, I HAVE TO POINT OUT THAT THEY MAY BE UNNECESSARILY PUNITIVE TO EXPORT AND MANUFACTURING BUSINESSES.+

THE NEW PROPOSAL TO CHARGE INTEREST RECEIVED ON FOREIGN CURRENCY DEPOSITS TO PROFITS TAX WOULD CORRECT THE LOSS TO GOVERNMENT'S REVENUE, HE OBSERVED.

+BUT TO DISALLOW THE EXPENSES INCURRED ON HONG KONG DOLLAR BORROWINGS AT THE SAME TIME WOULD BE INEQUITABLE AND WOULD BEAR HARSHLY ON THE EXPORT SECTOR, AND IT IS THE STRENGTH OF THIS SECTOR ON WHICH THE GROWTH RATE OF THE ECONOMY IN 1984 IS MAINLY DEPENDENT,+ HE SAID.

HE URGED THE GOVERNMENT TO LOOK CLOSELY AT THIS PROBLEM.

ON THE SUBJECT OF THE DOLLAR LINK, MR CHEONG SAID HE BELIEVED THAT A REFLOAT IN THE NEAR FUTURE WOULD NOT BE APPROPRIATE.

/ADMITTING THE

ADMITTING THE VALIDITY OF VARIOUS ARGUMENTS FOR A REFLOAT, HE WARNED THAT +A PREMATURE RESTORATION OF THE FLOATING RATE REGIME, AT A TIME WHEN THE FUTURE OF HONG KONG STILL REMAINS UNCERTAIN, WOULD UNNECESSARILY EXPOSE OUR ECONOMY TO A HIGH RISK OF DESTABILISATION+.

HE SAID: +OUR VULNERABILITY HAS BEEN FULLY DEMONSTRATED AS OF YESTERDAY AFTERNOON WHEN OUR FINANCIAL MARKET EXPERIENCED HAVOC IN RESPONSE TO CERTAIN ANNOUNCEMENTS FROM JUST A COUPLE OF COMPANIES.+

+DESPITE THE FACT THAT ONE MAY JUSTIFIABLY EXPRESS GREAT DISAPPOINTMENTS OVER THE DECISIONS TAKEN, THE DAMAGE TO THE DELICATE FLOWER OF CONFIDENCE HAS BEEN DONE.

+THE LESSON WE SHOULD DRAW FROM SUCH EXPERIENCE IS THAT WE MUST ALL RECOGNISE OUR VULNERABILITY AND THAT WE SHOULD NOT MAKE ANY HASTY DECISIONS THAT WOULD HAVE A BEARING ON THE STABILITY OF OUR ECONOMY.+

MR CHEUNG SAID HE FELT IT DUTY BOUND TO URGE THE GOVERNMENT NOT TO PREMATURELY CHANGE THE HONG KONG DOLLAR LINK.

HE CONCLUDED BY CONGRATULATING THE FINANCIAL SECRETARY FOR DEVISING AN APPROPRIATE MIX OF PROPOSALS FOR THE PROBLEMS FACING US NEXT YEAR.

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ECONOMY INSEPARABLE FROM 1997 - CHEUNG YAN-LUNG
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THE HON CHEUNG YAN-LUNG AT THE BUDGET DEBATE TODAY CALLED FOR AN EARLY ANNOUNCEMENT ON THE CURRENT STATE OF THE SINO-BRITISH TALKS ON THE FUTURE OF HONG KONG.

MR CHEUNG SAID THAT IT WOULD BE UNREALISTIC TO DEBATE THE ECONOMIC PROSPECTS WITHOUT MENTIONING 1997.

NOTING THAT THERE WAS AS YET NO SUBSTANTIVE STATEMENT TO INDICATE WHAT HAD BEEN DISCUSSED AT THE TALKS, HE SAID, +HOW MANY 'USEFUL AND CONSTRUCTIVE' ANNOUNCEMENTS MUST WE ENDURE?+

+IT WOULD BE EVEN MORE USEFUL AND CONSTRUCTIVE IF THE ANNOUNCEMENT WOULD CONTAIN SOME FORM OF GUARANTEE ON MAINTAINING THE CAPITALIST SYSTEM IN THE POST-1997 HONG KONG.

+THIS WOULD HELP TO ALLAY THE FEAR AND UNCERTAINTY WHICH HAVE LARGELY AFFECTED OUR ECONOMY FOR THE PAST FEW YEARS. SUCH AN ANNOUNCEMENT WILL GO A LONG WAY IN HELPING OUR ECONOMY TO A ROAD OF FULL RECOVERY,+ MR CHEUNG SAID.

TOUCHING BRIEFLY ON HONG KONG'S ECONOMIC PERFORMANCE OVER THE PAST YEAR, HE POINTED TO THE SUBSTANTIAL INCREASES OF RE-EXPORTS TO AND FROM CHINA.

+HOWEVER, I NOTICE INCREASINGLY, A FEW COUNTRIES HAVE APPOINTED THEIR OWN AGENTS TO TRADE DIRECTLY WITH CHINA, BY-PASSING HONG KONG.

+NOW IS THE TIME FOR US TO EXPLORE WAYS AND MEANS TO MAINTAIN HONG KONG'S COMPETITIVE EDGE IN THIS AREA,+ MR CHEUNG SAID.

ON PERSONAL TAXATION, HE SUPPORTED THE FINANCIAL SECRETARY'S STATEMENT THAT HE WOULD REVIEW INITIAL ALLOWANCES.

+HOWEVER, I DO HOPE THAT WHEN HE DOES REVIEW THE INITIAL ALLOWANCES, HE WILL PLEASE SOME OF THE PEOPLE WHO SEEM TO RECEIVE THE RAW END OF THE STICK ALL OF THE TIME, NAMELY THE SANDWICH CLASS. LET US HOPE THEY WILL BE TREATED MORE KINDLY IN FUTURE,+ MR CHEUNG SAID.

HE ALSO EXPRESSED SUPPORT FOR THE PROPOSAL TO SET UP A NEW TERRITORIES REGIONAL COUNCIL WHICH HAD BEEN ENDORSED BY THE HEUNG YEE KUK AND THE DISTRICT BOARDS.

ON THE COMPOSITION OF THE COUNCIL, MR CHEUNG SAID, +AFTER WIDE CONSULTATION AND HAVING GIVEN THIS MATTER A LOT OF THOUGHT, I SUGGEST THAT INITIALLY, THE COUNCIL SHOULD INCLUDE A MAJORITY OF APPOINTED MEMBERS FROM ALL DISTRICTS, SO AS TO ENSURE THAT EVERY FIELD OF EXPERTISE IS REPRESENTED.

+HOWEVER, IN THE LONG RUN, THE MAJORITY MAY COME FROM ELECTED MEMBERS. THEREFORE I AM CONFIDENT THAT THE PROPOSED REGIONAL COUNCIL WILL RECEIVE POPULAR SUPPORT AND WILL BE SUCCESSFUL IN THE FUTURE,+ HE SAID.

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ABOLISH JUNIOR EDUCATION ASSESSMENT - SELINA CHOW
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THE HON MRS SELINA CHOW TODAY CALLED FOR THE ABOLITION OF THE JUNIOR SECONDARY EDUCATION ASSESSMENT (JSEA).

SPEAKING AT THE ANNUAL BUDGET DEBATE, SHE SAID, +I AM GREATLY ENCOURAGED BY THE ESTABLISHMENT OF THE EDUCATION COMMISSION, AND I HOPE THIS IS ONE OF THE AREAS TO WHICH THE COMMISSION WILL SEE FIT TO ALLOT PRIORITY.

+PARENTS AND EDUCATORS ALIKE HAD AGREED WITH THE LLEWELLYN RECOMMENDATION THAT THE JSEA SHOULD BE ABOLISHED AS SOON AS POSSIBLE.

/+ASSUMING THE

+ASSUMING THE MAJORITY VIEW WILL HAVE CONSIDERABLE INFLUENCE IN BRINGING ABOUT THIS ABOLITION, THE NEXT STEP IS SURELY TO FIND A WAY WHICH IS ECONOMICALLY AND PRACTICALLY MOST VIABLE,+ SHE SAID.

ONE WOULD BE TO BUILD ENOUGH GOVERNMENT OR AIDED SCHOOLS, TO PROVIDE ENOUGH PLACES FOR ALL THE 90 PER CENT OF FORM III STUDENTS WHO WISH TO GO ON TO FORM V, MRS CHOW SAID.

THIS OPTION WOULD REQUIRE THE BUILDING OF 106 SCHOOLS APART FROM FACILITATING THE ABOLITION OF JSEA, SHE ADDED.

+THIS WOULD ENABLE THE PHASING OUT OF BOUGHT PLACES AT JUNIOR SECONDARY SCHOOL LEVEL WHICH AT PRESENT STILL STAND AT ALMOST 70 000,+ SHE SAID.

HOWEVER, SHE NOTED THAT THIS WAY WOULD BE FINANCIALLY PROHIBITIVE.

+ALSO, THIS DOES NOT FULLY CAPITALISE ON THE COMPLEMENTARY VALUE OF EXISTING FACILITIES, SUCH AS OUR BETTER RUN PRIVATE SCHOOLS AND THE TECHNICAL INSTITUTES.

+A WORKABLE ALTERNATIVE IS TO COMBINE A SLIGHTLY LESS AMBITIOUS BUILDING PROGRAMME WITH THE RECOGNITION OF THE NECESSARY CONTINUATION OF BOUGHT PLACES IN OUR BETTER PRIVATE SCHOOLS, WHILE AT THE SAME TIME TAKING UP THE HELMORE REPORT'S SUGGESTION OF INTRODUCING TWO-YEAR FULL-TIME COURSE IN THE TECHNICAL INSTITUTES AS ANOTHER OPTION FOR THE LESS ACADEMICALLY INCLINED FORM III STUDENTS,+ SHE SUGGESTED.

SHE SAID THAT IF THIS WAS ACCEPTED AS A REALISTIC OPTION, THEN THREE MEASURES HAD TO BE ADOPTED TO DETERMINE A TARGET DATE FOR THE ABOLITION OF THE JSEA:

- * TO PHASE DOWN THE NUMBER OF BOUGHT PLACES TO INCLUDE ONLY THOSE IN PRIVATE SCHOOLS WHICH ARE OF AN ACCEPTABLE STANDARD IN BOTH JUNIOR AND SENIOR SECONDARY LEVEL.
- * TO INITIATE A BUILDING PROGRAMME WHICH WILL, TOGETHER WITH BOUGHT PLACES, MAKE UP 90 PER CENT OF THE REQUIRED SENIOR SECONDARY PLACES.
- * TO MAKE UP THE 10 PER CENT SHORTFALL BY PROVIDING PLACES AT THE TECHNICAL INSTITUTES, ASSUMING THAT THEY PROCEED WITH THE TWO-YEAR FULL-TIME COURSES RECOMMENDED BY HELMORE.

SHE BELIEVED THESE THREE MEASURES TAKEN AS A WHOLE COULD BRING ABOUT THE DISSOLUTION OF THE JSEA IN THE EARLY NINETIES.

MRS CHOW THEN LOOKED AT LANGUAGE AS A TOOL FOR COMMUNICATION, OR A MEANS OF VERBALISING THOUGHT AND REASON.

/SHE NOTED

SHE NOTED THAT IN RECENT YEARS ATTENTION HAD BEEN DRAWN TO A DROP IN THE STANDARD OF BOTH LANGUAGES IN SCHOOLS AND REMEDIAL MEASURES HAD BEEN TAKEN BY THE EDUCATION DEPARTMENT RESULTING IN THE PROVISION OF IN-SERVICE TRAINING OFFERED TO TEACHERS, AS WELL AS THE ENCOURAGEMENT OF THE EMPLOYMENT OF NATIVE SPEAKERS IN SCHOOLS.

HOWEVER, SHE FELT THAT NOT ENOUGH ATTENTION WAS BEING PAID TO THE BROADCASTING MEDIA, WHICH HAD MUCH INFLUENCE OVER ITS AUDIENCE IN LANGUAGE MATTERS.

+NOW THAT THE BROADCASTING REVIEW IS UNDERWAY, IT MIGHT BE WORTHWHILE FOR ITS MEMBERS TO EXAMINE WHETHER OUR EXTREMELY INFLUENTIAL RADIO AND TELEVISION PROGRAMMES MAINTAIN AN ACCEPTABLE STANDARD OF THE LANGUAGE IN WHICH THEY ARE PRODUCED AND BROADCAST,+ SHE SUGGESTED.

MRS CHOW ALSO SAID THAT THE CHIEF SECRETARY'S STATEMENT ON LOCAL ADMINISTRATION HAD CLEARLY INDICATED THAT, WITH THE EXPANSION OF THE ELECTED ELEMENT IN DISTRICT BOARDS AND THE FORMATION OF ANOTHER REGIONAL COUNCIL IN THE NEW TERRITORIES, THERE WOULD BE A RAPID INCREASE IN OPPORTUNITIES FOR GROWING POLITICAL ASPIRATIONS.

THE GOVERNMENT SHOULD ALSO EDUCATE THE PUBLIC ABOUT ELECTIONS, +NOT AS AN END IN ITSELF, BUT AS A MEANS TO THE ULTIMATE GOAL OF DEMOCRACY,+ SHE SAID.

+UP TILL NOW IT APPEARS THAT GOVERNMENT IS A LITTLE TOO CONCERNED WITH PROJECTING A GLAMOROUS IMAGE OF ELECTIONS, WITHOUT FULLY EXPLAINING TO THE PUBLIC THE EXISTING SYSTEM OF GOVERNMENT WE HAVE, WHAT WE HOPE TO ACHIEVE BY EXPANDING THE REPRESENTATIVE ELEMENT IN THE SYSTEM AND WHAT ROLE AND RESPONSIBILITY THAT REPRESENTATIVE ELEMENT IS TO ASSUME,+ SHE SAID.

SHE ADDED THAT THE TRANSITION FROM AN APATHETIC APPROACH TO POLITICS AND CIVIC MATTERS TO THE PRESENT AWAKENING TO A NEED TO ASSUME THE RESPONSIBILITY OF ADMINISTERING OURSELVES AS +A SIGNIFICANT STEP+.

SHE WARNED THAT IF HANDLED CARELESSLY OR TAKEN ABRUPTLY WITHOUT FULL UNDERSTANDING OF ALL THE IMPLICATIONS AND COMPLEXITIES INVOLVED, IT WOULD NOT ONLY CAUSE UNCERTAINTY AND CONFUSION IN THE SHORT TERM, BUT JEOPARDISE THE STABILITY WHICH WAS ABSOLUTELY VITAL TO OUR CONTINUING SUCCESS IN THE LONG TERM.

+I CALL UPON GOVERNMENT TO COME UP WITH A PLAN TO PROMOTE UNDERSTANDING OF THE TRUE MEANING OF DEMOCRACY AND HOW IT CAN WORK IN THE HONG KONG CONTEXT.

+SIMULTANEOUSLY THERE MUST BE A CONSCIOUS EFFORT MADE TO EXPLAIN HOW GOVERNMENT WORKS,+ SHE ADDED.

/SHE CONGRATULATED

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SHE CONGRATULATED THE ADMINISTRATION FOR THE HIGHLY IMAGINATIVE INNOVATION OF OPENING THE EXAMINATION OF THE 1984-85 ESTIMATES TO PUBLIC SCRUTINY AND SAID SHE HOPED THAT THIS WAS THE FIRST OF A SERIES IN THE EDUCATION PROCESS ABOUT OUR SYSTEM.

COMMENTING ON THE REACTIONS OF DISTRICT BOARDS TO THE DEBATE ON THE LOBO MOTION, MRS CHOW SAID, +IN CASE ANY MEMBER OF ANY DISTRICT BOARD DOUBTS WHETHER HE IS CONSTITUTIONALLY CORRECT IN RAISING OR DISCUSSING THE SUBJECT OF THE FUTURE IN HIS BOARD, HE SHOULD BE ASSURED THAT HE HAS A DEFINITE ROLE TO PLAY IN REPRESENTING AND REFLECTING THE VIEWS OF HIS CONSTITUENCY ON ALL MATTERS CONCERNING THEIR WELFARE, INCLUDING MANY POLICIES OF CENTRAL GOVERNMENT.+

THIS CONSULTATIVE ROLE SHOULD NOT STOP SHORT OF THE MOST IMPORTANT SINGLE ISSUE THAT AFFECTS OUR FUTURE, SHE STRESSED.

+HOWEVER, AS THE ISSUE IS SO VERY IMPORTANT, IT IS ABSOLUTELY ESSENTIAL THAT EVERYONE OF US APPROACH IT IN THE MOST CAUTIOUS AND RESPONSIBLE MANNER,+ SHE SAID.

+NEVERTHELESS CAUTION SHOULD NOT BE CONFUSED WITH TIMIDITY. WE MUST HAVE THE COURAGE TO SPEAK THE TRUTH. IT IS A DUTY THAT EACH LEADER AND REPRESENTATIVE OWES TO THE PEOPLE,+ SHE ADDED.

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PRIORITIES IN EXPENDITURE ESTIMATES QUESTIONED
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THE PRIORITIES IN THE ESTIMATES OF EXPENDITURE CAME INTO QUESTION BY DR THE HON HENRIETTA IP AT THE ANNUAL BUDGET DEBATE TODAY.

NOTING THAT THE BUDGET HAD BEEN DESCRIBED AS FAIR, BALANCED, ANALYTICAL, SYSTEMATIC AND BASED ON SOUND PRINCIPLES, DR IP MADE A STRING OF SUGGESTIONS ON HOW THE PRIORITIES COULD BE READJUSTED TO MAKE THE ESTIMATES OF EXPENDITURE MORE FAIR AND BALANCED.

+I WOULD SET HIGH UP ON MY LIST OF PRIORITIES SERVICES PROVEN TO BE DEFICIENT RATHER THAN THOSE WHICH ARE DUPLICATIVE.

+I WOULD CHOOSE TO OFFER SMALLER BENEFITS TO THE GENERAL PUBLIC AT LARGE RATHER THAN LARGER BENEFITS TO SOME PRIVILEGED FEW.

+I WOULD PREFER TO IMPROVE FACILITIES SHOWN TO BE WORSE THAN THE AVERAGE RATHER THAN IMPROVING THE BETTER ONES TO MAKE THEM BETTER STILL,+ SHE SAID.

SHE WOULD ALSO LIKE TO SEE SERVICES OFFERED TO PEOPLE WHO HAVE CONTRIBUTED MOST IN TIME AND EFFORT TO HONG KONG WHICH IS THEIR HOME THAN TO THOSE WHO COME AND GO.

/IN CUTTING

IN CUTTING EXPENDITURE, SHE SAID, THERE HAD TO BE A CONSTANT EVALUATION EXERCISE IN COST-EFFECTIVENESS, ASSESSING QUALITIES AND DEFICIENCIES OF SERVICES SO THAT CUTS WERE NOT MADE STRAIGHT ACROSS THE BOARD.

STRESSING THAT PROVISION OF SERVICES DID NOT MEAN PROVISION OF FREE SERVICES, SHE SAID, +ON THE CONTRARY, I SEE IT MORE IMPORTANT TO SUBSIDISE JUST ENOUGH TO OFFER IMPORTANT SERVICES OF GOOD QUALITY AT COMFORTABLY AFFORDABLE LEVELS, THAN TO OFFER PARTIALLY FREE OR RIDICULOUSLY CHEAP SERVICES WHERE TEMPTATION TO MISUSE THEM IS SO HIGH.+

+AND IN DAYS WHEN SAVINGS HAVE TO BE MADE TO CUT PREVIOUS ESTABLISHED RECURRENT EXPENDITURES, SO AS TO MEET EXISTING PRIORITIES, I HOPE TO SEE SOME CUTBACK ON BENEFITS GIVEN TO THOSE WHO HAVE HAD COMPARATIVELY MORE THAN OTHERS,+ SHE ADDED.

DR IP FIRST CITED THE PROVISION OF SCHOOL PLACES FOR THE MENTALLY HADICAPPED AS ONE OF THE EXAMPLES OF WHERE SHE BELIEVED THE PRIORITIES MIGHT BE READJUSTED.

SHE POINTED OUT THAT BY THE END OF MARCH 1984, THERE WOULD STILL BE AN ESTIMATED 6 000 MENTALLY HANDICAPPED CHILDREN WITHOUT A SCHOOL PLACE.

+WORSE STILL, BASED ON THE TARGET DEMAND IN THE 1983 REHABILITATION PROGRAMME PLAN REVIEW OF 10 398 SCHOOL PLACES, AND THE PLANNED PROVISION IN 1984-85 DRAFT ESTIMATES OF ONLY 4 238, THERE WILL BE A SHORTFALL OF MORE THAN 6 000 SCHOOL PLACES AT THE END OF 1985,+ SHE ADDED.

+BY THE END OF 1984, ONLY 15 PER CENT AND BY THE END OF 1985 EVEN WITH ANOTHER MISERLY SUM OF \$6 MILLION, STILL ONLY 20 PER CENT OF THE APPROVED CAPITAL COMMITMENT TO INCREASE THE NUMBER OF SCHOOL PLACES FOR THE MENTALLY HANDICAPPED WILL HAVE BEEN OR WOULD BE REALISED,+ SHE SAID.

+I KNOW IT WILL BE ARGUED THAT THE ESTIMATES DO NOT REPRESENT THE TURE PICTURE AND THAT THE TRUE DEMAND WOULD BE REVEALED SOON WHEN THE COMPUTERISED REGISTRY FOR THE DISABLED IS PUBLISHED, BUT DO NOT FORGET THAT SUCH REGISTRY IS NOT ENFORCED SO IT IS IN ITSELF ALSO INCOMPLETE,+ SHE SAID.

SHE NOTED THAT VARIOUS REASONS HAD BEEN GIVEN AS TO WHY THE DEVELOPMENT OF NEW SPECIAL SCHOOLS GENERALLY TOOK LONGER THAN ORDINARY SCHOOLS, SUCH AS THE LACK OF STANDARD DESIGNS, THE NEED TO REVISE SKETCH PLANS TO MEET VARIOUS REQUESTS, THE GEOTECHNICAL CONSIDERATIONS AND THE HIGH COSTS.

+BUT THESE REASONS ARE NOT INSURMOUNTABLE IF OUR ABLE CIVIL SERVANTS PUT THEIR MIND TO IT,+ SHE STRESSED.

SHE SAID, IN CONTRAST, CHILDREN WHOSE MOTHER TONGUE IS ENGLISH COULD MAKE ONE OF THREE CHOICES - TO ATTEND ANGLO-CHINESE GOVERNMENT OR AIDED SCHOOLS, TO STUDY ABROAD WITH EDUCATION AND TRAVEL ALLOWANCES IF THEIR PARENTS ARE CIVIL SERVANTS AND TO ATTEND THE SCHOOLS OPERATED BY THE ENGLISH SCHOOL FOUNDATION WHICH IS SUBSIDISED BY THE GOVERNMENT.

/SHE SAID

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SHE SAID THAT AS FAR AS SHE WAS AWARE, NO ENGLISH SPEAKING CHILD OVER THE AGE OF SIX WAS NOT ALREADY IN SCHOOL BECAUSE OF INADEQUATE SCHOOL PLACES.

+YET FOR INFORMATION PURPOSES, ANOTHER \$13 MILLION IS TO BE SPENT IN 1984/85 IN BOOSTING UP TO 64 PER CENT COMPLETION OF THE APPROVED CAPITAL COMMITMENT OF \$75 MILLION TO BUILD NEW SCHOOLS FOR THE ENGLISH SCHOOL FOUNDATION,+ SHE POINTED OUT.

SHE STRESSED THAT EDUCATIONAL SERVICES WERE THE RESPONSIBILITY OF THE GOVERNMENT.

+POSITIVE NON-INTERVENTION MAY BE RIGHT FOR THE FIELD OF COMMERCE, BUT IS CERTAINLY NOT APPROPRIATE HERE,+ SHE SAID.

+AGAIN FOR COMPARATIVE INTEREST, SOME \$28 MILLION OUT OF A TOTAL COMMITMENT OF \$49 MILLION (58 PER CENT) WILL HAVE BEEN SPENT BY 1984/85 IN THE CONSTRUCTION OF 85 STAFF QUARTERS FOR THE ENGLISH SCHOOL FOUNDATION BY THE END OF 1985, WHEREAS ONLY A MEASLY SUM OF \$6 MILLION IS ALLOCATED THIS YEAR FOR DEVELOPING SCHOOLS FOR THE MENTALLY HANDICAPPED,+ SHE ADDED.

TURNING TO MEDICAL SERVICES, SHE SAID SHE NEEDED TO BE CONVINCED WHY GOVERNMENT SUBVENTED HOSPITALS SHOULD GET LESS FUNDING THAN GOVERNMENT HOSPITALS OF THE SAME NATURE.

SHE NEXT QUESTIONED WHETHER THE SUM OF \$2.1 BILLION TO BE SPENT ON PERSONNEL-RELATED EXPENDITURE FOR CIVIL SERVANTS WERE COST-EFFECTIVE AND WHETHER THERE WAS FAIRNESS TO THOSE WORKING IN THE SUBVENTED SECTOR.

COMMENTING ON INCENTIVES FOR CIVIL SERVANTS, DR IP SAID, +I SEE NO REASONS WHY DOUBLE INCREMENTS CANNOT BE OFFERED TO THOSE WHO EXCEL, ON THE RECOMMENDATION OF, SAY THREE SENIOR OFFICES.+

+LIKewise, I SEE NO REASON WHY STOPPAGE OF ANNUAL INCREMENT IS NOT DONE MORE OFTEN WHEN FACED WITH AN INEFFICIENT STAFF, ON SIMILAR RECOMMENDATIONS,+ SHE ADDED.

TURNING TO DENTAL SERVICE FOR THE GENERAL PUBLIC, DR IP SAID, +DENTAL SERVICES NEED NOT BE FREE, IT CAN BE LOW COST.+

+IF SO, WE CAN OFFER A BRIGHT FUTURE FOR OUR NEW DENTAL GRADUATES, A GOOD AND REASONABLE PRICED DENTAL SERVICES FOR THE THEN HEALTHY COMMUNITY, WITHOUT DRAINING OUR RESOURCES,+ SHE OBSERVED.

ON THE SUBJECT OF RATES, SHE SAID, +JUST AS RATE CONCESSIONS ARE OFFERED TO PREMISES WHICH LACK POTABLE WATER SUPPLY, SIMILAR CONCESSIONS COULD BE CONSIDERED FOR PREMISES NOT CONNECTED TO REGIONAL SEWAGE TREATMENT PLANTS AND THEREFORE REQUIRE COSTLY MEANS OF SEWAGE DISPOSAL.

+THE NON-AVAILABILITY OF AN ACCESS ROAD FROM THE PUBLIC ROAD COULD LIKEWISE BE CONSIDERED FOR RATE CONCESSIONS.+

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WELL THOUGHT-OUT BUDGET - CHAN YING-LUN
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THE HON CHAN YING-LUN SAID TODAY (THURSDAY) THAT THE FINANCIAL SECRETARY PRESENTED A GENERALLY WELL THOUGHT-OUT AND BALANCED BUDGET. THIS, HE SAID, WAS NO EASY TASK, PARTICULARLY IN THESE DIFFICULT TIMES.

SPEAKING AT THE RESUMED BUDGET DEBATE, HE SAID HE HOPED THAT NEXT YEAR, THE FINANCIAL SECRETARY WOULD LOOK TOWARDS +THE RICH, THE REAL RICH+, FOR MORE TAXATION.

MR CHAN ALSO REFERRED TO THE CIVIL SERVICE AND DISTRICT ACTIVITIES, TO ILLUSTRATE HOW RESOURCES COULD BE MORE EFFECTIVELY UTILISED.

HE SAID HE KNEW THAT MANY OF THE CIVIL SERVANTS +WERE AS CONCERNED AND WORRIED OVER THE FUTURE AS ANYBODY ELSE+, AND URGED THAT MEASURES BE TAKEN +TO ALLAY THEIR CONCERN+ SO AS TO MAINTAIN A COHERENT SERVICE.

+THIS WILL GO A LONG WAY TOWARDS STABILISING OUR SYSTEM. THE FAITH OF THE CIVIL SERVICE TO CONTINUE TO WORK TOGETHER FOR A BETTER HONG KONG IRRESPECTIVE OF FUTURE CHANGES IS ESSENTIAL TO THE CONTINUATION OF THE SOCIO-ECONOMIC SYSTEM AS A WHOLE.

+I, THEREFORE, URGE THAT GOVERNMENT SHOULD ENSURE THAT APPROPRIATE STEPS BE TAKEN, IF THEY HAVE NOT YET BEEN TAKEN, TO ALLAY CIVIL SERVANTS' CONCERN AND POSSIBLE FEARS OF THE FUTURE, AND TO REASSURE THE FUTURE PROSPECTS OF OUR CIVIL SERVICE,+ HE SAID.

MR CHAN AGREED WITH THE FINANCIAL SECRETARY'S PLAN TO KEEP ANNUAL CIVIL SERVICE GROWTH OVERALL TO BELOW 2-1/2 PER CENT FOR THE FORESEEABLE FUTURE AND TO PROVIDE STAFF FOR NEW FACILITIES BY INCREASED PRODUCTIVITY AND REDEPLOYMENT.

HE SUGGESTED THAT IT SHOULD BE A CONTINUING PROCESS FOR EXISTING DEPARTMENTAL AND INTERDEPARTMENTAL PROCEDURES TO BE REVIEWED, UPDATED, SIMPLIFIED AND STREAMLINED, AND THAT A SPECIAL REVIEW TEAM BE ATTACHED TO THE CHIEF SECRETARY'S OFFICE TO IDENTIFY AREAS OF EXCESSIVELY COMPLICATED PROCEDURES REQUIRING URGENT ATTENTION AND TO CONDUCT ANNUAL REVIEW EXERCISES.

+THIS TEAM SHOULD COMPRISE STAFF DEPLOYED FROM THE MANAGEMENT SERVICES DIVISION, THE CORRUPTION PREVENTION DEPARTMENT OF THE ICAC AND EXPERIENCED ADMINISTRATIVE OFFICERS. ALTERNATIVELY, CONTROLLING OFFICERS COULD BE DIRECTED TO REVIEW THEIR AREAS OF ACTIVITIES AND TO REPORT TO THIS COUNCIL MANPOWER SAVING PROCEDURES THEY HAVE IDENTIFIED DURING THE YEAR,+ HE SAID.

MR CHAN NOTED THE REDUCED SPENDING ON OVERSEAS TRAINING FOR PROFESSIONAL OFFICERS, AND SUGGESTED THAT A TRAINING PROGRAMME IN MANAGEMENT BE SET UP FOR CIVIL SERVANTS.

+THIS TYPE OF TRAINING WILL BE CONDUCTIVE TO POSITIVE ATTITUDE BUILDING WITHIN THE CIVIL SERVICE, SO THAT CIVIL SERVANTS WOULD BE IN A BETTER FORM TO MEET THE FUTURE CHALLENGE,+ HE SAID.

HE ALSO CALLED FOR A GREATER USE OF THE TALENTS IN THE CIVIL SERVICE.

HE SAID, +DESPITE THE FACT THAT WE HAVE MORE TRAINED PROFESSIONAL STAFF AND THAT WE HAVE ACCUMULATED PLENTY OF LOCAL EXPERTISE ON VARIOUS TECHNICAL SUBJECTS, A LARGE NUMBER OF STUDIES AND PROJECTS PARTICULARLY IN THE ENGINEERING AND PLANNING FIELDS ARE STILL BEING COMMISSIONED TO OVERSEAS CONSULTANTS. THIS IS EXTREMELY DISCOMFORTING.+

MR CHAN SUGGESTED THAT IN FUTURE, GOVERNMENT SHOULD BE MORE CRITICAL OF PROPOSALS TO EMPLOY OVERSEAS CONSULTANTS AND TO ENSURE THAT EXPERTISE WITHIN THE CIVIL SERVICE IS CALLED UPON AND CONSULTED BEFOREHAND.

ON THE HOME PURCHASE ALLOWANCE SCHEME, HE SAID HE FULLY SUPPORTED THE SCHEME ALTHOUGH IT WAS VERY COSTLY, AS IT IS HIGHLY CONDUCTIVE TO MAINTENANCE OF MORALE. HE SUGGESTED THAT THIS SCHEME SHOULD GRADUALLY REPLACE THE ONE BASED ON PRIVATE TENANCY ALLOWANCE.

MR CHAN SAID EXPENDITURE IN DISTRICT COMMUNITY BUILDING PROGRAMMES AND ACTIVITIES SHOULD BE SPENT IN THE MOST EFFECTIVE AND PRODUCTIVE MANNER.

+VERY OFTEN, VARIOUS DEPARTMENTS ORGANISE FUNCTIONS AND ACTIVITIES SIMILAR TO THOSE ORGANISED BY THE LOCAL DISTRICT BOARDS, USING FUNDS PROVIDED BY THE DEPARTMENTAL HEADQUARTERS UNDER THE UMBRELLA OF COMMUNITY BUILDING OR DISTRICT WIDE CAMPAIGNS. THIS MAY BE USEFUL IF THE ACTIVITIES CAN REALLY COMPLEMENT EACH OTHER. BUT VERY OFTEN THEY DO NOT.

IT IS VERY IMPORTANT, THEREFORE, THAT DISTRICT PROGRAMMES AND ACTIVITIES MUST BE CRITICALLY REVIEWED TO ENSURE THAT ORGANISERS DO NOT SPEND FUNDS SIMPLY FOR THE SAKE OF SPENDING THEM AND THAT QUALITY WILL NOT BE OVERLOOKED OR SACRIFICED FOR STATISTICS ON PARTICIPANTS, HE SAID.

MR CHAN STRONGLY ECHOED AND SUPPORTED THE CHIEF SECRETARY'S CALL ON THE PROPOSED REGIONAL COUNCIL WHICH WOULD ENSURE THAT THE RECREATIONAL, CULTURAL AND AMENITY SERVICES CURRENTLY PROVIDED BY THE URBAN COUNCIL AND THE RECREATION AND CULTURE DEPARTMENT ARE PROVIDED IN THE MOST EFFICIENT AND EFFECTIVE MANNER.

+THERE HAS BEEN FAR TOO MUCH DUPLICATION OF EFFORTS AND OVERLAPPING OF RESPONSIBILITIES AT THE DISTRICT LEVEL BETWEEN THESE TWO AGENCIES IN THE PAST FEW YEARS.

/HE SAID

HE SAID THAT THIS HAD +FAR TOO OFTEN+ RESULTED IN WASTE OF MANPOWER AND RESOURCES, EXCESSIVE AND UNHEALTHY COMPETITION FOR SPECTATORS AND PARTICIPANTS.

+NOT INFREQUENTLY, RIVALRY BETWEEN GOVERNMENT OFFICES HAS RESULTED IN UNDER UTILISATION OF DISTRICT AMENITIES AND RECREATIONAL FACILITIES,+ HE SAID.

SAVINGS COULD BE ACHIEVED IN RATIONALISING AND STREAMLINING THE ORGANISATION AND STAFFING OF THE CULTURAL SERVICES DEPARTMENT AND THE RECREATION AND CULTURE DEPARTMENT -- PREFERABLY BY COMBINING THEM INTO ONE DEPARTMENT.

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FURTHER THOUGHT URGED ON TAX PROPOSALS
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THE HON RITA FAN URGED THE FINANCIAL SECRETARY TO FURTHER CONSIDER THE PROS AND CONS OF TWO PROPOSALS REGARDING PROFITS TAX.

THE FIRST PROPOSAL IS THAT INTEREST EARNED OVERSEAS WILL BE TAXABLE AND THE SECOND IS THAT WHERE A HONG KONG COMPANY BORROWS FROM AN OVERSEAS COMPANY (OTHER THAN BORROWINGS FROM FINANCIAL INSTITUTIONS), THE INTEREST AND RELATED EXPENSES PAID WILL NOT BE DEDUCTIBLE FOR TAXATION PURPOSES.

+WILL THE ABOVE PROPOSALS OF THE FINANCIAL SECRETARY BE MISUNDERSTOOD BY OVERSEAS INVESTORS AS TO MEAN THAT HONG KONG IS GOING TO LEVY TAX ON PROFITS ARISING IN OR DERIVED FROM OVERSEAS AND THUS DAMPEN THEIR INTEREST IN INVESTING IN HONG KONG?+ SHE ASKED.

+IF IT IS DECIDED TO IMPLEMENT THEM, APPROPRIATE EXPLANATIONS SHOULD BE GIVEN IN ORDER NOT TO CONFUSE FOREIGN INVESTORS,+ SHE ADDED.

SHE FELT THE FIRST PROPOSAL TO MAKE INTEREST EARNED OVERSEAS TAXABLE INCOMPATIBLE WITH THE SPIRIT OF THE HONG KONG TAX SYSTEM OF TAXING ONLY PROFITS ARISING IN OR DERIVED FROM HONG KONG.

SHE SAID THE SECOND PROPOSAL DIFFERED BASICALLY FROM THE PRESENT HONG KONG TAX LEGISLATION.

+IF THE ABOVE PROPOSALS OF THE FINANCIAL SECRETARY ARE IMPLEMENTED, IT WOULD ADD AN EXTRA BURDEN TO AN OVERSEAS COMPANY WHICH WISHES TO ASSIST ITS HONG KONG SUBSIDIARY TO DEVELOP THE HONG KONG BUSINESS.

+ON THE ONE HAND THE INTEREST PAID BY THE HONG KONG SUBSIDIARY TO ITS OVERSEAS PARENT COMPANY IS NOT DEDUCTIBLE FOR TAX PURPOSES; AND ON THE OTHER HAND THE OVERSEAS PARENT COMPANY WILL HAVE TO PAY TAX ON THE INTEREST RECEIVED IN ITS HOME COUNTRY,+ SHE SAID.

AS A CONSEQUENCE, FOREIGN CORPORATIONS WITH THE INTENTION OF DEVELOPING BUSINESS IN HONG KONG MIGHT HAVE TO PAY DOUBLE TAX BECAUSE OF THE LACK OF ANY TAX ARRANGEMENTS BETWEEN HONG KONG AND OTHER COUNTRIES, SHE ADDED.

ON SALARIES TAX, MRS FAN FELT THAT THE TWO PER CENT INCREASE IN THE STANDARD RATE WAS ACCEPTABLE BUT SHE RECOMMENDED THAT CONSIDERATION BE GIVEN TO INCREASING THE CURRENT PLATFORM OF \$10 000 TO, SAY \$15 000-\$20 000, TO GIVE SOME RELIEF TO THE MIDDLE CLASS.

SHE CONCEDED THAT THE MIDDLE CLASS HAD THE OBLIGATION TO PAY TAX, BUT NOTED THAT MOST OF THEM DID NOT MEET THE CRITERIA FOR ENJOYING VARIOUS PROGRAMMES HEAVILY SUBSIDISED BY THE GOVERNMENT.

+WE MUST NOT FORGET THAT HONG KONG'S SANDWICH CLASS IN GENERAL HAVE TO ARRANGE THEIR OWN HOUSING, PAY RATES AND MEDICAL EXPENSES, ETC.

+THEIR ACTUAL QUALITY OF LIFE MAY NOT BE SIGNIFICANTLY BETTER THAN THOSE EARNING LESS, BUT LIVING IN PUBLIC HOUSING, AND OUTSIDE THE TAX NET,+ SHE SAID.

NOTING THAT THE IMPLEMENTATION OF HER PROPOSED INCREASE IN TAX PLATFORM WOULD REDUCE GOVERNMENT REVENUE, MRS FAN SUGGESTED THAT THE MAXIMUM STANDARD RATE OF THE SALARIES TAX BE PUT ON PAR WITH THE CORPORATE PROFITS TAX.

IN SO DOING, SHE ILLUSTRATED BY WAY OF EXAMPLES THAT THOSE EARNING LESS THAN \$23 300 PER MONTH CAN PAY LESS, WHILE THOSE EARNING MORE THAN \$42 000 PER MONTH WILL PAY MORE.

+THUS THE MIDDLE CLASS MAY DISCHARGE THEIR OBLIGATIONS, WHEREAS REALLY WELL-OFF PEOPLE MAY BEAR A GREATER SHARE OF TAX,+ SHE ADDED.

IN ADDITION, FURTHER INCREASES IN BETTING DUTY COULD BE CONSIDERED, SHE SUGGESTED.

+THESE INCREASES WOULD NOT ONLY PRODUCE ADDITIONAL REVENUE, BUT ALSO SERVE TO COOL DOWN THE BETTING CRAZE OF SOME OF THE ORDINARY FOLKS, THEREBY PROMOTING SOCIAL STABILITY,+ SHE SAID.

ON THE APPLICATION FOR AN INCREASE IN TOLL CHARGES BY THE CROSS HARBOUR TUNNEL, MRS FAN SAID THAT IT WAS NOT JUSTIFIABLE AS THE COMPANY'S NET PROFITS IN 1983 TOTALLED \$150 MILLION.

+MOREOVER, IN PROPOSING TAX ON PRIVATE CARS USING THE TUNNEL, THE FINANCIAL SECRETARY HAS STATED THAT 'IT IS, HOWEVER, REASONABLE IF THESE NEW MEASURES REDUCE CROSS HARBOUR TRAFFIC, THE COMPANY SHOULD RECEIVE EQUITABLE COMPENSATION FOR REVENUE LOST,+ SHE ADDED.

ON THE ALLOCATION FOR EDUCATION, SHE WELCOMED THE INCREASE IN FUNDS FOR THE CONSTRUCTION AND EQUIPPING OF NEW SCHOOL BUILDINGS.

/BUT SHE

BUT SHE EXPRESSED CONCERN THAT THE SUM EARMARKED FOR IN-SERVICE TRAINING WAS \$110 000 LESS THAN LAST YEAR'S PROVISION.

WITH THE PREVAILING FINANCIAL STRINGENCY, SHE FELT THAT NEW DEVELOPMENTS AND IMPROVEMENTS IN LOCAL EDUCATION SHOULD BE TAKEN STEP BY STEP.

SHE SAID TAHT THIS APPROACH WOULD BE BETTER THAN TRYING TO TACKLE ALL AREAS TOGETHER, WHICH COULD RESULT IN INSUFFICIENT IMPROVEMENT IN EVERY AREA.

STRESSING THE NEED TO PROVIDE FURTHER TRAINING TO IN-SERVICE TEACHERS AND SCHOOL ADMINISTRATORS, SHE SAID, +THE IMMEDIATE TASK IS TO RAISE THE PROFESSIONAL STANDARDS OF IN-SERVICE TEACHERS AND SCHOOL ADMINISTRATORS WITH A VIEW TO AROUSING AND PRESERVING THEIR ZEAL AND DEVOTION TOWARDS EDUCATION, TO THE BENEFIT OF OUR YOUNGER GENERATION.

+NO MATTER HOW MUCH THE EDUCATION DEPARTMENT HAS ALREADY DONE IN THIS RESPECT, I STRONGLY BELIEVE THAT WE SHOULD CONTINUE OUR EFFORTS AND DEVOTE MORE RESOURCES IN IMPROVING THE QUALITY OF THE TEACHING STAFF AND PROMOTING THEIR INTEREST IN THEIR PROFESSION.+

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SPECIAL TAX DEDUCTION FOR WORKING WIVES PROPOSED

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PART OF THE INCOME OF WORKING WIVES SHOULD BE EXEMPTED FROM TAXATION TO ENCOURAGE THEM TO WORK AND SERVE THE COMMUNITY, THE HON PAULINE NG SAID TODAY.

SPEAKING AT THE ANNUAL BUDGET DEBATE, MRS NG EXPLAINED THAT WHEN WIVES ALSO GO OUT TO WORK, THEY HAVE TO EMPLOY OTHER PEOPLE TO DO THE HOUSEHOLD WORK AND TAKE CARE OF THE CHILDREN.

THE EXPENSES INCURRED FOR HOUSEHOLD WORK DONE, LIKE THE OVERHEAD EXPENSES OF A COMPANY, SHOULD BE DEDUCTED FROM THEIR TOTAL TAXABLE INCOME, SHE SAID.

+THE AMOUNT OF SUCH ALLOWANCE SHOULD BE DETERMINED BY WHAT THE GOVERNMENT COULD AFFORD IN TERMS OF REDUCTION IN REVENUE.

+IF SUCH A MEASURE WERE ADOPTED, WORKING WIVES COULD ENJOY THE ALLOWANCE THEY DESERVE AND AT THE SAME TIME, MARRIED WOMEN WOULD BE ENCOURAGED TO GO OUT TO WORK AND SERVE THE COMMUNITY WITH THEIR KNOWLEDGE AND EXPERTISE,+ SHE SAID.

ON THE SUBJECT OF MORAL EDUCATION, SHE SAID THAT IT HAD AROUSED POPULAR CONCERN AFTER THE PUBLICATION OF THE +GENERAL GUIDELINES ON MORAL EDUCATION IN SCHOOLS+ BY THE EDUCATION DEPARTMENT IN SEPTEMBER, 1981.

/HAVING BEEN

HAVING BEEN IN THE FIELD OF EDUCATION FOR 15 YEARS, MRS NG SAID THAT SHE COULD FULLY APPRECIATE THE MEANING OF THE CONCLUSION IN THE GUIDELINES WHICH OUTLINED THE BENEFITS OF PARTICIPATION IN EXTRA-CURRICULAR ACTIVITIES.

SHE EXPRESSED THE HOPE THAT THE GOVERNMENT WOULD PROMPTLY PROVIDE EVERY GOVERNMENT AND AIDED SECONDARY SCHOOL WITH THE PROMISED TWO ADDITIONAL NON-GRADUATE TEACHERS TO HELP ORGANISE EXTRA-CURRICULAR ACTIVITIES AND DEVELOP SUCH SCHEMES AS THE COMMUNITY YOUTH CLUB, SO THAT PUPILS MIGHT HAVE THE OPPORTUNITY TO PARTICIPATE IN EXTRA-CURRICULAR ACTIVITIES, THEREBY ACHIEVING THE AIMS OF MORAL TRAINING.

MRS NG ALSO SPOKE ON THE PROVISION OF STREET LIGHTING IN SQUATTER AREAS.

+STREET LIGHTING IS MOST IMPORTANT IN THE MAINTENANCE OF LAW AND ORDER IN SQUATTER AREAS. PROVISION OF SUCH LIGHTING TO SQUATTERS IS THEREFORE ESSENTIAL,+ SHE SAID.

HOWEVER, NEITHER THE HOUSING DEPARTMENT NOR THE DISTRICT BOARDS HAD FUNDS SPECIFIED FOR INSTALLING STREET LIGHTS IN SQUATTER AREAS, SHE SAID.

+I SUGGEST, THEREFORE, THAT PROVISIONS UNDER HEAD 43 - ENGINEERING DEVELOPMENT DEPARTMENT, SUBHEAD 242 LIGHTING OF STREETS AND TRAFFIC SIGNALS SHOULD INCLUDE STREET LIGHTING IN SQUATTER AREAS LIKE PROVISIONS FOR LIGHTING IN OTHER STREETS AND PUBLIC PLACES,+ MRS NG SAID.

TURNING TO THE PROVISION OF EVENING CLINICS, MRS NG POINTED OUT THAT THE TOTAL ATTENDANCE FIGURES AT GOVERNMENT OUT-PATIENT CLINICS CAME TO 15.1 MILLION, REPRESENTING AN INCREASE OF 4.9 PER CENT OVER THE PREVIOUS YEAR.

+THESE FIGURES SHOW THAT THERE IS A PRESSING DEMAND FOR OUT-PATIENT CLINIC SERVICES, ESPECIALLY,+ SHE SAID.

SHE NOTED THAT EVENING CLINICS WERE OF SPECIAL IMPORTANCE TO FACTORY WORKERS WHO COULD ONLY SEEK MEDICAL TREATMENT AFTER WORK LEST THEY SHOULD LOSE A DAY'S WAGES AND THE WORK BONUS.

+THEREFORE, THE GOVERNMENT SHOULD EXPAND EVENING OUT-PATIENT SERVICES IN THE INTERESTS OF THE GENERAL PUBLIC.

+THIS WILL ALSO HAVE THE ADDITIONAL BENEFIT OF MAXIMISING THE USE OF EXISTING FACILITIES AT GOVERNMENT CLINICS,+ SHE ADDED.

MRS NG SAID SHE SUPPORTED THE FINANCIAL SECRETARY'S PROPOSAL TO LEVY THE NEW TAX ON THE CROSS HARBOUR TUNNEL FOR TRAFFIC MANAGEMENT REASONS.

SHE REMINDED THE GOVERNMENT OF THE LIKELIHOOD OF MANY PRIVATE CAR OWNERS TURNING TO VEHICULAR FERRY OR OTHER MEANS OF PUBLIC TRANSPORT TO CROSS THE HARBOUR.

/SHE URGED

SHE URGED THE GOVERNMENT TO MAKE THE NECESSARY PLANNING NOW BY STUDYING THE ADEQUACY OF THE EXISTING SERVICES TO MEET THE EXTRA DEMAND ON PUBLIC TRANSPORT BROUGHT ABOUT BY THE TUNNEL TAX.

SHE SAID THAT MANY CAR-OWNERS WOULD HAVE NO CHOICE BUT TO CONTINUE TO USE THEIR PRIVATE CARS AND PAY THE HIGH TUNNEL TOLLS IF THE SUPPLY OF PUBLIC TRANSPORT WAS INADEQUATE.

+IF SUCH IS THE CASE, NOT ONLY WILL THE ORIGINAL PURPOSE OF IMPROVING TRAFFIC FLOW BY TAXATION BE DEFEATED, BUT IT WOULD ALSO END UP IN A GREATER BURDEN BEING PLACED UPON THE MIDDLE-INCOME CLASS,+ SHE WARNED.

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LESS IMPACT ON LESS-WELL-OFF - POON
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THE BUDGET PROPOSALS WOULD HAVE LESS IMPACT ON THE LESS WELL-OFF AND WOULD SPREAD THE BURDEN ON THOSE MORE ABLE TO AFFORD THE INCREASES, THE HON PETER POON SAID IN THE LEGISLATIVE COUNCIL TODAY.

DESCRIBING THE FINANCIAL SECRETARY'S BUDGETARY POLICY AS +SOUND AND WELL-BALANCED+, MR POON POINTED OUT THAT DESPITE THE ORIGINAL ESTIMATED DEFICIT OF \$3.6 BILLION, NO CUTS WERE MADE ON EXPENDITURE FOR HOUSING, EDUCATION, SOCIAL SERVICES AND MEDICAL AND HEALTH.

IN FACT, THERE WERE INCREASES IN ALLOCATIONS IN REAL TERMS FOR SUCH ESSENTIAL PUBLIC EXPENDITURE, AND CAPITAL CONSTRUCTION WORKS WOULD ALSO BE MAINTAINED AT A STEADY LEVEL.

+THIS IS HIGHLY LAUDABLE AND SENSIBLE AS WE SHOULD STILL BE STRIVING FOR A BETTER SOCIETY IN HONG KONG DESPITE OUR TEMPORARY ECONOMIC SETBACK,+ HE SAID.

COMMENTING ON DIRECT TAXATION, MR POON SAID THAT AT FIRST GLANCE, THE INCREASE OF TWO PER CENT ON THE STANDARD TAX RATE APPEARED TO BE A BIT TOO HIGH. BUT IT MUST BE CONSIDERED THAT, IN THE PAST YEARS, MANY BUSINESSES SUFFERED LOSSES ESPECIALLY IN THE PROPERTY SECTOR AS A RESULT OF WHICH THERE WERE ALSO SUBSTANTIAL BAD DEBTS, MAINLY FOR BANKS AND FINANCIAL INSTITUTIONS, HE SAID.

THIS MEANT NO TAX OR REDUCED TAX REVENUE COULD BE EXPECTED FROM SUCH PROPERTY CONCERNS FOR 1984/85, AND THERE MIGHT EVEN BE REFUNDS OF PROVISIONAL TAX OR SET OFF OF SUCH LOSSES BY PROFITS FOR THAT YEAR OR PERHAPS SUBSEQUENT YEARS FOR SOME BUSINESSES IN THAT SECTOR, HE EXPLAINED.

/LUCKILY, MR POON

LUCKILY, MR POON SAID, THE EXPORT TRADE WAS BUOYANT BUT WHETHER TAX FROM THAT WOULD OFFSET THE POSSIBLE DROP IN TAX REVENUE REMAINED TO BE SEEN.

+THEREFORE, A HIKE OF TWO PER CENT IS UNDERSTANDABLE AND ACCEPTABLE THOUGH THE BUSINESS SECTOR WILL FIND IT AN EXTRA BURDEN DURING A PERIOD OF GRADUAL RECOVERY AND MAY FEEL THAT 18-1/2 PER CENT IS AS MUCH AS THEY CAN BEAR,+ MR POON SAID.

HE POINTED OUT THAT AN ALTERNATIVE OF MORE BORROWING APPEARED NOT TO BE SENSIBLE BECAUSE INTEREST WOULD HAVE TO BE BORNE AND LOANS WOULD HAVE TO BE REPAID, AND A FURTHER DRAIN ON OUR FREE FISCAL RESERVES WOULD EQUALLY BE INADVISABLE.

TAXES THEREFORE HAD TO BE RAISED, HE STRESSED.

BUT WHEN TIMES WERE GOOD AND GOVERNMENT COFFERS WERE FULL, THERE WAS NO REASON TO BELIEVE THAT OUR FINANCIAL SECRETARY WOULD NOT CONSIDER WHETHER A TAX CUT WAS JUSTIFIED, HE ADDED.

AS FOR THE 'SANDWICHED CLASS', MR POON SAID UNDER THE FINANCIAL SECRETARY'S PROPOSAL THERE WAS NO CHANGE IN THE PRESENT SALARIES TAX PAYABLE UNTIL A BACHELOR'S SALARY EXCEEDED \$120 000 P.A. AND THAT OF A MARRIED MAN WITH TWO CHILDREN EXCEEDED \$223 700 P.A.

A BACHELOR'S SALARY EARNINGS, IF OVER \$150 000 A YEAR, WOULD BE TAXED AT THE NEW STANDARD RATE OF 17 PER CENT, AND A MARRIED MAN WITH TWO CHILDREN WOULD BE SO TAXED IF HIS SALARY REACHED \$279 600 A YEAR.

MR POON FELT THAT OUR RELATIVELY CHEAP TRANSPORT, MEDICAL AND EDUCATION FACILITIES WERE AVAILABLE TO ALL INCLUDING THE 'SANDWICHED CLASS' AND THE TAX OF THE AVERAGE SALARY EARNERS, AT ABOUT EIGHT PER CENT ON THE AVERAGE, WAS STILL LOW COMPARED TO OTHER COUNTRIES.

HOWEVER, MR POON URGED THE FINANCIAL SECRETARY TO LOOK INTO THE CASE FOR SEPARATE TAXATION OF THE INCOMES OF THE HUSBAND AND THE WIFE NEXT YEAR.

+IF DUE TO THE COST OF IMPLEMENTATION OR THE RESULTANT LOSS OF REVENUE BEING TOO GREAT TO BE BORNE AND SEPARATE TAXATION CANNOT BE CONSIDERED, AN INTERIM MEASURE COULD BE THE REINTRODUCTION OF THE WORKING WIFE'S ALLOWANCE AT A REALISTIC LEVEL SAY AT LEAST \$10 000 P.A., HE SUGGESTED.

REGARDING THE TWO TAX PROPOSALS ON ANTI-AVOIDANCE WHICH AFFECT ONLY PROFITS TAX, MR POON SAID SUCH NEW TAX PROPOSALS, HOWEVER CAREFULLY THOUGHT OUT, MIGHT CAUSE SOME HARDSHIP TO OR PREJUDICE CERTAIN SECTORS OF THE BUSINESS COMMUNITY AND THE GOVERNMENT SHOULD GIVE ITS CAREFUL CONSIDERATION TO SUCH POSSIBILITIES AND GRANT RELIEF WHEREVER PRACTICABLE IN GENUINE AND DESERVING CASES.

THE FIRST PROPOSAL IS THAT THE DEDUCTION OF INTEREST AND RELATED EXPENSES IN RESPECT OF BORROWINGS FROM FINANCIAL INSTITUTIONS (OTHER THAN BORROWINGS BY THE FINANCIAL INSTITUTIONS) WILL BE PROHIBITED WHERE THE MONEYS BORROWED ARE SECURED OR GUARANTEED, IN WHOLE OR IN PART, AGAINST A DEPOSIT MADE WITH A FINANCIAL INSTITUTION (WHETHER THE LENDING INSTITUTION OR ANY OTHER SUCH INSTITUTION) BY A CLOSELY CONNECTED PERSON.

MR POON EXPLAINED THAT THE AIM OF THIS PROPOSAL WAS TO PREVENT TAX AVOIDANCE BY BACK-TO-BACK ARRANGEMENTS, WHEREBY SURPLUS FUNDS WERE PLACED WITH A FINANCIAL INSTITUTION TO EARN NON-TAXABLE INTEREST BUT SIMILAR FUNDS WERE BORROWED, ON THE SECURITY OF THE SAME DEPOSITS, WITH THE INTEREST CHARGED TO THE COMPANY TO REDUCE PROFITS TAX LIABILITIES.

HE SAID, +PRESUMABLY, THE WORD 'DEPOSIT' IN THE PHRASE 'DEPOSIT MADE WITH A FINANCIAL INSTITUTION' REFERS TO CASH OR BANK DEPOSITS AND DOES NOT INCLUDE PROPERTIES, SHARES OR PERSONAL GUARANTEES GIVEN TO SECURE THE BORROWINGS OTHERWISE NORMAL COMMERCIAL ARRANGEMENTS WILL BE UNFAIRLY HINDERED.+

MR POON ALSO SAID IT WAS ALWAYS DIFFICULT TO DEFINE OR TO ENFORCE ANY LEGISLATION WHICH REFERRED TO 'A CLOSELY CONNECTED PERSON', HOWEVER, UNLESS SUCH A PROVISION WAS PUT IN, THE PROPOSED LEGISLATION COULD BE EASILY AVOIDED.

THE SECOND PROPOSAL IS THAT THE DEDUCTION OF INTEREST AND RELATED EXPENSES IN RESPECT OF BORROWINGS (OTHER THAN BORROWINGS FROM FINANCIAL INSTITUTION) WILL BE PROHIBITED WHERE THE MONEY BORROWED, IN RESPECT OF WHICH THE INTEREST AND RELATED EXPENSES ARE PAID ARE MADE AVAILABLE OUTSIDE HONG KONG.

+THE PROPOSAL INTRODUCES PROFITS TAX ON INTEREST EARNED IN LOCAL OR FOREIGN CURRENCY BY BUSINESSES CARRIED ON IN HONG KONG, WHETHER THE INTEREST IS DERIVED FROM FUNDS MADE AVAILABLE TO BORROWERS IN OR OUTSIDE HONG KONG,+ MR POON SAID.

+THE PROPOSAL HAS SOME SUPPORT IN THE THIRD INLAND REVENUE ORDINANCE REVIEW COMMITTEE IN 1976,+ HE CONTINUED.

+THIS, HOWEVER, IS A MAJOR CHANGE BEING A RE-EXAMINATION THE 'PROVISION OF CREDIT' TEST IN DETERMINING THE LOCATION OF INTEREST INCOME AND WILL BE QUITE CONTROVERSIAL.+

+IT MAY BE INTERPRETED BY SOME AS AN INDICATION OF DEPARTURE FROM THE 'TERRITORIAL' CONCEPT OF TAXATION IN HONG KONG. GOVERNMENT SHOULD THEREFORE CLARIFY ITS INTENTION TO ALLAY THE FEAR OF FURTHER EXTENSION OF THE TAX NET TO OTHER INCOME OR PROFITS EARNED OVERSEAS,+ HE ADDED.

AS REGARD GOVERNMENT ASSISTANCE TO BUSINESSES AND INDUSTRIES, MR POON URGED THE FINANCIAL SECRETARY TO REVIEW THE 'REBUILDING ALLOWANCE' ON 'COMMERCIAL BUILDING' WHICH WAS AT PRESENT GRANTED ANNUALLY AT THE FLAT RATE THREE-FOURTHS OF ONE PER CENT WITHOUT ANY INITIAL ALLOWANCE AT ALL.

/THIS MEANT

THIS MEANT THAT THE CAPITAL EXPENDITURE ON OFFICE OR SHOP PREMISES WERE NOT WRITTEN OFF FOR TAX PURPOSES UNTIL AFTER 133 YEARS AND THIS WAS HARDLY FAIR TO THE OWNERS OF SUCH BUILDINGS, MR POON SAID.

+REALISTIC UPWARD REVISION OF THE REBUILDING ALLOWANCE PREFERABLY WITH A NEW INITIAL ALLOWANCE WILL HOPEFULLY GIVE A NEW INCENTIVE FOR BUSINESSES TO ACQUIRE SUCH PREMISES,+ HE SAID.

MR POON ALSO URGED THE GOVERNMENT AND THE INDUSTRIAL SECTOR TO CO-OPERATE MORE FULLY IN THE FIELD OF RESEARCH AND DEVELOPMENT.

+APPROPRIATE INCENTIVES AND SUBSIDIES FOR EXPENSES IN THIS FIELD ARE ABSOLUTELY NECESSARY. OTHERWISE, WE WILL NEVER CATCH UP WITH OTHER COUNTRIES WHOSE TECHNOLOGY IS ADVANCING VERY QUICKLY AND HONG KONG WILL BE LEFT WAY BEHIND,+ HE SAID.

ON THE CONTROL OF PUBLIC SECTOR EXPENDITURE, MR POON SAID ONE WAS PARTICULARLY CONCERNED AT THE GROWTH OF THE PUBLIC SECTOR EXPENDITURE ESPECIALLY CIVIL SERVICE SALARIES AND PERSONNEL RELATED EXPENSES WHICH ACCOUNTED FOR ABOUT \$11 BILLION, I.E. 44 PER CENT OF THE RECURRENT ACCOUNT.

THOUGH OUR CIVIL SERVICE WAS ONE OF THE FINEST IN THE WORLD, MR POON REMARKED, WITH THE RAPID GROWTH IN THE ECONOMY IN THE PAST YEARS, THE CONSEQUENT AND CONTINUED EXPANSION OF THE CIVIL SERVICE MIGHT ULTIMATELY MAKE IT UNWIELDY.

+GOVERNMENT HAS TAKEN THE RIGHT STEP IN THE PRIVATISATION OF CERTAIN SERVICES' SECTORS SUCH AS THE KOWLOON-CANTON RAILWAY, AND NOW THE MULTI-STOREYED CAR PARKS. FURTHER IN-DEPTH REVIEW OF THE WHOLE CIVIL SERVICE STRUCTURE IS NECESSARY AT THIS STAGE OF OUR ECONOMICAL DEVELOPMENT WHICH WE HAVE A CONSIDERABLE DEFICIT FOR A FEW SUCCESSIVE YEARS,+ HE SAID.

MR POON POINTED OUT THAT HONG KONG WAS WELL-PLACED TO REAP SUBSTANTIAL BENEFITS FROM THE ECONOMIC RECOVERY IN THE WORLD.

HOWEVER, HE ALSO NOTED THAT DESPITE MARKED IMPROVEMENT, THERE WAS STILL A LACK OF CONFIDENCE IN THE FUTURE OF HONG KONG RESULTING IN A SLOW DOWN OF INVESTMENT AND RE-INVESTMENT AND THE POSSIBILITY OF FURTHER OUTFLOW OF FUNDS AND HUMAN RESOURCES.

HE, THEREFORE, URGED THE GOVERNMENT TO REVEAL THE GENERAL PLAN OR FRAMEWORK FOR HONG KONG'S FUTURE SOON AND HE ALSO CALLED UPON THE PEOPLE OF HONG KONG TO ACT POSITIVELY AND HAVE CONFIDENCE IN OUR OWN FUTURE.

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BENEFIT SEEN FOR LOWER MIDDLE INCOME GROUPS
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THE HON YEUNG PO-KWAN TODAY DESCRIBED THE FINANCIAL SECRETARY'S PROPOSED BUDGET AS A +CALM, STEADY, CLEARLY UNDERSTOOD AND BALANCED APPROACH.+

SPEAKING AT THE RESUMED BUDGET DEBATE, MR YEUNG SAID ALTHOUGH THE BUDGET WAS UNFAIR TO THE MIDDLE CLASS, IT SHOULD BE UNDERSTOOD THAT NO BUDGET HAD EVER BEEN ABLE TO BENEFIT ALL.

HE SAID THAT MOST MEMBERS OF THE PUBLIC CONSIDERED THE BUDGET TO BE +MODERATE AND ACCEPTABLE.+

ITS OUTSTANDING FEATURE IS THE CARE FOR THE LOWER MIDDLE AND THE LOWER INCOME GROUPS SO THAT THEIR BURDENS WILL NOT BE UNDULY HEAVY, HE SAID.

BUT HE ADDED THAT THE GOVERNMENT COULD HAVE CONSIDERED RAISING TAX THRESHOLDS, LOWERING THE PROGRESSIVE RATES, AS WELL AS EXPANDING THE TAX BANDS.

HE SAID THAT THIS WOULD RELEASE MANY LOW-SALARIED PEOPLE FROM THE TAX NET AND MIGHT REDUCE THE BURDEN OF THE MIDDLE INCOME GROUP AS WELL AS REDUCE THE WORKLOAD PLUS ADMINISTRATIVE EXPENSES OF THE INLAND REVENUE DEPARTMENT.

+AS FOR PEOPLE IN THE HIGH-SALARY BRACKET, THE STANDARD RATE CAN STILL BE CORRESPONDINGLY RAISED TO ENSURE THERE WILL BE NO LOSS IN REVENUE YIELDS,+ MR YEUNG SUGGESTED.

IN HIS VIEW, APART FROM PLANNING TO INCREASE REVENUE, THE GOVERNMENT SHOULD CONSIDER WHETHER MOTORISTS OF THE +SANDWICHED CLASS+ AND TAXI OPERATORS WOULD BE AFFECTED.

THE FINANCIAL SECRETARY PROPOSED TO LEVY A TAX ON VEHICLES USING THE CROSS HARBOUR TUNNEL TO BOOST REVENUE ON THE ONE HAND AND TO RESTRAIN USAGE OF THE TUNNEL ON THE OTHER.

+IT STANDS TO REASON THAT AS THESE TWO OBJECTIVES CAN BE ACHIEVED, FURTHER APPLICATIONS FOR INCREASES IN THE TOLL CHARGES ON VEHICLES USING THE TUNNEL SHOULD NOT BE APPROVED MAINLY BECAUSE THE CROSS HARBOUR TUNNEL COMPANY IS NOT SUFFERING ANY LOSS BUT ONLY EARNING LESS PROFITS,+ MR YEUNG SAID.

HE SAID THAT THE PROPOSED BUDGET ALSO REFLECTED THE GOVERNMENT'S OPTIMISM AND CONFIDENCE IN HONG KONG'S LONG-TERM FUTURE.

+EVEN WITH ECONOMIC RESTRAINTS, IT STILL MAINTAINS ITS COMMITMENTS TO SOCIAL WELFARE, MEDICAL AND HEALTH, EDUCATION SERVICES, PUBLIC WORKS PROGRAMMES AND LONG-TERM DEVELOPMENT,+ HE POINTED OUT.

/MAINTAINING THAT

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MAINTAINING THAT THE WAYS TO DEAL WITH A FISCAL DEFICIT HAD ALWAYS BEEN TO INCREASE REVENUE AND TO REDUCE EXPENSES, MR YEUNG SAID THE EMPHASIS SHOULD BE +TO CUT UNNECESSARY EXPENDITURE IN THE PUBLIC SECTOR AS MUCH AS POSSIBLE, WHILE STREAMLINING THE ADMINISTRATIVE STRUCTURE AND IMPROVING EFFICIENCY AT THE SAME TIME.+

+IN THIS RESPECT, THE GOVERNMENT SHOULD ACTIVELY EXAMINE AND IMPLEMENT THE POLICY OF 'LOCALISATION' OF CIVIL SERVANTS, REDUCE THE EXPENSES OF EMPLOYING EXPATRIATE STAFF, AND TIGHTEN UP ITS SUPERVISION AND MONITORING,+ HE SAID.

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MOTION FOR MORE BETTING DUTY PASSED

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THE LEGISLATIVE COUNCIL TODAY PASSED THE FINANCIAL SECRETARY, SIR JOHN BREMRIDGE'S MOTION FOR INCREASES IN BETTING DUTY.

THE RESOLUTION RAISES THE DUTY ON STANDARD BETS FROM 8.5 TO NINE PER CENT, BUT THE POOL OF PRIZE MONEY WILL REMAIN UNCHANGED.

IT INCREASES THE DUTY ON EXOTIC BETS FROM 13.5 PER CENT TO 15 PER CENT, WITH ONE PER CENT OF THE INCREASE TO BE BORNE BY THE PUNTER SO THAT THE POOL OF PRIZE MONEY IS ALSO REDUCED ACCORDINGLY.

UNDER THE RESOLUTION, THE DUTIES PAYABLE ON LOTTERIES AND CASH SWEEPS ARE INCREASED FROM 27 TO 30 PER CENT. AS ONE PER CENT OF THIS INCREASE IS TO BE BORNE BY THE PUNTER, THE POOL OF PRIZE MONEY IS ALSO REDUCED.

+AS I EXPLAINED IN MY BUDGET SPEECH, THE INCREASED DUTY SHOULD BRING IN \$151 MILLION IN THE COMING FINANCIAL YEAR. THE JOCKEY CLUB WILL BE SHOULDERING THE MAJOR PORTION OF THE INCREASE,+ SIR JOHN SAID IN MOVING THE MOTION.

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SIR GEOFFREY ARRIVING APRIL 18
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AT TODAY'S PRESS BRIEFING AT THE FOREIGN AND COMMONWEALTH OFFICE IN LONDON, THE HEAD OF NEWS DEPARTMENT, MR JOHN GOULDEN, ANNOUNCED THAT THE SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, SIR GEOFFREY HOWE, WILL VISIT CHINA, HONG KONG, KOREA AND JAPAN FROM APRIL 15 TO 27. LADY HOWE WILL ACCOMPANY HIM.

SIR GEOFFREY WILL VISIT PEKING BETWEEN APRIL 15 AND 18 AT THE INVITATION OF CHINESE FOREIGN MINISTER, MR WU XUEQIAN. HE WILL HAVE DISCUSSIONS WITH MR WU AND OTHER CHINESE LEADERS ON ALL ASPECTS OF HONG KONG'S FUTURE AS WELL AS OTHER INTERNATIONAL AND BILATERAL ISSUES. MR GOULDEN STRESSED THAT THE VISIT WAS NOT A ROUND IN THE CURRENT SERIES OF TALKS. HE SAID THE VISIT WAS SEPARATE FROM THIS PROCESS BUT WILL INVOLVE A COMPREHENSIVE PERSONAL REVIEW OF THE TALKS.

THE VISIT TO HONG KONG BETWEEN APRIL 18 AND 20 WILL PROVIDE SIR GEOFFREY THE OPPORTUNITY TO GET A FIRST HAND VIEW OF HONG KONG AND TO LISTEN TO THE VIEWS OF THE PEOPLE OF HONG KONG. HE WILL MEET WITH THE GOVERNOR AND MEMBERS OF EXCO AND LEGCO AS WELL AS REPRESENTATIVES OF THE URBAN COUNCIL, DISTRICT BOARDS (BOTH ELECTED AND APPOINTED) AND OF NUMEROUS PROFESSIONAL AND INTEREST GROUPS.

ASKED TO COMMENT ON THE JARDINES ANNOUNCEMENT, MR GOULDEN SAID IT WAS OBVIOUSLY A COMMERCIAL DECISION. HE ADDED THAT HMG WAS AWARE OF HONG KONG'S CONCERN ABOUT ITS FUTURE - HMG'S CONCERN WAS TO SEEK AN AGREEMENT ACCEPTABLE TO PARLIAMENT, THE CHINESE GOVERNMENT AND THE PEOPLE OF HONG KONG.

IN REPLY TO A QUESTION ON WHY THE SECRETARY WAS GOING TO CHINA BEFORE HONG KONG, MR GOULDEN SAID HMG WAS AWARE OF SUGGESTION BY LEGCO BUT THERE WERE SERIOUS PRACTICAL CONSTRAINTS AFFECTING THE PROGRAMME AND THESE HAD BEEN EXPLAINED TO THE GOVERNOR'S ADVISERS. HE ADDED THAT THERE WOULD BE A FURTHER OPPORTUNITY FOR CONSULTATION DURING EXCO'S FOURTH VISIT TO LONDON NEXT WEEK, AND EXCO WAS WELL PLACED TO BRIEF SIR GEOFFREY BEFORE HIS DEPARTURE FOR PEKING.

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EDUCATION COMMISSION FULLY SET UP

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THE EDUCATION COMMISSION IS NOW FULLY ESTABLISHED WITH THE APPOINTMENT OF THE REMAINING SEVEN UNOFFICIAL MEMBERS.

THEY ARE MISS MARIA TAM WAI-CHU, MR YEUNG PO-KWAN, DR RAYMOND WU WAI-YUNG, PROF. BRIAN LOFTS, MISS KATHLEEN BARKER, MR PETER LEE SHUNG-TAK, AND MRS BETSY LEE WONG PING-SZE.

THEY HAVE BEEN APPOINTED BY THE GOVERNOR TO SERVE ON THE COMMISSION FOR TWO YEARS FROM APRIL 2, 1984.

MISS MARIA TAM, A BARRISTER, HAS HAD WIDE EXPERIENCE IN PUBLIC AFFAIRS AND SITS ON THE EXECUTIVE AND LEGISLATIVE COUNCILS AND MANY CONSULTATIVE BODIES. HER COMMUNITY SERVICE INCLUDES MEMBERSHIP OF THE COUNCIL OF THE CHINESE UNIVERSITY AND THE HK COUNCIL OF SOCIAL SERVICES EXECUTIVE COMMITTEE. SHE HAS ALSO BEEN A MEMBER OF THE BOARD OF EDUCATION.

MR YEUNG PO-KWAN, LEGISLATIVE COUNCILLOR, IS PRINCIPAL OF MING YIN COLLEGE. HE SITS ON THE BROADCASTING REVIEW BOARD, THE CRIMINAL AND LAW ENFORCEMENT INJURIES COMPENSATION BOARDS AND THE IMMIGRATION TRIBUNAL. HE HAS ALSO BEEN VICE-CHAIRMAN OF THE ASSOCIATION OF HEADS OF SECONDARY SCHOOLS, AN EXECUTIVE COMMITTEE MEMBER OF THE HK SUBSIDISED SECONDARY SCHOOLS COUNCIL, AND HONORARY ADVISER TO THE CAPUT SCHOOLS COUNCIL.

DR RAYMOND WU, A MEDICAL PRACTITIONER, HAS BEEN CONTRIBUTING TO THE PROMOTION OF MEDICAL AND REHABILITATION SERVICES IN HONG KONG. HE IS A MEMBER OF THE SOCIAL WELFARE ADVISORY COMMITTEE, THE PHARMACY AND POISONS BOARD, AND THE COUNCIL OF THE HONG KONG POLYTECHNIC. HE IS VICE-PRESIDENT OF THE HK MEDICAL ASSOCIATION, AND CHAIRMAN OF THE NEW LIFE PSYCHIATRIC REHABILITATION ASSOCIATION.

PROF. BRIAN LOFTS IS THE HEAD OF THE DEPARTMENT OF ZOOLOGY AT HONG KONG UNIVERSITY. HE IS PRO VICE-CHANCELLOR OF THE UNIVERSITY AND A MEMBER OF THE BOARD OF GOVERNORS OF THE PRINCE PHILIP DENTAL HOSPITAL, THE COUNCILS OF THE HONG KONG POLYTECHNIC AND THE CITY POLYTECHNIC, AND COURT OF HKU. HE HAS ALSO SERVED ON THE COMMITTEE FOR SCIENTIFIC CO-ORDINATION AND WAS FOR MANY YEARS CHAIRMAN OF THE ADVANCED LEVEL EXAMINATION BOARD.

MISS KATHLEEN BARKER IS PRINCIPAL OF ST. STEPHEN'S GIRLS' COLLEGE. FOR HER SERVICES TO THE DEVELOPMENT OF EDUCATION IN HONG KONG, SHE WAS AWARDED THE MBE IN 1981. SHE IS A MEMBER OF THE HK EXAMINATIONS AUTHORITY AND IS CHAIRMAN AND SUPERVISOR RESPECTIVELY OF THE HK SCHOOL FOR THE DEAF COUNCIL AND THE VICTORIA PARK SCHOOL FOR THE DEAF.

MR PETER LEE IS ACTIVELY INVOLVED IN THE PROMOTION OF VOCATIONAL EDUCATION AS CO-ORDINATOR OF THE CARITAS VOCATIONAL TRAINING AND EDUCATION SERVICE. HE IS CHAIRMAN OF THE PRE-VOCATIONAL SCHOOLS COUNCIL, A LAY ASSESSOR OF THE MAGISTRATES' COURTS, AND A MEMBER OF THE VOCATIONAL TRAINING COUNCIL.

/MRS BETSY

MRS BETSY LEE HAS HAD LONG EXPERIENCE IN THE FIELD OF KINDERGARTEN EDUCATION AND IS AT PRESENT PRINCIPAL OF THE CHINESE CHILDREN'S INSTITUTE (KINDERGARTEN). FOR A NUMBER OF YEARS, SHE HAS BEEN THE EXECUTIVE SECRETARY FOR EDUCATION OF THE METHODIST CHURCH IN HONG KONG.

THE ESTABLISHMENT OF THE EDUCATION COMMISSION, CHAIRED BY MR Q.W. LEE, WAS ANNOUNCED EARLIER THIS MONTH. THE OTHER COMMISSION MEMBERS ARE THE CHAIRMEN OF THE THREE MAJOR ADVISORY BODIES ON EDUCATION, THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE, THE VOCATIONAL TRAINING COUNCIL, AND THE BOARD OF EDUCATION= THE SECRETARY FOR EDUCATION AND MANPOWER (VICE-CHAIRMAN), THE DEPUTY FINANCIAL SECRETARY, AND THE DIRECTOR OF EDUCATION.

THE FULL TERMS OF REFERENCE OF THE COMMISSION ARE:

+THE EDUCATION COMMISSION IS ESTABLISHED TO SUBMIT TO THE GOVERNOR CONSOLIDATED ADVICE ON THE EDUCATIONAL SYSTEM AS A WHOLE IN THE LIGHT OF THE NEEDS OF THE COMMUNITY. FOR THIS PURPOSE THE COMMISSION WILL HAVE THE FOLLOWING TERMS OF REFERENCE -

- (A) TO DEFINE OVERALL EDUCATIONAL OBJECTIVES, FORMULATE EDUCATION POLICY, AND RECOMMEND PRIORITIES FOR IMPLEMENTATION HAVING REGARD TO THE RESOURCES AVAILABLE;
- (B) TO CO-ORDINATE AND MONITOR THE PLANNING AND DEVELOPMENT OF EDUCATION AT ALL LEVELS; AND
- (C) TO INITIATE EDUCATIONAL RESEARCH.

IN CARRYING OUT THESE TASKS, THE COMMISSION SHOULD CO-ORDINATE BUT NOT SEEK TO DIRECT THE WORK OF THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE, THE BOARD OF EDUCATION AND THE VOCATIONAL TRAINING COUNCIL.

THE COMMISSION WILL BE SERVICED BY THE EDUCATION AND MANPOWER BRANCH OF THE GOVERNMENT SECRETARIAT.+

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STUDY OFFERS NEW WAYS TO IMPROVE TRAFFIC
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GOVERNMENT-APPOINTED CONSULTANTS HAVE UNDERTAKEN A COMPLETE RE-EXAMINATION OF TRANSPORTATION REQUIREMENTS OF THE MID-LEVELS AND CENTRAL DISTRICT.

THE STUDY, COMMISSIONED BY GOVERNMENT FOLLOWING OBJECTIONS TO THE PROPOSED ELEVATED ROAD ALONG CONNAUGHT ROAD IN CENTRAL, INCLUDED THE MID-LEVELS BECAUSE OF TRAFFIC PROBLEMS IN THAT AREA.

WAYS TO IMPROVE TRAFFIC CIRCULATION THROUGH AND BETWEEN CENTRAL AND MID-LEVELS AREAS WERE INVESTIGATED, WITH THE AIM OF DEVELOPING THE MOST APPROPRIATE TRANSPORTATION SYSTEM.

/SEVERAL OPTIONS

SEVERAL OPTIONS WERE CONSIDERED DURING THE STUDY.

THESE INCLUDED ELEVATED STRUCTURES AND TUNNELS THROUGH CENTRAL, TUNNELS UNDER MID-LEVELS BY-PASSING CENTRAL, AS WELL AS ELEVATED LIGHT RAIL SYSTEMS AND MASS PEDESTRIAN MOVERS BETWEEN CENTRAL AND MID-LEVELS.

A STRATEGY HAS BEEN DEVELOPED DURING THE STUDY, WHICH INVOLVES PROVISION OF SHORT, MEDIUM AND LONG-TERM TRAFFIC MANAGEMENT MEASURES.

IN THE SHORT TERM, A SERIES OF TRAFFIC MANAGEMENT SCHEMES ARE RECOMMENDED.

THESE INVOLVE MODIFYING THE HARCOURT ROAD-COTTON TREE DRIVE AND QUEEN'S ROAD CENTRAL-PEDDER STREET JUNCTIONS, REVISING THE INTERNAL LAYOUT OF ADMIRALTY, CONVERTING CONNAUGHT ROAD WEST TO TWO-WAY TRAFFIC, REVERSAL OF TRAFFIC IN WING LOK STREET AND BONHAM STRAND; CONVERTING THE NORTHERN SECTION OF POKFULAM ROAD TO ONE-WAY SOUTHBOUND AND OF WATER STREET TO ONE-WAY NORTHBOUND, AND MODIFYING EXISTING AND INTRODUCING NEW TRAFFIC SIGNALS AT VARIOUS LOCATIONS.

QUEENSWAY, WYNDHAM STREET AND BONHAM ROAD AT THE JUNCTION OF HOSPITAL ROAD WILL BE WIDENED AND THE WHITTY STREET TRAM TERMINUS WILL BE RELOCATED.

MEDIUM TERM MEASURES INCLUDE UPGRADING CONNAUGHT ROAD TO A DUAL TWO-LANE FREE FLOW ROUTE, A NEW WATERFRONT ROAD BETWEEN THE ISLAND EASTERN CORRIDOR AT VICTORIA PARK ROAD AND THE H.M.S. TAMAR AREA, SERVING AS A WAN CHAI BYPASS, AND A NEW ROAD LINK BETWEEN VICTORIA BARRACKS ROAD AND KENNEDY ROAD TO PROVIDE RELIEF TO GARDEN ROAD-COTTON TREE DRIVE.

VARIOUS IMPROVEMENTS TO BUS ROUTES AND LEVELS OF SERVICE, INCLUDING CONSTRUCTION OF A NEW BUS TERMINUS ON THE CURRENT SITE OF CENTRAL MARKET, ARE ALSO RECOMMENDED AS MEDIUM-TERM MEASURES.

AS FOR PEDESTRIAN FACILITIES, THE CONSULTANTS HAVE SUGGESTED THAT THE EXISTING SEGREGATED PEDESTRIAN WALKWAY NETWORK IN CENTRAL BE EXTENDED AND A +PILOT+ ESCALATOR-ASSISTED PEDESTRIAN ROUTE BE DEVELOPED ALONG COCHRANE STREET AND SHELLEY STREET TO LINK MID-LEVELS WITH BOTH THE NEW BUS TERMINUS AT THE CENTRAL MARKET SITE AND THE EXISTING PEDESTRIAN WALKWAY SYSTEM IN CENTRAL.

THE UPGRADED CONNAUGHT ROAD SCHEME INVOLVES DEMOLISHING THE EXISTING FLYOVER AT THE HARCOURT ROAD-COTTON TREE DRIVE JUNCTION AND CONSTRUCTING A WIDER ONE IN ITS PLACE, CONSTRUCTING A VEHICULAR UNDERPASS AT THE CONNAUGHT ROAD-PEDDER STREET JUNCTION, CONSTRUCTING APPROXIMATELY ONE KILOMETRE OF ELEVATED ROAD BETWEEN SUTHERLAND STREET AND GILMAN STREET, AND MAKING CONNAUGHT ROAD WEST DUAL LANE AND CONVERTING IT INTO A TWO-WAY ROUTE.

AS PART OF THE SCHEME, A NUMBER OF FOOTBRIDGES WILL BE BUILT TO IMPROVE PEDESTRIAN CROSSING OF CONNAUGHT ROAD.

IN THE LONG TERM, A NEW WATERFRONT ROAD THROUGH CENTRAL IS RECOMMENDED, CONNECTING THE ELEVATED ROAD TO BE PROVIDED AS PART OF THE UPGRADED CONNAUGHT ROAD SCHEME WITH THE PROPOSED WAN CHAI BYPASS.

THIS WATERFRONT ROAD WOULD RUN BETWEEN RUMSEY STREET AND THE H.M.S. TAMAR AREA AND MOST OF ITS LENGTH WOULD BE IN SUBMERGED TUNNEL.

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NEW FRANCHISE FOR HYF

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THE GOVERNMENT HAS GRANTED THE HONGKONG AND YAUMATI FERRY COMPANY A NEW FRANCHISE UNDER THE FERRY SERVICES ORDINANCE.

ANNOUNCING THIS, A GOVERNMENT SPOKESMAN SAID TODAY (THURSDAY) THAT THE FRANCHISE WOULD TAKE EFFECT FROM APRIL 1 AND ITS DETAILS WOULD BE PUBLISHED IN THE GOVERNMENT GAZETTE TOMORROW (FRIDAY).

HYF'S PREVIOUS FRANCHISE EXPIRED ON JUNE 30, 1982. FROM JULY 1, 1983, THE HYF OPERATED UNDER A TEMPORARY LICENCE GRANTED BY THE COMMISSIONER FOR TRANSPORT TO ENABLE IT TO CONTINUE ITS FERRY OPERATION WHILE NEGOTIATIONS FOR A NEW FRANCHISE CONTINUED.

THE SPOKESMAN POINTED OUT THAT IN RETURN FOR THE FRANCHISE, THE HYF WOULD BE SUBJECT TO THE TERMS AND CONDITIONS IN THE FRANCHISE, AND ALSO TO OTHER PROVISIONS OF THE ORDINANCE, INCLUDING PROVISIONS FOR:

- (A) THE GOVERNOR IN COUNCIL TO SET MAXIMUM FARE LEVELS;
- (B) THE COMMISSIONER FOR TRANSPORT TO SPECIFY FREQUENCY OF SERVICES, CARRYING CAPACITY AND TYPES OF VESSELS; AND
- (C) THE GOVERNOR TO APPOINT ADDITIONAL DIRECTORS TO THE BOARD OF THE HYF.

THE SPOKESMAN SAID THAT THE FRANCHISE ALLOWED THE HYF TO USE SPECIFIED PIERS, TO HAVE ACCESS TO AND USE AREAS OF CROWN LAND ADJACENT TO THE PIERS, AND TO BE RESPONSIBLE FOR THE MANAGEMENT OF THE PIERS AND THE CROWN LAND AREAS.

THE COMPANY WOULD HAVE TO PAY A MONTHLY RENTAL FOR USING THESE PIERS.

IF THE GOVERNMENT SHOULD AUTHORISE THE COMMERCIAL DEVELOPMENT OF ANY OF THESE PIERS, THE COMPANY WOULD HAVE FIRST OPTION, THE SPOKESMAN SAID.

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MASSIVE RECLAMATION PROJECT TO CONTINUE

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EXTENSIVE RECLAMATION, WHICH HAS BEEN GOING ON ALONG THE NORTHERN PART OF ABERDEEN HARBOUR SINCE THE 1960'S AND ALONG THE SOUTHERN PART SINCE 1982, WILL CONTINUE UNTIL THE EARLY 1990'S.

THE COST FOR THE WHOLE RECLAMATION PROJECT IS ESTIMATED AT \$130 MILLION.

SPEAKING AT A ROTARY CLUB OF HONG KONG SOUTH LUNCHEON MEETING TODAY (THURSDAY), GOVERNMENT CIVIL ENGINEER MR SIU CHUEN, SAID THE DEVELOPMENT PROCESS COMMENCED WITH PLANNING AND ENGINEERING STUDIES.

IT WAS FOLLOWED BY DEVELOPMENT PLANS, PROGRAMMES, POLICY APPROVAL AND ALLOCATION OF RESOURCES.

IMPLEMENTATION OF THE PLANS STARTED WITH CLEARANCE OF SQUATTERS, DWELLING BOATS, BOATYARDS AND MARINE ENGINE WORKSHOPS, A PROCESS WHICH DEPENDED VERY MUCH ON THE AVAILABILITY OF PUBLIC HOUSING AND REPROVISIONING SITES.

+IT IS A CHAIN LINK PROCESS AND EXPLAINS WHY RECLAMATION TAKES SO MANY YEARS TO COMPLETE,+ HE SAID.

THE UNIT COST OF RECLAMATION WAS AROUND \$15 PER SQUARE METRE 15 YEARS AGO AND WAS NOW \$50 PER SQUARE METRE, MR SIU SAID.

+THE COSTLY PART OF RECLAMATION IS OF COURSE THE CONSTRUCTION OF SEAWALL WHICH AMOUNTS TO ABOUT \$40 000 PER LINEAR METRE.

+AND THE COST OF BREAKWATERS AMOUNTS TO ABOUT \$72 000 PER LINEAR METRE.+

MR SIU SAID, OF THE SIX SUB-DISTRICTS IN THE AREA, ABERDEEN AND AP LEI CHAU WOULD CONTINUE TO EXPERIENCE THE HIGHEST INTENSITY OF DEVELOPMENT ACTIVITIES IN THE COMING DECADE.

+THE EXISTING AND PLANNED DEVELOPMENTS WITHIN SOUTHERN DISTRICT AS A WHOLE HAVE BEEN PLANNED WITH THE AIM OF ACHIEVING, AS FAR AS IS PRACTICABLE, ADEQUATE AND TIMELY PROVISION OF ALL NECESSARY SUPPORTING FACILITIES FOR THE ULTIMATE DESIGNED POPULATION CAPACITY OF 350 000 PEOPLE FOR THIS PART OF THE ISLAND,+ HE SAID.

ABERDEEN AND AP LEI CHAU, WHICH HAD THE HIGHEST CONCENTRATION OF PEOPLE, WAS TO BE THE MAIN URBAN CENTRE.

THE AREA OF LAND ZONED FOR DEVELOPMENT IN ABERDEEN AND AP LEI CHAU TOTALLED APPROXIMATELY 350 HECTARES, MR SIU SAID.

ABOUT 50 HECTARES, OR 14 PER CENT, OF THE DEVELOPABLE LAND WERE DESIGNATED FOR BOTH PUBLIC AND PRIVATE HOUSING AND THE REMAINING AREAS WERE FOR COMMERCIAL AND INDUSTRIAL PURPOSES, ROADS, OPEN SPACES AND GOVERNMENT, INSTITUTION AND COMMUNITY USES, HE SAID.

/TWO OTHER

TWO OTHER IMPORTANT TASKS NECESSARY IN THE PLANNING AND DEVELOPMENT OF THE SUB-DISTRICT WERE THE NEED TO IMPROVE THE ENVIRONMENT OF THE AREA AND TO ALLEVIATE CONGESTION IN ABERDEEN HARBOUR.

+ALTHOUGH MUCH OF THE PLANNED DEVELOPMENT IN SOUTHERN DISTRICT HAS BEEN IMPLEMENTED IN THE PAST 10 YEARS, FULL DEVELOPMENT IN THE AREA STILL HAS TO TAKE SOME YEARS TO COMPLETE,+ MR SIU SAID.

+WITH CO-ORDINATED EFFORT FROM GOVERNMENT DEPARTMENTS, THE DISTRICT WILL BE DEVELOPED IN ACCORDANCE WITH THE PLAN AND THE LOCAL ENVIRONMENT WILL BE MUCH IMPROVED IN THE FUTURE,+ HE CONCLUDED.

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TENDERS INVITED FOR TAXI LICENCES
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THE TRANSPORT DEPARTMENT WILL BE INVITING TENDERS FOR 300 URBAN, 181 NEW TERRITORIES AND 10 LANTAU TAXI LICENCES.

ANNOUNCING THIS TODAY (THURSDAY), A TRANSPORT DEPARTMENT SPOKESMAN SAID TENDER FORMS FOR THE NEW LICENCES WOULD BE AVAILABLE TOMORROW (FRIDAY) FROM THE DEPARTMENT'S PUBLIC VEHICLES SECTION AT ROOMS 906-909, HUTCHISON HOUSE, 10 HARCOURT ROAD, CENTRAL, OR FROM THE SECTION'S KOWLOON OFFICES AT 9TH FLOOR, PARK-IN COMMERCIAL CENTRE, 56 DUNDAS STREET, MONG KOK.

TENDER FORMS FOR URBAN TAXI LICENCES WILL BE BLUE IN COLOUR WHILE THOSE FOR NT AND LANTAU TAXI LICENCES WILL BE WHITE AND GREEN RESPECTIVELY.

TENDERERS MUST DEPOSIT \$25 000 WITH THE DIRECTOR OF ACCOUNTING SERVICES FOR EACH URBAN TAXI LICENCE AND \$15 000 FOR EACH NT OR LANTAU TAXI LICENCE THEY SEEK.

ONE TENDER FORM MAY BE SUBMITTED FOR ANY NUMBER OF TAXI LICENCES NOT EXCEEDING 300 IN THE CASE OF URBAN TAXIS, AND 181 AND 10 RESPECTIVELY IN THE CASES OF NEW TERRITORIES AND LANTAU TAXIS.

A PUBLIC BALLOT MAY BE HELD TO DETERMINE THE ACCEPTANCE OF TENDERS WHICH OFFER THE SAME UNIT PREMIUM.

COMPLETED TENDER FORMS, TOGETHER WITH ORIGINAL DEPOSIT RECEIPTS, SHOULD BE SUBMITTED IN DUPLICATE IN SEALED ENVELOPES, ADDRESSED TO THE CHAIRMAN, CENTRAL TENDER BOARD, AND PLACED IN THE TENDER BOX ON THE LOWER GROUND FLOOR OF THE GOVERNMENT SECRETARIAT, CENTRAL GOVERNMENT OFFICES (EAST WING), LOWER ALBERT ROAD, HONG KONG, BEFORE NOON ON FRIDAY, APRIL 13, 1984.

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TRAFFIC ARRANGEMENTS FOR CHING MING FESTIVAL

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SPECIAL TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED IN KOWLOON FOR THE CHING MING FESTIVAL.

UNDER THE ARRANGEMENTS:

- * THE 'NO WAITING' RESTRICTION ON CHING CHEUNG ROAD WILL BE STRICTLY ENFORCED FROM SUNDAY (APRIL 1) TO THURSDAY (APRIL 5);
- * WING MING STREET WILL BE CLOSED TO ALL VEHICULAR TRAFFIC BETWEEN 7 AM AND 6 PM FROM SUNDAY (APRIL 1) TO WEDNESDAY (APRIL 4);
- * PARKING FACILITIES IN YEE KUK WEST STREET, KING LAM STREET, WING HONG STREET AND TAI NAM WEST STREET WILL BE SUSPENDED BETWEEN 7 AM AND 7 PM FROM SUNDAY (APRIL 1) TO THURSDAY (APRIL 5); AND
- * YU CHAU WEST STREET BETWEEN CASTLE PEAK ROAD AND WING HONG STREET WILL BE DESIGNATED AS 'NO WAITING' ZONE.

MEMBERS OF THE PUBLIC ARE ADVISED THAT ACCESS TO AND FROM THE ROMAN CATHOLIC CEMETERY ABOVE CHING CHEUNG ROAD WILL BE VIA CASTLE PEAK ROAD, YEE KUK WEST STREET AND KING LAM STREET. PARKING FACILITIES ARE LIMITED AND MEMBERS OF THE PUBLIC ARE ADVISED TO USE PUBLIC TRANSPORT.

THOSE VISITING THE HAMMER HILL CEMETERY ARE ADVISED TO APPROACH VIA LUNG CHEUNG ROAD, THE PO KONG VILLAGE INTERCHANGE AND PO KONG VILLAGE ROAD AS TRAFFIC CONGESTION IS EXPECTED AT HAMMER HILL ROAD'S JUNCTION WITH LUNG CHEUNG ROAD.

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NEED FOR HIGH QUALITY SERVICE STRESSED

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THE NEED FOR THE LABOUR DEPARTMENT TO STRIVE FOR AND TO MAINTAIN A HIGH QUALITY OF PERFORMANCE WAS STRESSED TODAY BY THE DEPUTY COMMISSIONER FOR LABOUR, DR JAMES HAYES.

THIS WAS BECAUSE OF THE EVER INCREASING SCOPE OF ITS SERVICES AND ACTIVITIES AND HIGHER EXPECTATIONS FROM AN INCREASINGLY BETTER EDUCATED PUBLIC, HE SAID.

DR HAYES WAS SPEAKING AT THE OPENING OF THE WORKSHOP ON +IMPROVEMENT OF PRODUCTIVITY IN THE LABOUR DEPARTMENT+, JOINTLY ORGANISED BY THE CIVIL SERVICE BRANCH AND THE STAFF TRAINING AND DEVELOPMENT DIVISION OF THE LABOUR DEPARTMENT FOR OFFICERS WORKING IN REGIONAL AND DISTRICT OFFICES.

/THE THREE-DAY

THE THREE-DAY WORKSHOP AIMS AT ENABLING PARTICIPANTS TO CULTIVATE A POSITIVE ATTITUDE TOWARDS IMPROVING PRODUCTIVITY AND ALSO SERVICE TO THE PUBLIC, TO SHARE THE EXPERIENCE OF OTHERS IN TRYING OUT TOOLS FOR IMPROVEMENT, AND TO CONDUCT IMPROVEMENT PROJECTS IN THE PARTICIPANTS' OWN OFFICES.

+PUT IN MORE SIMPLE LANGUAGE, THE WORKSHOP IS CONCERNED WITH BEING MORE EFFICIENT, IN AN ALL ROUND SENSE, AND WITH DOING YOUR BEST FOR THE PUBLIC,+ DR HAYES SAID.

DURING THE FIRST TWO DAYS, PARTICIPANTS WILL BE BRIEFED ON EXPERIENCE GAINED FROM PREVIOUS PROJECTS AND ON THE GENERAL PRINCIPLES OF IMPROVING PRODUCTIVITY. THEY WILL ALSO BE ABLE TO LOOK AT PRIVATE SECTOR SERVICES TO CUSTOMERS.

DR HAYES URGED PARTICIPANTS TO VIEW THE WORKSHOP AS THE BEGINNING OF A NEW ENDEAVOUR TO IMPROVE PRODUCTIVITY OF THE LABOUR DEPARTMENT.

+WITH THE KNOWLEDGE AND SKILL ACQUIRED THROUGH THIS WORKSHOP, I AM SURE, THROUGH YOUR INITIATIVE AND PERSEVERANCE, YOU WILL ACHIEVE THE GOAL OF MAKING THIS DEPARTMENT YET MORE PRODUCTIVE AND EFFICIENT,+ HE SAID.

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CLANSMEN ASSOCIATION PRAISED FOR COMMUNITY SERVICE

THE IMPORTANCE OF HUMAN RELATIONSHIPS AND OLD LOYALTIES FROM CLANSMEN ASSOCIATIONS MUST NOT BE FORGOTTEN, THE SECRETARY FOR DISTRICT ADMINISTRATION, MR DAVID AKERS-JONES, SAID TODAY (THURSDAY).

+THESE ARE THE LINKS WHICH BIND OUR COMMUNITY AND ENABLE IT TO WITHSTAND CHANGE AND FACE OUR PROBLEMS TOGETHER,+ HE SAID.

MR AKERS-JONES WAS SPEAKING AT THE INAUGURATION CEREMONY OF THE 1984-85 BOARD OF DIRECTORS OF THE SHUN TAK FRATERNAL ASSOCIATION.

+IN HONG KONG WE LIVE IN A WORLD OF CONSTANT CHANGE AND WE NEED NEW ORGANISATIONS AND NEW SYSTEMS TO MEET NEW SITUATIONS AND A NEW ENVIRONMENT.

+BUT WE MUST NOT FORGET THE IMPORTANCE OF HUMAN RELATIONSHIPS AND OLD LOYALTIES,+ HE SAID.

HE POINTED OUT THAT SINCE ITS FORMATION 34 YEARS AGO, THE ASSOCIATION HAD MADE AN IMPORTANT CONTRIBUTION TO THE WELL BEING OF ITS MEMBERS AND TO THE UNITY AND HARMONY OF HONG KONG SOCIETY.

HE PAID TRIBUTE TO THE ASSOCIATION'S PAST DIRECTORS ON THEIR ACHIEVEMENTS AND WISHED THE NEW BOARD EVERY SUCCESS IN THEIR SERVICE TO THEIR FELLOW CLANSMEN AND TO HONG KONG.

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DB TO DISCUSS RECLAMATION WORKS
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EASTERN DISTRICT BOARD MEMBERS WILL GIVE THEIR VIEWS ON A PROPOSAL TO BUILD A SEAWALL AND CARRY OUT RECLAMATION WORKS AT SIU CHAI WAN AT THEIR MEETING TOMORROW (FRIDAY) AFTERNOON.

UNDER THE PROPOSAL, AN 800-METRE LONG SEAWALL WILL BE BUILT AND ABOUT 15 HECTARES OF FORESHORE AND SEABED WILL BE RECLAIMED.

MEMBERS WILL ALSO DISCUSS THE DRAFT BUDGET OF THE BOARD'S VARIOUS COMMITTEES. FOR 1984-85, A SUM OF \$1.65 MILLION WILL BE ALLOCATED TO THE EASTERN DISTRICT BOARD TO BE SPENT EQUALLY ON ENVIRONMENTAL IMPROVEMENT AND COMMUNITY BUILDING PROJECTS.

MEMBERS WILL ALSO COMMENT ON A PAPER ON PROPOSED INCREASE IN RATES PREPARED BY AN UNOFFICIAL MEMBER.

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NOTE TO EDITORS:

YOU ARE WELCOME TO COVER THE EASTERN DISTRICT BOARD MEETING AT 2.30 PM TOMORROW (FRIDAY) IN THE CONFERENCE ROOM OF THE EASTERN DISTRICT OFFICE ON THE FIRST FLOOR, 880-886 KING'S ROAD.

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NOTE TO EDITORS:

DRAGON BOATS TO RACE ON RIVER
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DETAILS OF THE FIRST-EVER DRAGON BOAT RACE ALONG SHING MUN RIVER IN SHA TIN WILL BE ANNOUNCED AT A PRESS CONFERENCE TOMORROW (FRIDAY) AFTERNOON.

THE RACE IS ORGANISED BY THE DRAGON BOAT CLUB OF THE SHA TIN SPORTS ASSOCIATION WITH SPONSORSHIP FROM THE LOCAL ORGANISATIONS.

IT WILL TAKE PLACE ON JUNE 3 - ONE DAY BEFORE THE TUEN NG FESTIVAL - AT THE EASTERN WATER COURSE OF SHING MUN RIVER FROM THE SHA TIN FLOATING RESTAURANT TO THE RIVER MOUTH.

THE CHAIRMAN OF THE SHA TIN SPORTS ASSOCIATION, MR LAU HON-KIT, THE CHAIRMAN OF THE RACING COMMITTEE OF THE DRAGON BOAT CLUB, MR LI KWONG, AND THE ASSISTANT DISTRICT OFFICER, MR PAUL TANG WILL BE PRESENT AT THE PRESS CONFERENCE.

YOU ARE INVITED TO COVER THE PRESS CONFERENCE AT 2.30 PM IN THE CONFERENCE ROOM OF SHA TIN DISTRICT OFFICE ON THE SIXTH FLOOR OF KCR HOUSE, SHA TIN STATION.

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NEW DB COMMITTEE TO MONITOR WELFARE SERVICES

A SOCIAL SERVICES COMMITTEE HAS RECENTLY BEEN SET UP UNDER THE CENTRAL AND WESTERN DISTRICT BOARD TO MONITOR THE PROVISION OF WELFARE SERVICES AND FACILITIES IN THE DISTRICT.

AT ITS FIRST MEETING TODAY (THURSDAY), THE ASSISTANT DISTRICT OFFICER, MR FRANK YUE, WHO IS THE CONVENER, SAID THE COMMITTEE WOULD RELIEVE SOME OF THE WORK OF THE BOARD'S COMMUNITY BUILDING COMMITTEE.

+THE NEW COMMITTEE WILL ALSO TAKE OVER THE WORK OF TWO EXISTING WORKING GROUPS WHICH HAVE BEEN DEALING WITH THE PROVISION OF CHILDREN AND YOUTH CENTRES AND SERVICES FOR THE ELDERLY,+ HE SAID.

+THESE TWO WORKING GROUPS ARE ON AN AD-HOC BASIS ONLY,+ HE ADDED.

CHAIRD BY AN UNOFFICIAL BOARD MEMBER, THE COMMITTEE WILL MEET ONCE EVERY EIGHT WEEKS, AND WILL REPORT TO THE DISTRICT BOARD FROM TIME TO TIME AND MAKE RECOMMENDATIONS WHEN NECESSARY.

OTHER MEMBERS OF THE COMMITTEE COMPRISE SIX UNOFFICIALS, AND REPRESENTATIVES FROM THE DISTRICT OFFICE AND THE SOCIAL WELFARE, MEDICAL AND HEALTH, LABOUR AND EDUCATION DEPARTMENTS.

AT TODAY'S MEETING, MR CHOW WAI-KEUNG WAS ELECTED THE COMMITTEE'S FIRST CHAIRMAN.

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NO HOLIDAY MAIL

THERE WILL BE NO MAIL DELIVERY AND ALL POST OFFICES WILL BE CLOSED ON WEDNESDAY (APRIL 4) WHICH IS THE CHING MING FESTIVAL HOLIDAY, THE POSTMASTER GENERAL ANNOUNCED TODAY.

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VOLLEYBALL REFEREE COURSE OFFERED

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A TRAINING COURSE ON HOW TO REFEREE VOLLEYBALL GAMES WILL BE HELD NEXT MONTH.

JOINTLY ORGANISED BY THE RECREATION AND SPORTS SERVICE OF THE RECREATION AND CULTURE DEPARTMENT AND THE HONG KONG AND KOWLOON VOLLEYBALL ASSOCIATION, THE FOUR-DAY COURSE IS TO BE HELD AT THE TUEN MUN YAN OI TONG COMMUNITY AND INDOOR SPORTS CENTRE.

STARTING ON APRIL 20, THE COURSE OFFERS ELEMENTARY PRACTICAL AND THEORETICAL LESSONS.

IT IS LIMITED TO 40 STUDENTS WHO MUST BE AT LEAST 18 YEARS OLD. THE FEE IS \$20 PER PERSON.

APPLICATION FORMS ARE AVAILABLE FROM ALL THE 19 DISTRICT OFFICES OF THE RECREATION AND SPORTS SERVICE. FOR ENQUIRIES TELEPHONE 5-458511.

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NEW TRAFFIC PLAN FOR HAPPY VALLEY

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NEW TRAFFIC MEASURES WILL BE IN FORCE IN HAPPY VALLEY FROM 10 AM ON SATURDAY (MARCH 31).

THE MEASURES ARE :

- * LEARNER DRIVERS WILL BE PROHIBITED FROM ENTERING VILLAGE ROAD, PO SHIN STREET AND YUK SAU STREET.
- * VEHICLES ON SHAN KWONG ROAD SOUTHBOUND BETWEEN WONG NAI CHUNG ROAD AND VILLAGE ROAD WILL BE PROHIBITED FROM TURNING RIGHT INTO VILLAGE ROAD.
- * VEHICLES ON SHAN KWONG ROAD NORTHBOUND BETWEEN YIK YAM STREET AND VILLAGE ROAD WILL BE PROHIBITED FROM TURNING LEFT INTO VILLAGE ROAD.
- * THE EXISTING TAXI STAND ON VILLAGE ROAD OUTSIDE THE HONG KONG SANITORIUM AND HOSPITAL WILL BE RESITED OUTSIDE HOUSE NO. 2 VILLAGE ROAD.
- * THE EXISTING TWO-HOUR PARKING METERS AT YUK SAU STREET, THE NORTHERN SIDE OF TSUI MAN STREET, YUEN YUEN STREET AND MIN FAT STREET WILL BE CONVERTED TO THE HALF-HOUR TYPE.

IN ADDITION, SPECIAL TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED IN THE DISTRICT ON SATURDAY AND SUNDAY (MARCH 31 AND APRIL 1) TO ALLOW FOR THE RUGBY TOURNAMENT AT HONG KONG STADIUM. THE MATCHES WILL START AT 11 AM ON SATURDAY AND 10 AM ON SUNDAY.

/THE FOLLOWING

THE FOLLOWING MEASURES WILL COME INTO EFFECT TWO HOURS BEFORE THE START OF THE FIRST MATCH AND WILL REMAIN IN FORCE UNTIL THE CROWDS HAVE DISPERSED :

- * CAROLINE HILL ROAD BETWEEN LINK ROAD AND STADIUM PATH WILL BE REROUTED ONE-WAY SOUTHBOUND.
- * CAROLINE HILL ROAD BETWEEN EASTERN HOSPITAL ROAD AND PENNINGTON STREET WILL BE RESTRICTED TO VEHICLES REQUIRING LOCAL ACCESS.
- * CAROLINE HILL ROAD BETWEEN COTTON PATH AND PENNINGTON STREET WILL BE REROUTED ONE-WAY NORTHBOUND.
- * EASTERN HOSPITAL ROAD BETWEEN STADIUM PATH AND TUNG LO WAN ROAD WILL BE REROUTED ONE-WAY NORTHBOUND ; BUT VEHICLES MAY STILL PROCEED TO THE ST. PAUL'S HOSPITAL CAR PARK FROM TUNG LO WAN ROAD.
- * VEHICLES ON EASTERN HOSPITAL ROAD NORTHBOUND WILL BE PERMITTED TO TURN RIGHT INTO EASTBOUND TUNG LO WAN ROAD AT ITS JUNCTION WITH KA NING PATH.
- * LINK ROAD BETWEEN CAROLINE HILL ROAD AND HAPPY VIEW TERRACE WILL BE REROUTED ONE-WAY UPHILL. VEHICLES LEAVING HAPPY VIEW TERRACE, LEIGHTON HILL AND THE UPPER SECTION OF BROADWOOD ROAD SHOULD PROCEED TO WONG NAI CHUNG ROAD VIA BROADWOOD ROAD.

AFTER THE BEGINNING OF THE LAST MATCH, COACHES AND BUSES WILL BE ALLOWED TO ENTER THE SOUTHERN SECTION OF EASTERN HOSPITAL ROAD FOR STACKING PURPOSES.

MATHESON STREET, RUSSELL STREET AND SHARP STREET EAST WILL BE PROHIBITED TO LEARNER DRIVERS BETWEEN 8 AM AND 8 PM. LEARNER DRIVERS WILL NOT BE ALLOWED TO TURN LEFT FROM PERCIVAL STREET SOUTHBOUND INTO LEIGHTON ROAD EASTBOUND, OR TO ENTER TUNG LO WAN ROAD FROM CAUSEWAY ROAD.

ALL ON-STREET PARKING SPACES ON SUN WAI ROAD, STADIUM PATH AND THE UNNAMED SERVICE ROAD AROUND THE STADIUM WILL BE SUSPENDED FROM 8 AM TO 8 PM.

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ROAD SECTION TO BE CLOSED

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THE SECTION OF LO WAI ROAD BETWEEN LO WAI BUS TERMINUS AND YUEN YUEN HOK YUEN WILL BE CLOSED TO ALL TRAFFIC EXCEPT EMERGENCY VEHICLES FROM 7 AM TO 4 PM ON APRIL 1, 4 AND 8.

DURING CLOSURE, THE TERMINATING POINT OF MAXICAB ROUTES NO. 81 AND 81M WILL BE RELOCATED TO THE LO WAI BUS TERMINUS.

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