



DAILY INFORMATION BULLETIN

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CS EXPLAINS GOVERNMENT'S POSITION ON AIRPORT TALKS

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THE CHIEF SECRETARY, THE HON SIR DAVID FORD, TODAY (WEDNESDAY) REASSURED MEMBERS OF THE LEGISLATIVE COUNCIL THAT IT IS THE GOVERNMENT'S POSITION THAT IF AN UNDERSTANDING ON THE AIRPORT PROJECT CAN BE REACHED WITH THE CHINESE GOVERNMENT, THE GOVERNMENT WOULD WISH TO TELL THE COUNCIL AND THE PEOPLE OF HONG KONG EXACTLY WHAT IT CONTAINS.

A GOOD DEAL HAD BEEN SAID IN THE DEBATE ABOUT THE CONTENTS OF THE TALKS BEING MADE PUBLIC, SAID THE CHIEF SECRETARY WHEN CONCLUDING THE MOTION DEBATE PROPOSED BY THE HON MARTIN LEE.

"WE, FOR OUR PART ARE NOT IN ANY WAY FRIGHTENED BY THAT PROSPECT. BUT AS WITH MOST DISCUSSIONS BETWEEN GOVERNMENTS BOTH SIDES HAVE AGREED WHILST THE TALKS ARE IN PROGRESS THE CONTENTS SHOULD BE KEPT CONFIDENTIAL.

"THIS IS FOR THE SIMPLE REASON THAT, IF AT EACH STAGE THE DIFFERENCES STILL OUTSTANDING BETWEEN THE TWO SIDES WERE TO BE PUBLICISED IT WOULD OBVIOUSLY MAKE THE PROSPECT OF REACHING A SATISFACTORY AGREEMENT THAT MUCH MORE DIFFICULT," SIR DAVID SAID.

NOTING THAT MANY MEMBERS HAD REFERRED TO A LACK OF INFORMATION ON THE AIRPORT PROJECT, THE CHIEF SECRETARY SAID THE GOVERNMENT HAD, OF COURSE, MADE AVAILABLE A LARGE AMOUNT OF INFORMATION INCLUDING A NUMBER OF CONSULTANCY REPORTS FOR THE LEGCO GROUP CHAIRED BY THE HON STEPHEN CHEONG.

"WE HAVE FULLY BRIEFED THAT GROUP ON A NUMBER OF OCCASIONS.

"WE'VE HAD A FULL-SCALE DEBATE IN THIS CHAMBER WHICH RESULTED IN AN OVERWHELMING SUPPORT FOR THE AIRPORT PROJECT.

"WE PARTICIPATED IN NUMEROUS PUBLIC SEMINARS FOR BUSINESSMEN, DISTRICT BOARD MEMBERS, ENGINEERS AND OTHER PROFESSIONALS," SIR DAVID SAID.

HE POINTED OUT THAT THE GOVERNMENT WOULD CONTINUE TO EXPAND ITS INFORMATION PROGRAMME ON THE PROJECT, AND ALREADY IT HAD IN PREPARATION A LIBRARY OF PADS INFORMATION WHICH WOULD BE OPEN TO ANYONE IN HONG KONG.

ON THE SUGGESTION BY SOME MEMBERS THAT HONG KONG HAD HAD LITTLE OR NO INFLUENCE ON THE COURSE OF THE NEGOTIATIONS ON THE AIRPORT WHICH HAD BEEN TAKING PLACE IN PEKING, SIR DAVID SAID: "I WOULD LIKE TO MAKE IT CLEAR THAT IN FACT, THE ADMINISTRATION AND THE EXECUTIVE COUNCIL HAVE BEEN FULLY CONSULTED AND INVOLVED AT EACH STAGE OF THE NEGOTIATIONS."

TURNING TO THE PRINCIPLE THE GOVERNMENT HAD BEEN ADOPTING IN THE DISCUSSIONS ON THE AIRPORT ISSUE, SIR DAVID SAID HE WOULD LIKE TO REFER TO REMARKS MADE BY THE SECRETARY OF STATE DURING HIS RECENT VISIT TO PEKING.

/"HE SAID

"HE SAID THAT IT IS REASONABLE AND RIGHT THAT WE PROVIDE CHINA WITH FULL INFORMATION ON IMPORTANT MATTERS STRADDLING 1997. WE WELCOME CHINESE VIEWS AND SHALL TAKE ACCOUNT OF THEM WHERE WE CAN," THE CHIEF SECRETARY POINTED OUT.

BUT THE SECRETARY OF STATE ALSO STRESSED THAT IT WAS IMPORTANT THAT THE HONG KONG GOVERNMENT REMAINED IN FULL AND EFFECTIVE CONTROL OF DECISION TAKING OVER THE AFFAIRS OF HONG KONG UNTIL 1997, SIR DAVID ADDED.

"I CAN ASSURE MEMBERS THAT WE WILL CONTINUE TO BE GUIDED BY THESE PRINCIPLES IN REACHING ANY UNDERSTANDING WITH THE CHINESE GOVERNMENT," HE SAID.

RESPONDING TO THE ACCUSATION MADE BY A FEW MEMBERS THAT DECISIONS MADE BY SO-CALLED COLONIAL OFFICIALS COULD IN NO WAY REFLECT THE VIEWS OF HONG KONG PEOPLE, SIR DAVID SAID: "THOSE OF US WHO HAVE DEVOTED OUR LIVES TO HONG KONG AND WHOSE ONLY LOYALTY IS TO THE PEOPLE OF HONG KONG FOR WHOM WE WORK LONG AND HARD, STRONGLY RESENT THE INSINUATION THAT WE DO NOT HAVE HONG KONG PEOPLE'S INTERESTS AT HEART.

"SECONDLY, IT IS DEMEANING TO SUGGEST THAT MEMBERS OF THIS COUNCIL AND THE EXECUTIVE COUNCIL HAVE NO INFLUENCE OVER DECISIONS TAKEN BY THE HONG KONG GOVERNMENT," HE SAID.

SIR DAVID QUESTIONED COULD ANYONE REALLY BELIEVE THAT OFFICIALS WOULD IGNORE THE ADVICE OF MEMBERS OF THE EXECUTIVE COUNCIL OR THE MAJORITY VIEW OF THE LEGISLATIVE COUNCIL.

THE CHIEF SECRETARY POINTED OUT THAT COMMENTS MADE BY THOSE FEW MEMBERS COULD ONLY SERVE TO TRY AND DRIVE A WEDGE BETWEEN THE GOVERNMENT AND THE PEOPLE OF HONG KONG.

"I ASK THEM TO CONSIDER VERY CAREFULLY WHETHER THIS WOULD BE IN THE LONG-TERM INTERESTS OF STABILITY AND PROSPERITY OF HONG KONG WHICH WE ARE ALL TRYING SO HARD TO MAINTAIN IN THE DIFFICULT YEARS AHEAD," SIR DAVID SAID.

THE CHIEF SECRETARY SUPPORTED THE AMENDED MOTION MOVED BY THE HON SELINA CHOW.

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CS EXPLAINS GOVT POLICY ON EXPENDITURE
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THE IDEA THAT THE GOVERNMENT IS SOMEHOW TURNING ITS BACKS ON THE SOCIAL PROGRAMMES IN ORDER TO BUILD AN AIRPORT IS CLEARLY NONSENSE, THE CHIEF SECRETARY, THE HON SIR DAVID FORD, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED DEBATE OF THE 1991-92 BUDGET, SIR DAVID DEALT WITH THE MYTH THAT INFRASTRUCTURAL DEVELOPMENT EQUALED AIRPORT AND ROADS AND THAT SOCIAL PROGRAMMES WERE SOMETHING ELSE.

/HE POINTED

HE POINTED OUT THAT PROJECTS IN THE PUBLIC WORKS PROGRAMME FOR WHICH MONEY HAD BEEN COMMITTED AMOUNT TO A MASSIVE \$65 BILLION AND OF THIS AMOUNT NO LESS THAN \$31 BILLION OR ABOUT 50 PER CENT WOULD BE SPENT ON CAPITAL PROJECTS IN SUPPORT OF SOCIAL SERVICES PROGRAMMES.

OF COURSE ASPIRATIONS WOULD ALWAYS RUN AHEAD OF RESOURCES, SIR DAVID SAID, ADDING THAT THERE WOULD ALWAYS BE A DEMAND TO SPEND MORE, PARTICULARLY ON SOCIAL SERVICES.

"BUT THAT DESIRE TO SPEND MORE MUST BE TEMPERED BY THE KNOWLEDGE THAT MORE CAN ONLY BE SPENT EITHER BY A CONSCIOUS DECISION TO RAISE NEW REVENUE OR TO TRIM OR REDIRECT PRIORITIES ALREADY AGREED," THE CHIEF SECRETARY SAID.

TURNING TO THE WAY THE ADMINISTRATION TACKLED THE RESOLUTION OF CONFLICTING DEMANDS FOR EXPENDITURE, THE CHIEF SECRETARY SAID THIS WAS DONE IN WHAT HAD COME TO BE KNOWN AS "THE STAR CHAMBER".

HE STRESSED THAT CONTRARY TO ONE MEMBER'S UNDERSTANDING, THE STAR CHAMBER HAD NOTHING TO DO WITH REVENUE PROPOSALS WHICH WERE THE EXCLUSIVE PRESERVE OF THE FINANCIAL SECRETARY.

"THE STAR CHAMBER IS SOLELY CONCERNED WITH EXPENDITURE.

"AS PART OF OUR ANNUAL BUDGETARY EXERCISE ALL POLICY SECRETARIES ARE REQUIRED, WITH THE HELP OF FINANCE BRANCH, TO ASSESS THE COST OF CONTINUING CURRENT PROGRAMMES AS WELL AS THE COST OF NEW PROJECTS, WHICH THEY WOULD LIKE TO OR ARE BEING URGED TO UNDERTAKE.

"THE AGGREGATE SUMS PRODUCE A SIMPLE EQUATION WHICH TELLS US HOW MUCH IS NEEDED TO PURSUE PROGRAMMES AND PROJECTS ALREADY IN HAND AND HOW MUCH CAN BE ALLOCATED IN THE COMING YEAR TO FUND NEW IDEAS.

"EACH SECRETARY'S "WISH LIST" OF NEW PROJECTS MUST COMPETE WITH HIS PEERS' FOR PRIORITY IN THE ALLOCATION OF NEW MONEY," SIR DAVID SAID.

AS PART OF THIS EXERCISE, THE CHIEF SECRETARY POINTED OUT THAT THE BRANCH SECRETARIES WERE ALSO REQUIRED TO EXAMINE EXISTING PROGRAMMES TO SEE WHETHER THEY WERE STILL JUSTIFIED AND TO SEEK SAVINGS WITH THE CO-OPERATION OF THE DEPARTMENTS UNDER THEIR CONTROL.

"THIS IS A USEFUL DISCIPLINE. IN EFFECT IT FORCES SECRETARIES TO RE-EXAMINE ALL THEIR PRIORITIES AND TO LOOK FOR WAYS TO RE-FOCUS EXPENDITURE TO MEET NEW DEMAND.

"ONE OF THE BEST CURRENT EXAMPLES IS THE WAY SECRETARY FOR EDUCATION AND MANPOWER IS WORKING TO FUND NEW SERVICES FROM SAVINGS ON OLD.

"INDEED HE HAS BEEN SO GOOD AT IT THAT WE ARE MAKING HIM SECRETARY FOR THE TREASURY," SIR DAVID SAID.

ON A POINT MADE BY THE HON ALLEN LEE CONCERNING THE RELATIONSHIP BETWEEN CIVIL SERVANTS AND THE LEGISLATIVE COUNCIL, THE CHIEF SECRETARY SAID IT WAS A PARTICULARLY APPROPRIATE MOMENT TO PICK UP THIS POINT SINCE THIS WAS THE LAST OCCASION IN A BUDGET DEBATE WHEN HE WOULD HAVE THE COMFORT AND COMPANIONSHIP OF NINE OTHER OFFICIAL MEMBERS OF THE COUNCIL.

"WE IN THE SERVICE ARE ONLY TOO CONSCIOUS OF THE IMPORTANT ROLE PLAYED BY THE LEGISLATIVE COUNCIL IN THE GOVERNMENT OF HONG KONG.

"WITHOUT THE SUPPORT OF MEMBERS OF THIS CHAMBER WE CANNOT PASS LEGISLATION AND/OR HAVE FUNDS WITH WHICH TO IMPLEMENT POLICIES.

"ALREADY A SIZEABLE PROPORTION OF OUR TIME IS SPENT WITH AD HOC GROUPS, OMELCO PANELS AND ON THE VARIOUS COMMITTEES OF LEGCO DISCUSSING BOTH POLICIES AND LEGISLATION WITH MEMBERS.

"WE VALUE THAT DIMENSION TO OUR WORK BECAUSE IT MAKES US MORE CONSCIOUS OF THE POLITICAL IMPLICATIONS OF IT, AND THE NEED TO TAKE THAT INTO ACCOUNT IF WE ARE TO RETAIN PUBLIC SUPPORT FOR THE GOVERNMENT," THE CHIEF SECRETARY SAID.

HE POINTED OUT THAT THERE WAS NO DOUBT THAT, IN THE COMING SESSION OF LEGCO, OFFICIALS WOULD NEED TO WORK EVEN MORE CLOSELY WITH EXCO AND LEGCO COLLEAGUES.

"THAT IS ONE OF THE INEVITABLE AND, I BELIEVE, HIGHLY DESIRABLE CONSEQUENCES OF THE POLITICAL DEVELOPMENTS WHICH WE HAVE SET IN TRAIN.

"THE CIVIL SERVICE IS KEEN TO PARTICIPATE FULLY IN THAT PROCESS AND TO DO ALL IT CAN TO HELP MAKE IT WORK FOR THE BENEFIT OF EVERYONE IN HONG KONG," THE CHIEF SECRETARY SAID.

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GOVT CONSTANTLY SEEKS WAYS TO IMPROVE QUALITY OF LIFE : CS
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THE SUCCESS OF HONG KONG'S SOCIAL PROGRAMMES IS THERE FOR ALL TO SEE, THE CHIEF SECRETARY, THE HON SIR DAVID FORD, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED DEBATE OF THE 1991-92 BUDGET, SIR DAVID SAID THERE WAS OF COURSE MORE TO BE DONE BUT IN MOST AREAS OF SOCIAL NEED WE HAD BROKEN THE BACK OF THE PROBLEM AND COULD NOW CONCENTRATE ON EXTENDING THE RANGE AND QUALITY OF SERVICES AVAILABLE.

HE SAID THAT THE GOVERNMENT HAD TAKEN A NUMBER OF INITIATIVES TO DO JUST THAT, POINTING OUT THAT THE ESTABLISHMENT OF THE HOSPITAL AUTHORITY AND THE REPORT ON PRIMARY HEALTH CARE, THE WHITE PAPER ON SOCIAL WELFARE AND THE REVIEW OF REHABILITATION SERVICES, FOUR EDUCATION COMMISSION REPORTS AND THE HOUSING STRATEGY, WOULD ALL RESULT IN SUBSTANTIALLY IMPROVED SERVICES TO THE COMMUNITY.

"WE ARE CONSTANTLY SEEKING WAYS TO MEET THE ASPIRATIONS OF THE PEOPLE OF HONG KONG FOR A BETTER QUALITY OF LIFE. THAT HAS BEEN AND WILL CONTINUE TO BE ONE OF THE MAIN PRIORITIES OF THE GOVERNMENT," THE CHIEF SECRETARY SAID.

SIR DAVID NOTED THAT IN BROAD TERMS, TWO OF THE MAJOR THEMES WHICH HAD BEEN REFERRED TO BY MANY MEMBERS IN THEIR SPEECHES IN THE DEBATE WERE : FIRSTLY, THAT THE GOVERNMENT HAD NOT DONE ENOUGH TO MEET THE SOCIAL NEEDS OF THE COMMUNITY.

/SECONDLY, THIS

SECONDLY, THIS POINT FOLLOWED ON FROM THE FIRST, THAT THE BALANCE OF EXPENDITURE IN FUTURE WOULD BE TOO HEAVILY WEIGHTED IN FAVOUR OF INFRASTRUCTURAL PROJECTS TO THE DETRIMENT OF SOCIAL SERVICES.

"THESE ARE VERY BROAD GENERALISATIONS AND I AM CONCERNED BECAUSE THEY SEEM TO BE ILL FOUNDED," THE CHIEF SECRETARY SAID.

HE POINTED OUT THAT BEFORE TACKLING THE CRITICISM OF WHETHER THE GOVERNMENT WAS DOING ENOUGH IT WAS IMPORTANT TO ASK THE QUESTION HOW MUCH SHOULD THE GOVERNMENT DO.

"IN CONTRAST TO MOST OTHERS THE HONG KONG GOVERNMENT IS DEDICATED TO RESTRICTING THE SIZE OF THE PUBLIC SECTOR. THIS IS FUNDAMENTAL TO OUR PHILOSOPHY.

"AND THE RECORD SHOWS THAT WE HAVE BEEN SUCCESSFUL IN LIMITING PUBLIC EXPENDITURE TO WELL WITHIN 20 PER CENT OF GDP. THIS PRINCIPLE SEEMS TO BE WELL ACCEPTED BY EVERYONE, EVEN BY THOSE WHO SEEM TO HAVE NO PROBLEM WITH SQUARING THE CONCEPT OF A SMALLER PUBLIC SERVICE WITH DEMAND FOR MORE PUBLIC SERVICES," HE SAID.

THE SECOND POINT TO MAKE WAS THAT THIS RESTRICTIVE PHILOSOPHY HAD INEVITABLE CONSEQUENCES IN THAT THE GOVERNMENT HAD TO TARGET EXPENDITURE WITH EXTREME CARE AND IT COULD NOT DO EVERYTHING THAT PEOPLE WOULD LIKE THE GOVERNMENT TO DO.

"THAT MAY SEEM TO BE AN OBVIOUS POINT BUT IF SENSIBLE SUGGESTIONS ARE TO BE MADE AS TO HOW GOVERNMENT IS TO DO BETTER THEY NEED TO BE COUPLED WITH IDEAS AS TO HOW THAT CAN BE ACHIEVED.

"THAT SAID, WE ARE FORTUNATE IN HONG KONG IN HAVING A BROAD CONSENSUS OVER THE WAY HONG KONG MANAGES ITS AFFAIRS. THERE ARE NO POLITICAL PARTIES CLAMOURING FOR HIGHER TAXES AND A WESTERN STYLE WELFARE STATE," THE CHIEF SECRETARY SAID.

HE POINTED OUT THAT THE GOVERNMENT BELIEVED IN A BROADLY LAISSEZ-FAIRE POLICY TOWARDS THE DEVELOPMENT OF THE ECONOMY, BUT THAT WAS NOT ITS ATTITUDE TOWARDS SOCIAL SERVICES.

"THE REMARKABLE GROWTH IN OUR ECONOMY OVER THE LAST TWO DECADES HAS ENABLED US TO BUILD UP HEAVILY SUBSIDISED AND SUPPORTIVE SOCIAL PROGRAMMES WHILST MAINTAINING A LOW TAX BASE.

"AN INTEGRAL PART OF THESE PROGRAMMES HAS BEEN A MASSIVE CAPITAL WORKS PROGRAMME OF HOUSING, SCHOOLS AND HOSPITALS," HE SAID.

SINCE THE HUGE INFLUX IN HONG KONG IN THE 1950S AND 1960S, THE CHIEF SECRETARY SAID THE GOVERNMENT'S PRIORITY HAD BEEN TO MEET ESSENTIAL NEEDS IN THE CRITICAL AREAS OF HOUSING, HEALTH, EDUCATION AND WELFARE.

"IN ALL OF THESE AREAS WE HAVE WORKED FIRST TO PROVIDE BASIC SERVICES AVAILABLE TO ALL AND THEN GONE ON TO IMPROVE STANDARDS AS THE ABILITY OF THE COMMUNITY AS A WHOLE TO CONTRIBUTE MORE TOWARDS THEM HAS INCREASED," HE SAID.

THE COMBINATION OF HEAVILY SUBSIDISED SERVICES AND A RELATIVELY HIGH THRESHOLD OF DIRECT TAXATION HAD ENSURED THAT MORE PEOPLE HERE HAD GREATER FREEDOM OF CHOICE OVER A LARGER SHARE OF THEIR DISPOSABLE INCOME THAN PERHAPS ANYWHERE ELSE IN THE WORLD, SIR DAVID NOTED.

"WE HAVE ALSO BEEN CAREFUL TO LEAVE OPENINGS FOR THOSE WHO CAN AFFORD TO BUY BETTER SERVICES IN THE PRIVATE SECTOR OR DO BETTER THAN THE PROVISION OFFERED BY THE GOVERNMENT.

"FOR EXAMPLE, THE HOME OWNERSHIP SCHEME WAS DEvised TO PROVIDE A RUNG UP THE LADDER TO PRIVATE HOUSING FOR THOSE WHO COULD AFFORD IT AND AT THE SAME TIME TO FREE RENTAL FLATS FOR THOSE WHO WERE MORE IN NEED.

"THIS HAS BEEN SO SUCCESSFUL THAT SOME 40 PER CENT OF OUR FAMILIES NOW OWN THEIR OWN HOMES; 20 YEARS AGO THE FIGURE WAS LESS THAN HALF THIS.

"SO THE RESULT OF OUR POLICIES HAS BEEN GREATER UPWARD SOCIAL MOBILITY. THAT IS WHAT LIES AT THE ROOT OF HONG KONG'S SUCCESS.

"NOT A LEVELLING DOWN TO THE LOWEST COMMON DENOMINATOR BUT AN OPENING UP OF EQUAL OPPORTUNITY FOR ALL," THE CHIEF SECRETARY SAID.

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INCENTIVE PROVISION FOR LOCAL INDUSTRIES
TO UPGRADE TECHNOLOGY SOUGHT: FS

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS TODAY (WEDNESDAY) SAID HE IS PROPOSING TO SEEK AMENDMENT TO THE INLAND REVENUE ORDINANCE TO PREVENT EXPLOITATION OF A PROVISION - SECTION 16E - WHICH ALLOWS A DEDUCTION IN RESPECT OF EXPENDITURE INCURRED ON THE PURCHASE OF PATENT RIGHTS, OR RIGHTS TO ANY TRADE MARK OR DESIGN, FOR USE IN HONG KONG.

IN HIS SPEECH TO THE LEGISLATIVE COUNCIL CONCLUDING THE RESUMED BUDGET, DEBATE SIR PIERS SAID THIS PROVISION WAS A CONCESSION INTRODUCED IN 1983 AS AN INCENTIVE FOR LOCAL INDUSTRIES TO UPGRADE TECHNOLOGY.

"I AM AWARE, HOWEVER, OF ARRANGEMENTS DESIGNED TO OBTAIN SUBSTANTIAL TAX BENEFITS IN CIRCUMSTANCES THAT DO NOT INVOLVE, IN ANY REAL SENSE, AN UPGRADING OF TECHNOLOGY," HE SAID, WHEN COMMENTING ON THE QUESTION OF TAX AVOIDANCE RAISED IN THE DEBATE.

SIR PIERS SAID SUBJECT TO THE ADVICE OF EXECUTIVE COUNCIL, AMENDMENTS WOULD BE INTRODUCED IN THE COURSE OF THIS YEAR TO DEFINE MORE STRINGENTLY THE TYPE OF EXPENDITURE WHICH WOULD QUALIFY UNDER THE PROVISION HE HAD MENTIONED.

"IN ESSENCE, SUCH EXPENDITURE WILL BE RESTRICTED TO THAT ON PATENT RIGHTS AND ON INDUSTRIAL INFORMATION AND TECHNIQUES LIKELY TO ASSIST IN THE MANUFACTURE OR PROCESSING OF GOODS AND MATERIALS.

/"DEDUCTIONS WILL

"DEDUCTIONS WILL BE DENIED IN RESPECT OF TRANSACTIONS BETWEEN ASSOCIATED PARTIES," THE FINANCIAL SECRETARY SAID.

PROVIDED THE LEGISLATION WAS PASSED IN THIS COUNCIL, SIR PIERS SAID IT WOULD APPLY TO CONTRACTS ENTERED INTO ON OR AFTER APRIL 18 1991, THAT WAS, TOMORROW.

ON THE TOPIC OF TAX AVOIDANCE GENERALLY, HE POINTED OUT THAT THIS HAD BECOME, UNFORTUNATELY, A FAST GROWING INDUSTRY SERVED BY A LARGE NUMBER OF PROFESSIONAL ADVISERS.

"SECTIONS 61 AND 61A OF THE INLAND REVENUE ORDINANCE ARE INTENDED TO BE A VISIBLE DETERRENT TO THOSE WHO MIGHT OTHERWISE CONTEMPLATE ENTERING INTO TAX AVOIDANCE ARRANGEMENTS.

"TAXPAYERS AND THEIR ADVISERS SHOULD NOT DOUBT THE INLAND REVENUE DEPARTMENT'S RESOLVE TO STUDY VERY CAREFULLY ANY SUCH ARRANGEMENTS WHICH COME TO NOTICE IN CASE REMEDIAL ACTION IS REQUIRED," SIR PIERS SAID.

COMMENTING ON THE MANY POINTS MADE BY MEMBERS IN THE COURSE OF THE BUDGET DEBATE, THE FINANCIAL SECRETARY NOTED THAT THE SENIOR MEMBER AND SOME OTHERS COMPLAINED OF A CONTINUING LACK OF RESPONSE ON THE PART OF THE ADMINISTRATION TO COMMENTS FROM MEMBERS OF THIS COUNCIL MADE IN PREVIOUS BUDGET DEBATES.

"I WAS A LITTLE DISAPPOINTED TO HEAR THIS BECAUSE THIS YEAR I QUITE DELIBERATELY RESTRUCTURED MY SPEECH TO GIVE PRIORITY TO THE CONTROL OF PUBLIC EXPENDITURE, WHICH WAS ONE OF THE MAIN THEMES OF THE DEBATE LAST YEAR.

"MANY MEMBERS THEN EXPRESSED CONCERN ABOUT THE GROWTH OF PUBLIC SECTOR EXPENDITURE, AND I FELT IT NECESSARY THIS YEAR TO GIVE SOME PROMINENCE NOT ONLY TO THE FIGURES BUT TO HOW WE ACTUALLY EXERCISE CONTROL," HE EXPLAINED.

TURNING TO THE SUBSTANCE OF THE DEBATE, THE FINANCIAL SECRETARY FIRST REVERTED TO HIS BUDGET STRATEGY AND THE JUSTIFICATIONS FOR THE VARIOUS TAX MEASURES.

IN RELATION TO EXPENDITURE, SIR PIERS SAID THE STARTING POINT MUST BE WHAT THE ECONOMY COULD AFFORD.

"IN MY BUDGET SPEECH I SPOKE ABOUT TREND GROWTH RATES AND THE MEDIUM RANGE FORECAST.

"I EXPLAINED HOW OUR VARIOUS BUDGETARY PLANNING MECHANISMS WORK AND HOW WE PROJECT BASELINE EXPENDITURE AND FIND SCOPE FOR NEW OR IMPROVED SERVICES.

"I WENT ON AT SOME LENGTH TO DESCRIBE HOW WE SET PRIORITIES.

"OUR PRIME AIM REMAINS THAT, TAKING ONE YEAR WITH ANOTHER, PUBLIC EXPENDITURE SHOULD NOT EXCEED THE GROWTH IN THE ECONOMY AS MEASURED BY THE GROSS DOMESTIC PRODUCT (GDP)," HE SAID.

/THE FINANCIAL

THE FINANCIAL SECRETARY POINTED OUT THAT THIS WAS OF PARTICULAR IMPORTANCE IN RELATION TO RECURRENT EXPENDITURE, AND EXPLAINED HOW THE GOVERNMENT WAS, IN FACT, NOW SUCCEEDING IN KEEPING RECURRENT EXPENDITURE WITHIN THE GROWTH RATE OF THE ECONOMY OVER THE PERIOD OF THE MEDIUM RANGE FORECAST.

"THE EXCESS IS IN RELATION TO CAPITAL EXPENDITURE, THAT IS TO SAY, INVESTMENT IN OUR FUTURE," HE SAID.

NOTING THAT SOME MEMBERS HAD FROM TIME TO TIME WARNED AGAINST ALLOWING THE BUDGET TO BE REVENUE DRIVEN, SIR PIERS SAID: "FRANKLY, I HAVE NEVER LIKED THE EXPRESSIONS 'EXPENDITURE DRIVEN' OR 'REVENUE DRIVEN'. THEY ARE TOO SIMPLISTIC.

"THE CORRECT APPROACH IN MY VIEW IS THE ONE THAT WE HAVE ADOPTED AND THAT IS, FIRST, TO ENSURE THAT WE HAVE GUIDELINES IN RELATION TO OUR PROGRAMME OF EXPENDITURE; SECONDLY, THAT WE HAVE THE MECHANISMS NECESSARY TO ENABLE US TO ADHERE TO THOSE GUIDELINES; AND LASTLY, THAT IN FACT OVER A PERIOD OF TIME WE DO ADHERE TO THEM," HE SAID.

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PRINCIPLE SET IN ESTIMATES FORMULATION: FS
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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, TODAY (WEDNESDAY) SAID THAT A BASIC PRINCIPLE IN THE FORMULATION OF THE ANNUAL ESTIMATES OF EXPENDITURE IS THAT THEY SHOULD BE BASED ON CURRENT PRICES AND, FOR CAPITAL WORKS, ON CURRENT SPECIFICATIONS.

SPEAKING AT THE CONCLUSION OF THE RESUME BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, SIR PIERS SAID THE GOVERNMENT DID NOT ANTICIPATE COST CHANGES AND BUILT THEM INTO THE ESTIMATES.

"THIS WOULD REQUIRE THE ADMINISTRATION TO TAKE A PUBLIC STANCE ON SUCH SENSITIVE ISSUES AS INFLATION TRENDS OVER TOO LONG A PERIOD OF TIME, THE FUTURE VALUE OF THE HONG KONG DOLLAR AND THE OUTCOME OF FUTURE WAGE AND SALARY NEGOTIATIONS; MORE IMPORTANTLY, IT WOULD ALSO LOCK INTO THE ESTIMATES THE CASH VALUE OF THE ADMINISTRATION'S VIEWS IN THESE AREAS.

"THIS COULD BE DIFFICULT TO RETRIEVE OR TO ADJUST IN THE EVENT THAT THE ASSESSMENT OF DEVELOPMENTS PROVED TO BE WRONG, SINCE EXPENDITURE WOULD HAVE BEEN PLANNED AND TAILORED WITHIN THE ESTIMATES PROVISION," HE SAID.

WHILE THE ESTIMATE MADE FOR EACH HEAD OF EXPENDITURE UNDER THE GENERAL REVENUE ACCOUNT WAS DELIBERATELY CALCULATED AT CURRENT PRICES, THE FINANCIAL SECRETARY SAID SOME PROVISION WAS MADE BY WAY OF THE ADDITIONAL COMMITMENTS SUBHEADS FOR POSSIBLE COST INCREASES.

"SO THE TOTAL APPROPRIATION SOUGHT UNDER THE APPROPRIATION BILL DOES INDEED GIVE THE WIDER PICTURE. AND SO THE BUDGET IS A BUDGET," HE SAID.

/WHERE THE

WHERE THE PROVISION FOR AN INDIVIDUAL HEAD OF EXPENDITURE REQUIRED SUPPLEMENTING DURING THE YEAR, THIS COULD BE ARRANGED ONLY WITH THE PRIOR SPECIFIC APPROVAL OF FINANCE COMMITTEE.

AS REGARDS VARIATIONS IN THE COST OF CAPITAL PROJECTS UNDER THE CAPITAL WORKS RESERVE FUND - WHETHER AS A RESULT OF COST INCREASES OR, AS IN MANY CASES, CHANGES TO SPECIFICATIONS - EACH OF THESE ALSO REQUIRED FINANCE COMMITTEE APPROVAL, THE FINANCIAL SECRETARY EXPLAINED.

SIR PIERS SAID FAR FROM SEEING THIS ARRANGEMENT AS A FLAW IN THE SYSTEM, AS SOME MEMBERS SUGGESTED, HE COMMENDED IT TO THE COUNCIL AS AN IMPORTANT AND SENSIBLE PART OF THE MACHINERY OF FINANCIAL MANAGEMENT.

"IT PLACES THE INDIVIDUAL HEADS OF ESTIMATES SECURELY ON A FACTUAL BASIS OF CURRENT PRICES AND ENABLES THE FINANCE COMMITTEE TO EXERCISE FIRM AND COMPREHENSIVE CONTROL OVER EXPENDITURE.

"THE ALTERNATIVE METHOD PROPOSED IN THE DEBATE BY AT LEAST TWO MEMBERS WOULD TO SOME EXTENT DIMINISH FINANCE COMMITTEE'S POWERS IN THIS REGARD," HE SAID.

ON THIS YEAR'S BUDGET PROCESS, THE FINANCIAL SECRETARY SAID THE INITIAL POSITION SHOWN IN THE CALCULATIONS WAS A MARGINAL DEFICIT.

"GIVEN THE MAJOR PROGRAMMES OF EXPENDITURE CONTEMPLATED OR ALREADY IN HAND, I CONSIDERED THAT I SHOULD AIM TO CONVERT THAT DEFICIT INTO A MODEST SURPLUS BY RAISING ADDITIONAL REVENUE," HE SAID.

THE CHOICE INSOFAR AS REVENUE RAISING MEASURES WAS CONCERNED WAS THEN BETWEEN DIRECT AND INDIRECT TAXATION, SIR PIERS SAID.

"I DECIDED AGAINST INCREASING DIRECT TAXES.

"THIS YEAR, AND IN OUR PRESENT CIRCUMSTANCES, AN INCREASE IN DIRECT TAX RATES WOULD HAVE SET A NEW HIGHER PLATEAU; IT WOULD ALSO HAVE SENT THE WRONG MESSAGE TO INVESTORS LOCALLY AND OVERSEAS - THOSE WHO CREATE WEALTH AND JOBS - AND MIGHT HAVE SLOWED DOWN OUR ECONOMIC RECOVERY.

"ANY DEFLATIONARY EFFECT WOULD NOT HAVE BEEN FELT FOR AT LEAST 12 MONTHS," HE SAID.

THE FINANCIAL SECRETARY POINTED OUT THAT DURING HIS TERM OF OFFICE, HIS POLICY HAD BEEN TO BRING DIRECT TAX RATES DOWN AND HE WOULD NOT REVERSE THIS POLICY UNLESS IT WERE REALLY NECESSARY.

"THE SITUATION THIS YEAR DID NOT IN MY VIEW JUSTIFY SUCH A SERIOUS STEP," HE SAID.

SIR PIERS SAID HE THEREFORE DECIDED TO GO FOR INCREASES IN A NUMBER OF INDIRECT TAXES AND WAS HELPED BY A PROPOSAL TO INCREASE SHARPLY THE TAX ON TOBACCO FOR HEALTH REASONS.

HE NOTED THAT SOME HAD ACCUSED HIM OF CYNICISM AND HYPOCRISY, SAYING THAT HE WAS ONLY INTERESTED IN THE REVENUE.

"NOT SO. MY COLLEAGUE THE SECRETARY FOR HEALTH AND WELFARE HAS ALREADY SPOKEN CONVINCINGLY ON THE HEALTH ASPECTS.

"IN VIEW OF THE SIZE OF THE REVENUE YIELD IT WOULD INDEED HAVE BEEN CYNICAL OF ME TO HAVE DEALT WITH THIS MEASURE OUTSIDE THE CONTEXT OF MY BUDGET," HE SAID.

AS TO THE OTHER MEASURES, THE FINANCIAL SECRETARY SAID HE LOOKED FOR TAXES WHICH WOULD SPREAD THE BURDEN WIDELY, SO MINIMIZING THE INDIVIDUAL IMPACT.

"IN PARTICULAR, I LOOKED FOR MEASURES WHICH WOULD MOST READILY ALLOW AN ELEMENT OF CHOICE.

"I WAS VERY CONSCIOUS OF THE NEED TO WATCH THE INFLATIONARY EFFECT OF WHAT WAS BEING PROPOSED," HE SAID.

AS FAR AS THE 1991-92 BUDGET WAS CONCERNED, THE FINANCIAL SECRETARY SAID SUFFICE IT TO SAY AT THIS POINT THAT ITS OVERALL EFFECT FOR THE YEAR AS A WHOLE SHOULD NOT BE INFLATIONARY, ALTHOUGH CLEARLY IN THE SHORT TERM IT WOULD INCREASE SOME CONSUMER PRICES.

"THE IMPORTANT THING IS THAT THE BUDGET POSITIONS US CORRECTLY FOR THE FUTURE," HE SAID.

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NEED FOR PUBLIC SERVICE REFORM RECOGNISED: FS

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THE GOVERNMENT HAS LONG RECOGNISED THE NEED FOR ORGANISATIONAL AND MANAGEMENT REFORM THROUGHOUT THE PUBLIC SERVICE, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE CONCLUSION OF THE RESUME BUDGET DEBATE, THE FINANCIAL SECRETARY SAID THE GOVERNMENT HAD SOME RECORD OF ACHIEVEMENT IN THE AREA OF THE PRIVATISATION OR REMOVAL FROM THE CENTRAL GOVERNMENT ORGANISATION OF CERTAIN SERVICES OR ENTERPRISES AS A MEANS OF IMPROVING OPERATIONAL PERFORMANCE AND OF RAISING FUNDS.

HE POINTED OUT THAT IT WAS MANY YEARS SINCE THE GOVERNMENT TRANSFERRED RESPONSIBILITY FOR PUBLIC HOUSING AND MUNICIPAL SERVICES TO AUTHORITIES WHICH WERE LARGELY AUTONOMOUS.

"WE HAVE THE MASS TRANSIT RAILWAY CORPORATION AND THE KOWLOON-CANTON RAILWAY CORPORATION, AND NOW THE HOSPITAL AUTHORITY.

"RADIO TELEVISION HONG KONG IS SET TO BECOME A SEPARATE ORGANISATION. WE HAVE CONTRACTED OUT THE MANAGEMENT OF CARPARKS AND ARE ABOUT TO DO THE SAME FOR THE ABERDEEN TUNNEL.

"WE ARE ALSO CONSIDERING CONTRACTING OUT CERTAIN OPERATIONS OF THE REGISTRAR GENERAL'S DEPARTMENT," THE FINANCIAL SECRETARY SAID.

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HE NOTED THAT MEMBERS IDENTIFIED VARIOUS LIKELY CANDIDATES FOR REFORM OR FOR SOME FORM OF PRIVATISATION INCLUDING THE POST OFFICE, WATER SUPPLY, LEGAL AID AND PARKING METERS.

SIR PIERS SAID THE GOVERNMENT RECOGNISED THE LIKELY ADVANTAGES IN TERMS OF OPERATIONAL EFFICIENCY OF LIFTING SOME OF THESE ENTERPRISES OUT OF THE CENTRAL GOVERNMENT SYSTEM, BUT THERE WERE PRACTICAL DIFFICULTIES TO BE CONSIDERED, NOT LEAST THE PROBLEM AND COST OF STAFF REDUNDANCIES. "AND THERE MAY BE POLITICAL CONSIDERATIONS," HE ADDED.

APART FROM THE BENEFITS OF IMPROVED OPERATIONAL PERFORMANCE, SIR PIERS SAID SOME MEMBERS PROPOUNDED THE FINANCIAL BENEFITS TO BE OBTAINED FROM THE DISPOSAL OF PUBLIC ENTERPRISES TO THE PRIVATE SECTOR.

"THERE WOULD INDEED BE BENEFITS IN TERMS OF CASH RECEIPTS FROM SALES, BUT THERE ARE OTHER FACTORS TO CONSIDER," HE SAID.

THE DISPOSAL OF A REVENUE-EARNING ORGANISATION SUCH AS THE POST OFFICE WOULD BRING A ONE-OFF CASH RETURN BUT THIS WOULD NEED TO BE MEASURED AGAINST THE LOSS OF FUTURE REVENUE.

THE TWO RAILWAY CORPORATIONS HAD BEEN IDENTIFIED AS SALEABLE UNDERTAKINGS. BUT THE KOWLOON-CANTON RAILWAY CORPORATION WAS NOW PAYING THE GOVERNMENT A DIVIDEND WHICH WOULD BE LOST IF THE CORPORATION WERE SOLD.

THE MASS TRANSIT RAILWAY CORPORATION COULD NOT BE DISPOSED OF UNTIL ITS ACCUMULATED OPERATING LOSSES WERE WRITTEN OFF AND THIS WAS NOT YET THE CASE. THEREAFTER, THE CORPORATION WAS LIKELY TO BECOME A VERITABLE 'CASH COW' AND WE WOULD NEED TO THINK VERY CAREFULLY BEFORE FORGOING THE BENEFITS TO THE PUBLIC REVENUE, THE FINANCIAL SECRETARY SAID.

HE REITERATED THAT THE GOVERNMENT WOULD CONTINUE TO SEEK WAYS OF IMPROVING THE DELIVERY OF SERVICES TO THE PUBLIC INCLUDING PRIVATIZATION AND OTHER REFORMS. "BUT THE MATTER IS NOT ALWAYS AS SIMPLE AS IT MIGHT APPEAR," HE SAID.

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FS CLEARS CLOUDS OVER TAX BASE BROADENING
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THE PURPOSE OF BROADENING THE TAX BASE IS NOT SIMPLY TO RAISE MORE AND MORE TAX, BUT ALSO TO SPREAD THE LOAD AND SO HELP IN STABILISING THE GOVERNMENT'S REVENUE, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE CONCLUSION OF THE DEBATE ON THE BUDGET, THE FINANCIAL SECRETARY SAID HE HAD SENSED IN THE DEBATE SOME CONFUSION AS TO WHAT THE GOVERNMENT MEANT BY BROADENING THE TAX BASE.

"IN CONNECTION WITH THIS SUBJECT, A NUMBER OF MEMBERS HAVE MENTIONED THE INTRODUCTION OF A CAPITAL GAINS TAX AND HAVE SUGGESTED INCREASING THE RATE OF BUSINESS PROFITS TAX.

"I DO NOT SEE THIS IN ANY WAY AS A BROADENING OF THE TAX BASE. ALSO, IN MY VIEW IT WOULD BE QUITE THE WRONG WAY FORWARD," HE SAID.

SIR PIERS POINTED OUT THAT IF THE GOVERNMENT WAS TO INCREASE THE BUSINESS PROFITS TAX RATES SIGNIFICANTLY AND ALSO INTRODUCE A CAPITAL GAINS TAX, THERE WAS NOT A SHADOW OF A DOUBT THAT HONG KONG WOULD CHASE TRANSACTIONS OFFSHORE AND INTO THE HANDS OF THE TERRITORY'S REGIONAL COMPETITORS.

"IN ADDITION, AS I HAVE STRESSED SO MANY TIMES IN THE PAST, IT WOULD GREATLY INCREASE OUR RELIANCE ON THE MOST VOLATILE OF OUR TAX SOURCES.

"IF, INSTEAD OF THE MEASURES I HAVE PROPOSED, WE WERE TO SEEK TO ACHIEVE THE SAME EFFECT BY RAISING CORPORATE PROFITS TAX BY ONE PERCENTAGE POINT TO PRODUCE AN ADDITIONAL \$730 MILLION AND BY INTRODUCING A CAPITAL GAINS TAX TO PRODUCE \$2.2 BILLION, WE WOULD HAVE SWUNG OUR RELIANCE ON DIRECT TAXATION FROM A RATIO OF 60:40 TO ABOUT 64:36.

"THIS WOULD LEAVE US MORE VULNERABLE TO THE EFFECTS OF A RECESSION ELSEWHERE, OVER WHICH WE HAVE NO CONTROL AT ALL.

"THIS COULD SEVERELY HANDICAP OUR ABILITY TO MEET OUR RECURRENT REVENUE NEEDS," THE FINANCIAL SECRETARY SAID.

SIR PIERS POINTED OUT THAT AFTER HEARING SOME OF THE COMMENTS MADE IN THE LEGISLATIVE COUNCIL, HE WAS LESS CONFIDENT THAN HE WAS THAT THIS POINT HAD BEEN FULLY UNDERSTOOD.

HE NOTED THAT THERE APPEARED TO BE SOME ALARM ABOUT THE POSSIBLE IMMINENT INTRODUCTION OF A SALES TAX, FOLLOWING THE COMMENTS HE MADE AT HIS PRESS CONFERENCE AFTER THE BUDGET SPEECH.

"AT THAT CONFERENCE, I WAS AT PAINS TO AVOID SETTING OUT A TIMETABLE BUT CERTAIN REPORTERS DECIDED, IMAGINATIVELY, TO GIVE A TIMETABLE OF THEIR OWN.

"IF IT WERE INTRODUCED, I ACCEPT THAT A SALES TAX WOULD ADD SOMETHING TO THE CONSUMER PRICE INDICES (CPI), ALTHOUGH THIS WOULD BE A ONE-OFF ADDITION, SINCE THERE SHOULD BE NO NEED FOR ANY IMMEDIATE UPWARD REVISIONS OF THE RATE OF TAX.

"THIS IS WHY I HAVE INDICATED THAT WHILE INFLATION IS RUNNING HIGH IT WOULD NOT BE TIMELY TO INTRODUCE A SALES TAX," HE SAID.

SIR PIERS POINTED OUT THAT WHETHER OR NOT A SALES TAX WOULD BE REGRESSIVE, AS SOME HAD SUGGESTED, WOULD DEPEND VERY MUCH ON HOW THE TAX WAS STRUCTURED.

"THERE ARE ARGUMENTS AGAINST A COMPLEX STRUCTURE DESIGNED TO ACHIEVE EQUITY, BUT AT THE END OF THE DAY WE SHALL HAVE TO SEE WHAT IS IN THE BEST INTERESTS OF HONG KONG," HE SAID.

THE FINANCIAL SECRETARY SAID HE HOPED THAT DURING THE COURSE OF THIS YEAR, HIS SUCCESSOR WOULD HAVE A CHANCE TO DISCUSS WITH MEMBERS, INFORMALLY BUT IN MORE DEPTH, THE QUESTION OF BROADENING THE TAX BASE.

"IT IS IN THE HANDS OF THIS COUNCIL, AFTER ALL, THAT THE FINAL DECISION ON THE MATTER RESTS," HE SAID.

SIR PIERS NOTED THAT THERE WERE SOME REFERENCES TO HIS HAVING BROADENED THE TAX BASE WHILE NOT INCREASING THE RATES OF SALARIES AND PROFITS TAX, AND IT WAS SUGGESTED THAT HE HAD NOT HAD ANY REGARD FOR THE PRINCIPLE OF USING TAXATION FOR THE RE-DISTRIBUTION OF WEALTH.

"BEFORE WE RE-DISTRIBUTE ANY WEALTH, WE HAVE TO CREATE IT," THE FINANCIAL SECRETARY SAID.

HE POINTED OUT THAT THERE WERE BASICALLY TWO MAJOR RESOURCES IN HONG KONG - OUR EXCELLENT INFRASTRUCTURE, AND OUR TALENTED AND HARD-WORKING WORKFORCE.

"WE HAVE OUR EXCELLENT INFRASTRUCTURE BECAUSE WE HAVE NEVER SHIED AWAY FROM INVESTING HEAVILY IN IT.

"OUR LABOUR FORCE THRIVES ON HAVING A HIGH LEVEL OF DISPOSABLE INCOME TO SPEND ON CREATING A BETTER QUALITY OF LIFE.

"IN GENERAL, OUR STANDARD OF LIVING HERE IS HIGH, AND YET IN COMPARISON WITH OUR NEIGHBOURS IN THE REGION, HONG KONG REPRESENTS EXCELLENT VALUE FOR MONEY BOTH AS A PLACE IN WHICH TO INVEST AND AS A TRADING BASE," SIR PIERS SAID.

THE FINANCIAL SECRETARY SAID HE COULD NOT HIDE THE FACT THAT THE GOVERNMENT DID SOMETIMES ROB THE RICH, IN A QUIET AND GENTLEMANLY FASHION.

"TO A LIMITED EXTENT, WE CATCH THEM AS THEY EARN, BUT THEY ARE ALLOWED TO RIDE ON THROUGH THE FOREST WITH ENOUGH INTACT SO THAT THEY DO NOT FEEL INHIBITED FROM MAKING EXTRA INVESTMENTS THUS CREATING MORE JOBS.

"ALSO, WE HAVE IN OUR COMMUNITY SOME OF THE MOST GENEROUS SUPPORTERS OF CHARITIES AND GOOD CAUSES IN THE WORLD," HE SAID ADDING THAT THE RICH PEOPLE WERE AGAIN CAUGHT WHEN THEY SPENT.

"IF THEY BUY EXPENSIVE CARS, THEY PAY A TAX OF 120 PER CENT ON THE IMPORT VALUE. SO A \$500,000 CAR BRINGS IN ABOUT \$200,000 IN TAX AND A FURTHER \$10,000 A YEAR IN LICENCE FEES.

"IF IT IS A REALLY SOUPED-UP MODEL, THERE WILL BE A FURTHER 45 CENTS EXTRA IN DUTY PER LITRE TO PAY FOR THE LEADED PETROL TO RUN THE CAR.

"A \$300 BOTTLE OF CHAMPAGNE BRINGS IN TAX OF \$77 AND A \$200 BOTTLE OF BRANDY, \$79. FOR THE LADIES, A \$400 BOTTLE OF PERFUME WILL ATTRACT A LITTLE OVER \$45 IN TAX," HE CITED.

ON A SOMEWHAT MORE MUNDANE LEVEL, THE FINANCIAL SECRETARY SAID SALARIES TAXPAYERS WITH HIGHER INCOMES PAYING TAX AT THE STANDARD RATE OF 15 PER CENT CONTRIBUTED 56 PER CENT OF ALL SALARIES TAX REVENUE, ALTHOUGH THEY REPRESENTED ONLY 8.3 PER CENT OF TAXPAYERS.

"IN THE PAST YEAR, DUTY ON CHAMPAGNE, SPIRITS AND HIGH-VALUE CARS BROUGHT IN \$1.6 BILLION.

"THE TOP 140 BUSINESSES, THAT IS, 0.1 PER CENT OF THE TOTAL NUMBER IN HONG KONG, BROUGHT IN OVER A THIRD OF ALL PROFITS TAX PAID BY CORPORATIONS," HE SAID.

IN THE LIGHT OF THE PROVISION MADE FOR THE LESS WELL-OFF MEMBERS OF OUR COMMUNITY - SUBSIDISED PUBLIC HOUSING, MEDICAL CARE AND EDUCATION, FOR EXAMPLE - AND OF THE SERVICES PROVIDED FOR ALL MEMBERS OF THE COMMUNITY, THE FINANCIAL SECRETARY SAID THERE COULD BE NO DOUBT THAT THERE WAS IN PRACTICE A SUBSTANTIAL REDISTRIBUTION OF WEALTH FROM RICH TO POOR.

PROPOSED DUTY RATE OF CHINESE TOBACCO TO BE REDUCED: FS

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT WHILE HE WOULD NOT COMPROMISE ON HEALTH GROUNDS, HE IS PREPARED TO AGAIN RESPOND TO THE APPEALS OF CERTAIN LEGCO MEMBERS AND FOR THE TIME BEING TO RESIST THE POSSIBLE TRADE OBJECTIONS TO THE CONTINUED PREFERENTIAL TREATMENT GIVEN TO CHINESE TOBACCO.

ACCORDINGLY, HE INTENDED TO REDUCE HIS ORIGINAL PROPOSAL BY APPLYING THE SAME INCREASE IN DUTY RATE AS THAT FOR CIGARETTES, THAT WAS, 200 PER CENT.

THE DUTY WOULD BE ADJUSTED FROM \$870 TO \$180 PER KILOGRAM.

SPEAKING AT THE CONCLUSION OF THE RESUMED BUDGET, DEBATE SIR PIERS SAID THE CHANGE WOULD TAKE EFFECT UNDER A REVENUE PROTECTION ORDER FROM MIDNIGHT TONIGHT.

SOME LEGCO MEMBERS HAD ARGUED THAT THE COMBINED EFFECT OF THE BUDGET DECISION, ON TRADE-RELATED GROUNDS, TO REMOVE THE PRESENT CONCESSION IN FAVOUR OF CHINESE MANUFACTURED TOBACCO AFFECTED A VERY SMALL GROUP OF OLD PEOPLE.

"AS I REACH RETIREMENT AGE, I WOULD BE THE LAST PERSON TO WISH THAT THE ELDERLY SHOULD SUFFER PARTICULAR HARDSHIP FROM THIS TAX INCREASE.

"BUT AT THE SAME TIME, I AM CONCERNED THAT OLD PEOPLE, WHO ARE PARTICULARLY VULNERABLE TO SMOKING-RELATED DISEASES, SHOULD NOT CONTINUE TO BE ENCOURAGED TO USE THIS PARTICULAR PRODUCT," HE SAID.

HE ALSO SAID THE COST OF A PACKET OF CIGARETTES HAD NOW BEEN PUSHED UP TO AROUND \$20 - THE PSYCHOLOGICAL BARRIER THE GOVERNMENT WAS TRYING TO BREAK.

"THE FACT THAT SOME COST \$22 TO \$24 A PACKET JUST MAKES THIS BLUNT WEAPON AGAINST SMOKING-RELATED DISEASES THAT MUCH SHARPER.

/"IF PEOPLE

"IF PEOPLE DO NOT WISH TO SPEND THAT KIND OF MONEY THEN THE REMEDY IS IN THEIR OWN HANDS," HE SAID.

TURNING TO VEHICLE TAXES, THE FINANCIAL SECRETARY NOTED THAT HIS PACKAGE OF REVENUE MEASURES INVOLVING VEHICLE FEES AND TAXES HAD CAUSED SOME ALARM AMONG DISABLED DRIVERS.

HOWEVER, SIR PIERS ASSURED THEM THAT THE SECRETARY FOR HEALTH AND WELFARE HAD LEGISLATIVE PROPOSALS IN HAND TO GRANT THEM RELIEF FROM THE VEHICLE OWNERSHIP TRANSFER FEE AND DUTIES ON PETROL AND DIESEL.

HE POINTED OUT THAT THIS WAS IN ADDITION TO THE WIDE RANGE OF CONCESSIONS ALREADY AVAILABLE TO THE DISABLED UNDER THE ROAD TRAFFIC ORDINANCE AND MOTOR VEHICLE (FIRST REGISTRATION TAX) ORDINANCE.

HE SAID AFTER THE INCREASE IN FIRST REGISTRATION TAXES, A NEW CAR WHICH WOULD HAVE COST \$100,000 ON THE ROAD BEFORE THE BUDGET WOULD NOW COST \$107,900.

AS A RESULT OF THE TAX ON TRANSFERS OF SECOND-HAND CARS, A \$50,000 SECOND-HAND CAR WOULD NOW BE ABOUT TWO PER CENT MORE EXPENSIVE.

"AGAIN, IS THIS A TAX ON THE POOR?" HE ASKED.

ON PERSONAL TAX ALLOWANCES, SIR PIERS SAID THOSE ALLOWANCES HE PROPOSED IN THE BUDGET WOULD RESULT IN JUST OVER ONE MILLION SALARIES TAXPAYERS, THAT WAS 89 PER CENT OF THE TOTAL, PAYING LESS DIRECT TAX THAN BEFORE.

HE SAID TAKING HIS PROPOSALS FOR INCREASED ALLOWANCES AND THE RESTRUCTURING OF MARGINAL RATES TOGETHER, SOME 300,000 TAXPAYERS IN THE LOWER INCOME BRACKETS WOULD FIND THEIR TAX LIABILITIES REDUCED BY SUMS EQUIVALENT TO AT LEAST A 10 PER CENT INCREASE IN ALLOWANCES.

HE POINTED OUT THAT A FURTHER 30,000 LOW INCOME EARNERS WOULD PAY NO SALARIES TAX AT ALL.

"ON THE OTHER HAND, THE REMAINING 100,000 TAXPAYERS AT THE TOP END OF THE SCALE WILL PAY AT THE SAME RATE AS BEFORE," HE STRESSED.

HE WAS ELABORATING FURTHER THE INDIVIDUAL TAX MEASURES HE PROPOSED IN THE BUDGET.

HE SAID THE DUTY ON HYDROCARBON OILS HAD INCREASED BY FIVE PER CENT. THIS, COMBINED WITH UNLEADED PETROL MEASURES AND CHANGES IN OIL IMPORT PRICES, MEANT THAT A LITRE OF LEADED PETROL COST 90 CENTS MORE, A LITRE OF DIESEL 26 CENTS LESS AND UNLEADED PETROL 11 CENTS LESS.

"THIS WAS THE ONE DUTY WHICH AFFECTED JUST ABOUT EVERYONE IN THE COMMUNITY AND FOR THAT REASON I CHOSE, QUITE DELIBERATELY, NOT TO INCREASE THE DUTY TO THE FULL EXTENT REQUIRED TO COVER INFLATION," SIR PIERS SAID.

HE ALSO SAID HE PUT THE SPECIFIC DUTY RATE ON ALCOHOL UP BY 15 PER CENT.

"MEMBERS WILL HAVE NOTED THAT THE AD-VALOREM RATE HAS NOT BEEN CHANGED. THE DUTY ON A CAN OF ONE OF THE POPULAR BRANDS OF BEER SOLD IN THE SUPERMARKETS HAS INCREASED BY JUST 10 CENTS."

HE SAID HE HAD PUT UP THE DUTY ON COSMETICS FROM 25 PER CENT TO 30 PER CENT.

THUS ON A BOTTLE OF HAIR CONDITIONER WHICH USED TO COST \$37.50, THE DUTY HAD INCREASED BY \$1.50, A FOUR PER CENT INCREASE.

"EVEN IF ONE REGARDS THESE ITEMS AS NECESSITIES, IT IS HARD TO ACCEPT THAT SUCH INCREASES HAVE A SERIOUS IMPACT ON PEOPLE'S STANDARD OF LIVING," HE ADDED.

AS REGARDS THE INCREASE IN THE AIRPORT DEPARTURE TAX, SIR PIERS SAID A FOUR-DAY AIR AND HOTEL HOLIDAY PACKAGE FOR TWO TO PHUKET WHICH COSTS \$3,000 PER PERSON HAD GONE UP BY \$50 OR 1.6 PER CENT AS A RESULT.

"FOR THOSE WHO TAKE THEIR TWO CHILDREN WITH THEM, IT HAS NOT GONE UP AT ALL," HE SAID.

HE ADDED THAT THE AVERAGE TOURIST COMING HERE SPENT ABOUT \$5,000 NOT INCLUDING HIS AIR FARE.

HIS STAY WAS MADE ONE PER CENT MORE EXPENSIVE BY THE INCREASED TAX.

"BUT IS THIS REALLY AN INCREASE THAT HITS THE POOR?," HE ASKED.

SIR PIERS SAID THERE HAD BEEN DIRE WARNINGS ABOUT THE EFFECTS ON HONG KONG'S TOURIST INDUSTRY OF INCREASES IN AIRPORT DEPARTURE TAX.

"I HAVE ALREADY POINTED OUT WHAT A MINISCULE PROPORTION OF SPENDING COSTS THIS REPRESENTS FOR LOCAL TRAVELLERS, AND EVEN MORE MINISCULE FOR OVERSEAS TOURISTS.

"I MIGHT BE MORE ALARMED BY THESE WARNINGS IF IT COULD BE SHOWN THAT PREVIOUS INCREASES IN THE TAX PUSHED PASSENGER ARRIVALS AND DEPARTURES DOWN AND REDUCTIONS SENT THEM UP AGAIN," HE SAID.

BUT THE ACTUAL FIGURES SHOWED NOTHING OF THE SORT. IN FACT, PASSENGER MOVEMENTS WENT UP AND UP WHATEVER WE DID WITH THE TAX, SIR PIERS POINTED OUT.

AS TO PROPERTY RATES, SIR PIERS SAID THE REVALUATION OF PROPERTIES WOULD MEAN THAT THE OWNER OF A SMALL FLAT WOULD HAVE TO PAY \$38 PER MONTH MORE.

THE PERIODIC REVISION OF RATEABLE VALUES WAS PROVIDED FOR IN THE RATING ORDINANCE.

"AS I HAVE PREVIOUSLY EXPLAINED, THE PRIME PURPOSE OF THE EXERCISE IS NOT TO RAISE REVENUE BUT TO ENSURE THAT THE BURDEN OF CHARGE IS SPREAD ACCORDING TO CURRENT MARKET RENTAL VALUES.

"RATES, I MIGHT ADD, ARE A RELATIVELY PROGRESSIVE TAX; THE MORE LUXURIOUS THE PROPERTY, THE HIGHER THE RATES PAID.

"BUT BECAUSE RATES AFFECT MOST PEOPLE, INCLUDING THE LESS WELL TO DO MEMBERS OF OUR COMMUNITY, I REDUCED THE RATES PERCENTAGE AND PLACED A 25 PER CENT CAP ON THE INCREASE PAYABLE."

ON FEES AND CHARGES, THE FINANCIAL SECRETARY SAID HE HAD AIMED GENERALLY TO ADJUST THEM IN LINE WITH INFLATION, ALTHOUGH CERTAIN FEES HAD BEEN INCREASED FURTHER IN ORDER TO RECOVER COSTS.

HE SAID THE EFFECT ON THE COST OF LIVING WAS MINIMAL.

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BUDGET NOT INFLATIONARY: FS

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID TODAY (WEDNESDAY) IN THE LEGISLATIVE COUNCIL THAT TOBACCO DUTY APART, THE IMPACT ON THE CPI OF ALL OTHER INCREASES IN INDIRECT TAXES TAKEN TOGETHER SHOULD BE MODERATE, LESS THAN ONE HALF OF ONE PERCENTAGE POINT.

HE WAS SPEAKING AT THE CONCLUSION OF THE RESUMED BUDGET DEBATE.

IN RESPONSE TO SOME MEMBERS' CONCERNS THAT THE BUDGET ITSELF MUST BE INFLATIONARY, SIR PIERS SAID THIS VIEW NEEDED TO BE PUT IN CONTEXT.

FIRST, IN NATIONAL ACCOUNTS OR RESOURCE CONSUMPTION TERMS, THE PUBLIC SECTOR AS A WHOLE REPRESENTED ONLY ABOUT 12 PER CENT OF THE GDP.

SECONDLY, FOR A NUMBER OF YEARS THE GOVERNMENT HAD BEEN BUDGETING FOR, AND ACHIEVING, A SURPLUS EACH YEAR.

"ALTHOUGH THE SURPLUS BUDGETED FOR 1991-92 IS NOT AS LARGE AS IN SOME YEARS IT STILL REPRESENTS A NET WITHDRAWAL OF PURCHASING POWER FROM THE ECONOMY, AND IN THAT SENSE THE EFFECT OF THE BUDGET THIS YEAR IS NOT INFLATIONARY," HE SAID.

"I AM AWARE THAT, AMONGST ALL THE ITEMS OF INCREASED INDIRECT TAXES, TOBACCO DUTY WILL HAVE THE GREATEST IMPACT ON THE CPI; ABOUT ONE AND A HALF PERCENTAGE POINTS.

"BUT IT WILL HAVE AN EFFECT ONLY ON SMOKERS, WHO REPRESENT MERELY ONE-SIXTH OF THE ADULT POPULATION, AND EVEN THEIR BURDEN WOULD BE REDUCED IF THEY SMOKED LESS. IT REMAINS A MATTER OF PERSONAL CHOICE," SIR PIERS SAID.

"I SHOULD MENTION THAT, IN THE CALENDAR YEAR 1990, WAGES FOR MANUFACTURING WORKERS, FOR EXAMPLE, WENT UP BY AN AVERAGE OF ABOUT 12 PER CENT. INFLATION RAN AT 9.8 PER CENT," HE SAID.

HE SAID AS ECONOMIC ACTIVITY CONTINUED TO REVIVE, SOME TIGHTENING UP IN LOCAL RESOURCES COULD BE EXPECTED. THUS, REGRETTABLY, MUCH OF THE LOCAL INFLATIONARY PRESSURE WOULD BE SUSTAINED.

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ON THE OTHER HAND, SIR PIERS BELIEVED THAT LOWER OIL PRODUCT PRICES AND GENERALLY STABLE COMMODITY PRICES IN THE WORLD MARKET, COUPLED WITH THE STRENGTH OF THE US DOLLAR, WOULD HELP TO LESSEN INFLATIONARY PRESSURES FROM EXTERNAL SOURCES.

"LOCAL WAGES AND SALARIES ARE REPORTED TO HAVE BEEN RISING LESS RAPIDLY IN RECENT MONTHS. I BELIEVE THAT MORE MODEST PAY INCREASES COULD HELP THE PROCESS OF CURBING INFLATION," HE SAID.

UP-DATING MEMBERS ON THE ECONOMY, THE FINANCIAL SECRETARY SAID WITH THE ENDING OF THE GULF WAR, THE GLOBAL ECONOMIC CLIMATE HAD TURNED BRIGHTER.

"THIS WILL CONTRIBUTE TO A BETTER PERFORMANCE OF OUR ECONOMY THIS YEAR. THE LATEST TREND IN OUR DOMESTIC EXPORTS AND RE-EXPORTS IS ENCOURAGING," HE SAID.

IN THE FIRST TWO MONTHS OF 1991, THE YEAR-ON-YEAR GROWTH RATE IN REAL TERMS OF DOMESTIC EXPORTS ACCELERATED TO AROUND NINE PER CENT, WHILE THAT OF RE-EXPORTS REMAINED ROBUST AT NEARLY 30 PER CENT.

SIR PIERS NOTED THAT THERE WAS ALSO A PICK-UP IN LOCAL DEMAND, PARTICULARLY IN THE ACQUISITION OF PLANT AND EQUIPMENT, WHICH SIGNIFIED IMPROVED INVESTOR CONFIDENCE AND THE DESIRE OF PRODUCERS TO EXPAND CAPACITY.

MEANWHILE, THE LOCAL WORKFORCE HAD REMAINED FULLY EMPLOYED.

"MEMBERS WILL NO DOUBT AGREE THAT REAL ECONOMIC GROWTH IS THE SOURCE OF IMPROVEMENT IN INCOME AND STANDARDS OF LIVING.

"OUR ECONOMY IS POISED TO TAKE ADVANTAGE OF THE BETTER BUSINESS ENVIRONMENT THAT LIES AHEAD," HE SAID.

THE FINANCIAL SECRETARY SAID A KEEN SENSE OF FISCAL FRUGALITY AND DISCIPLINE WAS ALL THE MORE IMPORTANT WHEN THE INFLATION RATE WAS HIGH.

"I HOPE I HAVE REASSURED MEMBERS THAT OUR BUDGETARY POSITION IS WELL UNDER CONTROL, AND THAT OUR EFFORTS IN THIS REGARD WILL CONTINUE UNABATED.

"I HAVE STRESSED THE PARTICULAR IMPORTANCE OF KEEPING RECURRENT EXPENDITURE IN CHECK. AS I MENTIONED IN MY BUDGET SPEECH, THE GROWTH RATE OF RECURRENT EXPENDITURE OVER THE PERIOD OF THE MEDIUM RANGE FORECAST, WILL BE KEPT BELOW THE TREND GROWTH RATE OF GDP," SIR PIERS SAID.

HE SAID THE PROPOSAL TO DEVELOP A GOVERNMENT BORROWING PROGRAMME, STARTING WITH THE ISSUE OF TWO OR THREE-YEAR BONDS LATER THIS CALENDAR YEAR, DEPENDING ON SATISFACTORY PROGRESS WITH THE NECESSARY LEGISLATION.

AS ANY MONEY BORROWED WOULD BE PUT ASIDE AND WOULD NOT BE SPENT IN THIS FINANCIAL YEAR, THE EFFECT WOULD BE TO RUN A LARGER SURPLUS.

THE ANTI-INFLATIONARY EFFECT OF THE PUBLIC FINANCES IN RECENT YEARS WOULD THEREFORE CONTINUE TO BE BROADLY MAINTAINED, HE SAID.

TO THE EXTENT THAT THE BONDS TO BE ISSUED WOULD BE HELD BY MEMBERS OF THE PUBLIC, SIR PIERS SAID THIS WOULD ENCOURAGE SAVINGS AND DISCOURAGE CONSUMER SPENDING.

WHEN THE BONDS WERE HELD BY BANKS AND OTHER AUTHORIZED INSTITUTIONS IN HONG KONG, THEY WOULD HAVE THE EFFECT OF REDUCING THE AMOUNT OF MONEY THAT WOULD OTHERWISE BE AVAILABLE FOR CREDIT EXPANSION.

"THE ACTUAL IMPACT WILL, OF COURSE, DEPEND ON HOW THE PROCEEDS OF THE BOND PROGRAMME ARE MANAGED.

"THE OFFICE OF THE EXCHANGE FUND HAS THE NECESSARY MONETARY MANAGEMENT SKILLS TO DISCHARGE THIS RESPONSIBILITY EFFECTIVELY, OPERATING WITHIN OUR STABLE MONETARY FRAMEWORK TO PRODUCE AS FAR AS POSSIBLE, AN ANTI-INFLATIONARY MONETARY ENVIRONMENT," SIR PIERS SAID.

THE ISSUE OF EXCHANGE FUND BILLS HAD THE SAME IMPACT.

THE TOTAL AMOUNT OF BILLS OUTSTANDING WAS NOW JUST SHORT OF HK\$10 BILLION.

THE BILLS WERE HELD MOSTLY BY BANKS WHO ARGUABLY WOULD OTHERWISE BE LENDING MORE TO CUSTOMERS.

"THIS IS ONE REASON WHY THE GROWTH RATE OF HONG KONG DOLLAR LOANS HAS SLOWED DOWN FROM OVER 30 PER CENT IN 1989 TO AROUND 15 PER CENT IN 1990.

"LAST WEEK, AFTER CONSULTING THE EXCHANGE FUND ADVISORY COMMITTEE, I INCREASED THE MAXIMUM ISSUE SIZES OF THE 91-DAY, 182-DAY AND 364-DAY BILLS TO HK\$500 MILLION, HK\$400 MILLION AND HK\$300 MILLION RESPECTIVELY," SIR PIERS SAID.

THE DIRECTOR OF THE OFFICE OF THE EXCHANGE FUND HAD BEEN GIVEN THE DISCRETION TO DETERMINE THE ACTUAL SIZE OF EACH ISSUE IN THE LIGHT OF MARKET CONDITIONS, SUBJECT TO THOSE MAXIMA.

"I SHOULD, HOWEVER, EMPHASIZE AGAIN THAT THE OVERRIDING OBJECTIVE OF MONETARY MANAGEMENT IN HONG KONG CONTINUES TO BE THE MAINTENANCE OF EXCHANGE RATE STABILITY UNDER THE LINKED EXCHANGE RATE SYSTEM, WHICH HAS SERVED HONG KONG EXTREMELY WELL AGAINST THE BACKGROUND OF NOT INFREQUENT SHOCKS.

"THE ROOM FOR USING MONETARY MEANS SPECIFICALLY TO CURB INFLATION IS THEREFORE LIMITED," HE SAID.

AS FAR AS THE EFFECT ON INFLATION RATE WAS CONCERNED, SIR PIERS SAID HE TOOK SOME COMFORT FROM THE RECENT STRENGTHENING OF THE US DOLLAR.

THE MOVEMENT OF THE US DOLLAR HAD A CONSIDERABLE INFLUENCE ON THE PRICES OF OUR IMPORTS IN HONG KONG DOLLAR TERMS.

FROM APRIL TO DECEMBER LAST YEAR, THE US DOLLAR DEPRECIATED BY ABOUT 15 PER CENT AGAINST THE JAPANESE YEN, THE CURRENCY OF THE LARGEST SUPPLIER OF HONG KONG'S RETAINED IMPORTS, HE SAID.

THE CONCURRENT WEAKENING OF THE HONG KONG DOLLAR CAUSED THE PRICES OF LOCAL RETAINED IMPORTS TO INCREASE MORE RAPIDLY, PARTICULARLY IN THE FOURTH QUARTER OF LAST YEAR, AND THIS LED TO A GREATER AMOUNT OF IMPORTED INFLATION FOR THE LOCAL ECONOMY.

SIR PIERS SAID THE US DOLLAR HAD, HOWEVER, REBOUNDED STRONGLY SINCE THE END OF THE GULF WAR.

BETWEEN MID-FEBRUARY AND END-MARCH THIS YEAR THE EXCHANGE RATE OF THE US DOLLAR AGAINST THE YEN APPRECIATED BY ABOUT 10 PER CENT.

"THIS SHOULD HELP TO ALLEVIATE THE IMPACT OF IMPORTED INFLATION IN DUE COURSE," HE SAID.

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GOVT'S FISCAL POLICY A SOUND BASE FOR HK ECONOMY: FS

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THE GOVERNMENT'S FISCAL POLICY HAS PROVIDED A SOUND BASE ON WHICH TO BUILD AND DEVELOP THE ECONOMY OF HONG KONG OVER THE YEARS, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SIR PIERS SAID, AT THE CONCLUSION OF THE RESUMED BUDGET, DEBATE THIS YEAR'S BUDGET HAD BEEN DESIGNED TO MAINTAIN THAT PROGRESS, ALBEIT IN A MORE COMPLEX ENVIRONMENT.

SUMMING UP HIS FIFTH AND FINAL BUDGET HE HAD PILOTED THROUGH THE LEGCO, SIR PIERS SAID HE WAS STRUCK BY THE PROGRESS HONG KONG HAD MADE AS A COMMUNITY.

HE POINTED OUT THAT THE HONG KONG ECONOMY HAD CONTINUED TO PROSPER IN THE FIVE YEARS SINCE 1985-86, EVEN ALLOWING FOR THE RECENT RECESSION.

GDP HAD GROWN BY AN AVERAGE EIGHT PER CENT, MUCH BETTER THAN THE AVERAGE OF THREE PER CENT IN THE OECD COUNTRIES.

"THIS HAS ENABLED US TO SPEND SUBSTANTIALLY MORE IN MAINTAINING HONG KONG'S COMPETITIVENESS AND IN IMPROVING THE QUALITY OF LIFE FOR ALL MEMBERS OF OUR COMMUNITY.

"WE HAVE ACHIEVED THIS WITHOUT HARSH TAX MEASURES AND WITHOUT EATING INTO OUR RESERVES," SIR PIERS SAID.

HE SAID THE GOVERNMENT HAD WITHIN ITS MEANS, INCREASED EXPENDITURE IN REAL TERMS BY 52 PER CENT ON SOCIAL SERVICES OVER THE FIVE YEAR PERIOD, 42 PER CENT ON EDUCATION, AND 48 PER CENT ON THE INFRASTRUCTURE.

"STARTING FROM A MUCH LOWER BASE, WE HAVE INCREASED EXPENDITURE ON THE ENVIRONMENT BY OVER 400 PER CENT IN REAL TERMS.

"OUR PER CAPITA GDP HAS TOPPED US\$13,000, PUTTING US JUST BEHIND BRITAIN IN EUROPE AND AMONG THE TOP COUNTRIES IN THE ASIAN REGION.

"WE HAVE THUS MADE GREAT STRIDES IN MAKING HONG KONG A BETTER AND MORE REWARDING PLACE IN WHICH TO LIVE AND WORK, AND WE HAVE ALSO ADVANCED HONG KONG'S STATUS INTERNATIONALLY," THE FINANCIAL SECRETARY SAID.

TAXES HAD BEEN KEPT LOW SO THAT EMPLOYERS AND EMPLOYEES ALIKE WERE ABLE TO RETAIN AND ENJOY WHAT THEY EARNED AND THIS HAD ENCOURAGED FURTHER THE ENTREPRENEURIAL WEALTH CREATION ON WHICH HONG KONG'S FUTURE DEPENDED.

HE SAID OVER THE FIVE YEAR PERIOD, HONG KONG'S FISCAL RESERVES HAD DOUBLED TO \$73 BILLION, EXCLUDING THE SARG FUND.

POINTING OUT THAT IT WOULD NOT BE POSSIBLE FOR THE ADMINISTRATION TO RESPONSE TO EVERY POINTS MADE IN THE DEBATE, SIR PIERS ASSURED MEMBERS THAT WHAT THEY HAD SAID WOULD INDEED BE EXAMINED BY THE ADMINISTRATION.

"I HAVE ASKED MY SUCCESSOR TO GIVE PARTICULAR ATTENTION TO THIS POINT. ONE EXAMPLE OF MATTERS THAT WILL REQUIRE ATTENTION IS THE PROPOSAL TO ESTABLISH A TAXATION REVIEW COMMITTEE.

"PERSONALLY, I HAVE SOME RESERVATIONS, BUT IN VIEW OF THE FACT THAT A NUMBER OF MEMBERS HAVE PRESSED THE POINT I SHALL LEAVE IT TO MY SUCCESSOR TO CONSIDER," SIR PIERS SAID.

OBVIOUSLY, HE SAID, THERE WERE SOME OTHER SUGGESTIONS THAT THE GOVERNMENT WOULD NOT BE ABLE TO FOLLOW SIMPLY BECAUSE IT DID NOT FIND THEM FEASIBLE.

"NEVERTHELESS THE TONE AND CONTENT OF THE BUDGET DEBATE WILL UNDOUBTEDLY BE OF HELP IN FRAMING FUTURE BUDGETARY PROPOSALS. I HOPE THAT I HAVE SHOWN THIS AFTERNOON THAT I HAVE NOT BEEN WHOLLY INSENSITIVE TO WHAT HAS BEEN SAID THIS YEAR," HE SAID.

LASTLY, SIR PIERS WISHED THE NEXT FINANCIAL SECRETARY EVERY SUCCESS.

"BE KIND TO HIM. I KNOW THAT HE WILL VALUE THE GUIDANCE AND INDEED THE FRIENDSHIP OF MEMBERS AS MUCH AS I HAVE," HE ADDED.

FUTURE EMPHASIS ON PREVENTION AND PROMOTION OF HEALTHY LIFE-STYLES

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THE FUTURE WILL SEE THE GOVERNMENT EMPHASISING PREVENTION AND PROMOTION OF HEALTH AND HEALTHY LIFE-STYLES, WHICH MEANS MORE EFFICIENT CO-ORDINATION OF LOCAL HEALTH SERVICES, BETTER INTERFACE BETWEEN HOSPITAL AND HEALTH CARE SERVICES AND SYSTEMS, AND CLOSER COLLABORATION BETWEEN PRIVATE AND PUBLIC SECTORS.

THE SECRETARY FOR HEALTH AND WELFARE, THE HON ELIZABETH WONG, SAID THIS IN THE RESUMED BUDGET DEBATE.

IN THIS RESPECT, THE REPORT OF THE WORKING PARTY ON PRIMARY HEALTH CARE, TO BE PUBLISHED SHORTLY FOR CONSULTATION, POINTED THE WAY FORWARD, SHE SAID.

WHILE MAINTAINING THAT EFFICIENT DEPLOYMENT OF RESOURCES AND EFFECTIVE IMPLEMENTATION OF POLICIES MUST ALSO DEPEND ON VIABLE PREVENTION STRATEGIES TO PROMOTE HEALTH IN THE COMMUNITY, MRS WONG FURTHER EXPLAINED THE TOBACCO TAX PROPOSALS AND REITERATED THAT "TOBACCO SMOKING IS A LEADING CAUSE OF PREVENTABLE DEATH".

SHE SAID BOTH STUDIES ELSEWHERE AND LOCAL STATISTICS DEMONSTRATED AND SUPPORTED THAT TAX WAS AN EFFECTIVE TOOL TO DISCOURAGE SMOKING, ESPECIALLY AMONG THE YOUNG.

"WORLDWIDE EXPERIENCE HAS PROVEN IT TO BE MORE EFFECTIVE THAN TRYING TO PREVENT SALE OF CIGARETTES TO YOUTHS OR TO PROHIBIT THEM FROM SMOKING.

"WHEN WE INCREASED TOBACCO TAX BY 300 PER CENT WAY BACK IN 1983, THE NUMBER OF DAILY SMOKERS FELL BY 20 PER CENT AND THE PREVALENCE OF YOUNG SMOKERS, AGED BETWEEN 15 AND 19, DROPPED BY 40 PER CENT," SHE SAID, ADDING THAT IN THE LAST COUPLE OF YEARS, HOWEVER, THE TREND FOR SMOKING AMONGST HONG KONG'S YOUNG WAS AGAIN ON THE RISE.

IN RESPONSE TO CRITICISMS TO THE TOBACCO TAX PROPOSALS, MRS WONG QUOTED A TIME HONOURED CHINESE AXIOM WHICH SAYS "GOOD MEDICINE IS BITTER AND GOOD ADVICE RESENTED".

MRS WONG SAID PERHAPS SHE SHOULD NOT BE SURPRISED AT ALL THAT THE FINANCIAL SECRETARY'S TOBACCO TAX PROPOSALS ATTRACTED UNITED HOSTILITY FROM TOBACCO BARONS, SOME SMOKERS, AND EVEN SOME LEGCO MEMBERS.

SHE SAID : "I HAVE LITTLE DOUBT THAT OBJECTIONS TO THE FINANCIAL SECRETARY'S TOBACCO TAX PROPOSALS ARE WELL MEANING, ALL CLAIMING TO PROTECT THE INTEREST OF HONG KONG PEOPLE.

"HOWEVER, WE RUN THE RISK OF DELUDING OURSELVES AND DECEIVING OTHERS IN CLAIMING, FOR EXAMPLE, THAT HIGHER TAX DEPRIVES SMOKERS OF THEIR 'PLEASURE' IN LIFE. PLEASURE IN LIFE? SMOKING CAN KILL! DEATH FROM SMOKING IS A REALITY!"

/MRS WONG

MRS WONG SAID ACCORDING TO THE WORLD HEALTH ORGANISATION, SMOKING ACCOUNTED FOR 90 PER CENT OF ALL LUNG CANCER DEATHS, 25 PER CENT OF ALL CORONARY HEART DISEASE DEATHS AND 75 PER CENT OF ALL CHRONIC BRONCHITIS AND EMPHYSEMA CASES.

"THERE HAVE ALSO BEEN MAJOR STUDIES INTERNATIONALLY ON THE ADVERSE EFFECTS OF PASSIVE SMOKING ON HEALTH. THESE HAVE FOUND THAT PASSIVE SMOKING CAUSES HEALTH PROBLEMS IN NON-SMOKERS.

"HONOURABLE MEMBERS CAN SEE HERE REAL-LIFE EXAMPLES OF ROTTEN LUNGS AND CARCINOMA OF THE LUNGS PROTRUDING FROM THE BACK," SHE SAID.

MRS WONG POINTED OUT THAT THE TOBACCO TAX PROPOSAL THOUGH NO DOUBT CONTROVERSIAL, WAS LESS SO THAN ITS DETRACTORS WOULD LIKE US BELIEVE, AND THAT NEVER BEFORE HAD A HONG KONG TAX PROPOSAL GAINED SUCH INTERNATIONAL SUPPORT.

SHE SAID CONGRATULATIONS ON HONG KONG'S COURAGEOUS, EXEMPLARY AND VISIONARY STAND POURED IN FROM THE FOUR CORNERS OF THE EARTH, INCLUDING MAJOR HEALTH ORGANISATIONS SUCH AS THE WORLD HEALTH ORGANISATION; THE ROYAL COLLEGE OF PHYSICIANS, LONDON; THE ROYAL COLLEGE OF PHYSICIANS, EDINBURGH; THE INTERNATIONAL UNION AGAINST CANCER, SWITZERLAND; THE MINISTRY OF HEALTH, SINGAPORE; AND FROM FAR AWAY PLACES LIKE THE DEPARTMENT OF CANCER PREVENTION, KAROLINSKA INSTITUTE, SWEDEN.

MRS WONG SAID THE GOVERNMENT AIMED TO ACHIEVE HEALTH FOR ALL AND MAKE HONG KONG A "HEALTHY CITY".

"AS WE SEE THINGS IN PERSPECTIVE AND MOVE A STEP AT A TIME, WE NOW LOOK FORWARD TO THE 1990'S AS A DECADE FOR HONEST APPRAISAL OF WHERE WE STAND AND WHERE WE WISH TO GO.

"NEXT YEAR, WE WILL BE HOSTING THE WORLD HEALTH ORGANISATION REGIONAL COMMITTEE FOR THE WESTERN PACIFIC.

"WE MUST CONTINUE TO SHOW THAT WE ARE WORTHY OF THIS STATUS," SHE SAID.

ON HONG KONG'S ACHIEVEMENTS IN THE AREA OF HEALTH IN RECENT YEARS, MRS WONG SAID THE TERRITORY HAD SEEN IMPORTANT DEVELOPMENTS AND REMARKABLE INCREASES BOTH IN EXPENDITURE AND IN EXPECTATIONS FROM THE COMMUNITY.

MAINTAINING THAT HEALTH FOR ALL UNDERPINNED SOCIAL EQUITY AND THAT GOOD HEALTH OF ANY COMMUNITY WAS IMPORTANT BOTH TO ITS PRODUCTIVITY AND SOCIAL STABILITY, SHE SAID HONG KONG'S HEALTH SYSTEM MUST BE ACCEPTABLE BOTH TO THE INDIVIDUAL AND TO THE COMMUNITY, AND MUST BE ACCESSIBLE, EQUITABLE, EFFECTIVE AND AT A COST THAT THE COMMUNITY COULD AFFORD.

"IN THE LAST FIVE YEARS, THE OVERALL EXPENDITURE ROSE FROM \$5 BILLION TO \$12.2 BILLION, REPRESENTING A COMPOUND RATE OF INCREASE OF ABOUT 25 PER CENT PER ANNUM.

"THERE HAVE BEEN DRAMATIC TECHNOLOGICAL ADVANCES AND EXTENSIVE DEVELOPMENTS IN SERVICES, AND OTHER ACHIEVEMENTS IN MEDICAL RESEARCH, ESPECIALLY RESEARCH IN CANCER.

"TO QUOTE JUST A FEW: ENDOSCOPIC SERVICES; DNA PROFILING, LITHOTRIPSY, BONE-MARROW TRANSPLANT AND MANY MANY MORE - ALL SIGNIFICANT LANDMARKS IN OUR MEDICAL FIELD.

"NEW TECHNOLOGY FACILITATES BETTER INVESTIGATION, DIAGNOSIS AND TREATMENT," SHE SAID.

"AS WE ENTER A NEW DECADE, WE HOPE TO USHER IN MAJOR REFORMS," SHE ADDED.

ON THE DEVELOPMENT OF TRAINED PROFESSIONALS, MRS WONG SAID THE HONG KONG ACADEMY OF MEDICINE, WHICH WOULD SERVE AS THE TERRITORY'S CENTRE OF EXCELLENCE FOR POSTGRADUATE MEDICAL EDUCATION, WAS SOON TO BE ESTABLISHED.

"WE ARE ALSO CONTINUING TO UPGRADE TRAINING FOR NURSES AND SUPPLEMENTARY MEDICAL PROFESSIONALS, ALL VITAL TO THE DELIVERY OF QUALITY PATIENT CARE," SHE SAID.

ON THE HOSPITAL AUTHORITY, MRS WONG SAID SINCE THE ENACTMENT OF HOSPITAL AUTHORITY ORDINANCE LAST DECEMBER, THE AUTHORITY HAD BEEN PREPARING TO TAKE OVER THE MANAGEMENT AND CONTROL OF PUBLIC HOSPITALS.

"ITS PROPOSALS HAVE JUST COME TO HAND AND ARE BEING CONSIDERED HAVING REGARD TO THE LEGITIMATE INTERESTS OF THE AUTHORITY, THE STAFF AND, ABOVE ALL, OUR DUTY TO THE PUBLIC.

"THE TASK AHEAD IS ARDUOUS BUT THE MISSION, IMPORTANT," SHE SAID.

SHE ADDED THAT HONG KONG TODAY HAD SOME OF THE MOST IMPRESSIVE HEALTH INDICES IN THE WORLD.

"THE INFANT MORTALITY RATE IS A LOW 5.9 PER THOUSAND LIVE BIRTHS IN 1990 COMPARED WITH 7.7 PER THOUSAND IN 1986.

"LIFE EXPECTANCY IS AN EXCEPTIONAL 75 FOR MEN AND 80 FOR WOMEN.

"WE ARE NOW FREE OF EPIDEMIC DISEASES AND OUR IMMUNISATION PROGRAMME HAS PRACTICALLY BROUGHT ALL COMMUNICABLE CHILDHOOD DISEASES UNDER CONTROL."

IN CONCLUSION, MRS WONG SAID HONG KONG HAD MUCH TO BE PROUD OF BOTH ON THE HEALTH AND WELFARE SIDE.

SHE ALSO PRAISED THE FINANCIAL SECRETARY WHOSE BUDGET THIS YEAR SHE DESCRIBED AS "AN UNFORGETTABLE ONE", ADDING THAT "THERE ARE SOME OF US WHO WILL NOT LET HIM FORGET IT".

BIG IMPROVEMENTS IN WELFARE MADE IN RECENT YEARS

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HONG KONG HAS TAKEN BIG STRIDES IN RECENT YEARS IN PROVIDING A COMPREHENSIVE SAFETY NET TO HELP THOSE IN NEED WHILST MAINTAINING ITS SIMPLE TAX STRUCTURE, THE SECRETARY FOR HEALTH AND WELFARE, THE HON ELIZABETH WONG, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

OUTLINING THE IMPROVEMENTS IN WELFARE IN RECENT YEARS IN THE RESUMED BUDGET DEBATE, MRS WONG SAID OVER THE LAST FIVE YEARS ALONE, THE TERRITORY'S ANNUAL EXPENDITURE ON SOCIAL SECURITY HAD INCREASED BY 90 PER CENT TO JUST OVER \$3.1 BILLION.

"MAJOR IMPROVEMENTS HAVE BEEN MADE IN THE PUBLIC ASSISTANCE SCHEME. A HIGHER DISABILITY ALLOWANCE HAS BEEN INTRODUCED.

"THE QUALIFYING AGE FOR OLD AGE ALLOWANCE HAS BEEN PROGRESSIVELY LOWERED TO 65. THE ALLOWANCE NOW BENEFITS 368,000 ELDERLY PEOPLE OF THE AGE 65 AND ABOVE AT AN ANNUAL COST OF \$1.6 BILLION.

"AN ADDITIONAL CHILD SUPPLEMENT WILL BE INTRODUCED THIS YEAR TO COVER THE SPECIAL NEEDS OF CHILDREN IN FAMILIES RECEIVING PUBLIC ASSISTANCE. IT IS ESTIMATED THAT NEARLY 22,000 CHILDREN WILL BENEFIT FROM THIS SUPPLEMENT," SHE SAID.

ON SERVICES, MRS WONG SAID THESE TOO HAD IMPROVED ACROSS THE BOARD.

"THE NUMBER OF CHILDREN AND YOUTH CENTRES HAS INCREASED BY 44 PER CENT TO 416 UNITS.

"SUBVENTED PLACES IN CARE-AND-ATTENTION HOMES AND HOMES FOR THE AGED HAVE DOUBLED TO JUST OVER 8,200 PLACES. THE NUMBER OF MULTI-SERVICE CENTRES AND SOCIAL CENTRES FOR THE ELDERLY HAS INCREASED FROM 10 AND 76 RESPECTIVELY TO 17 AND 121.

"ADDITIONAL AIDED DAY NURSERIES WITH 6,200 PLACES HAVE OPENED, BRINGING THE TOTAL TO 178 NURSERIES WITH NEARLY 20,000 PLACES," SHE SAID.

"NEW EFFECTIVE MODES OF SERVICE ARE BEING DEVELOPED THROUGH THE INTRODUCTION OF OCCASIONAL CHILD CARE ARRANGEMENTS AND EXTENDED OR FLEXIBLE NURSERY HOURS," SHE ADDED.

MRS WONG SAID THE FOCUS ON THE FAMILY AS THE KEY ELEMENT IN SOCIETY PREDESTINED THE STEPPING UP OF SERVICES TO HELP AND REACH OUT TO FAMILIES INCLUDING SINGLE PARENT FAMILIES, AS WELL AS THE STRENGTHENING OF SUPPORT SERVICES SUCH AS HOME HELP AND DAY CARE FOR CHILDREN.

"THESE IMPROVEMENTS ARE INDICATORS NOT ONLY OF THE SUBSTANTIAL PROGRESS THAT HAS BEEN ACHIEVED BUT ALSO PROVIDE A SOLID FOUNDATION FOR FURTHER DEVELOPMENT IN CLOSE PARTNERSHIP WITH NON-GOVERNMENTAL ORGANISATIONS," SHE SAID.

/MRS WONG

MRS WONG POINTED OUT THAT HONG KONG'S SOCIAL WELFARE POLICIES AND PLANS FOR THE FUTURE WERE STATED IN THE RECENTLY PUBLISHED WHITE PAPER ON SOCIAL WELFARE INTO THE 1990'S WHICH STOOD AS A STATEMENT OF GOVERNMENT'S COMMITMENT TO THE FUTURE DEVELOPMENT OF SOCIAL WELFARE IN HONG KONG.

ALSO, THE GOVERNMENT WOULD PUBLISH A GREEN PAPER ON REHABILITATION POLICIES AND SERVICES TO CHART THE WAY AHEAD TO FURTHER IMPROVE THE WELL-BEING OF THE DISABLED MEMBERS OF THE COMMUNITY, SHE SAID.

A WORKING PARTY, COMPRISING MAINLY NON-OFFICIALS, HAD BEEN FORMED AND WAS HARD AT WORK IN DRAFTING THE GREEN PAPER AND IT WAS HOPED THAT THE GREEN PAPER COULD BE FINALISED FOR PUBLIC CONSULTATION LATER IN THE YEAR, MRS WONG ADDED.

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HK IS A VERY SAFE CITY BY COMPARISON: S FOR S

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HONG KONG IS A VERY SAFE CITY BY ANY COMPARISON WITH CITIES OF A SIMILAR SIZE IN THE REGION OR ELSEWHERE, THE SECRETARY FOR SECURITY, THE HON. ALISTAIR ASPREY, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE RESUMED DEBATE ON THE APPROPRIATION BILL 1991, MR ASPREY SAID THE GOVERNMENT WAS DETERMINED TO MAINTAIN IT AS SUCH, FOR THE BENEFIT OF THE COMMUNITY, AND BECAUSE A SAFE AND STABLE ENVIRONMENT WAS A MAJOR FACTOR IN HONG KONG'S SUCCESS AS AN INTERNATIONAL BUSINESS CENTRE AND TOURIST DESTINATION.

"THE DISCIPLINED SERVICES PLAY A VITAL ROLE IN ENSURING HONG KONG'S SECURITY. WE HAVE DEVOTED VERY CONSIDERABLE RESOURCES TO EQUIPPING THEM FOR THIS ROLE, AND THIS WILL CONTINUE IN THE FUTURE," HE SAID.

MR ASPREY SAID HE WOULD LIKE TO ILLUSTRATE THIS WITH REFERENCE TO THE EXPENDITURE ON THE MAJOR AREAS OF SECURITY POLICY.

"OVER THE PAST FIVE YEARS, TOTAL ANNUAL EXPENDITURE ON THE POLICE HAS DOUBLED IN CASH TERMS; AN INCREASE IN REAL TERMS OF 30 PER CENT. THE GREAT MAJORITY OF THIS EXPENDITURE HAS BEEN DIRECTED AT MAINTAINING A STRONG POLICE PRESENCE ON THE STREETS," HE SAID.

THE ESTABLISHMENT OF THE FORCE HAS INCREASED PROGRESSIVELY FROM 31,000 FIVE YEARS AGO TO 34,000 TODAY.

"DESPITE RECENT PROBLEMS OF RECRUITMENT, COMMON TO OTHER ORGANISATIONS IN THE PUBLIC AND PRIVATE SECTORS, THE FORCE HAS MAINTAINED ITS OPERATIONAL EFFICIENCY AND EFFECTIVENESS AS A RESULT OF IMPROVEMENTS IN PRODUCTIVITY, THE BENEFITS OF NEW AND UPGRADED TECHNOLOGY, AND THE DEDICATION AND HARD WORK OF ITS STAFF AT ALL LEVELS," MR ASPREY SAID.

/"IN LINE

"IN LINE WITH THE GROWTH IN THE POLICE ESTABLISHMENT, THERE HAS BEEN A PARALLEL INVESTMENT IN EQUIPMENT TO ENHANCE THE CAPABILITIES OF THE FORCE," HE ADDED.

"SINCE 1986, NEARLY \$230 MILLION HAS BEEN COMMITTED TO EXPAND AND MODERNISE THE MARINE POLICE FLEET, INVOLVING THE PURCHASE OF 19 ADDITIONAL AND REPLACEMENT VESSELS.

"DURING THE SAME PERIOD, 19 NEW POLICE BUILDINGS WERE COMPLETED AND COMMISSIONED AT A COST OF OVER ONE BILLION DOLLARS; AND NEARLY \$900 MILLION WAS SPENT ON THE PROVISION OF QUARTERS FOR MARRIED JUNIOR POLICE OFFICERS, A MAJOR INCENTIVE FOR RETENTION OF TRAINED AND EXPERIENCED STAFF," THE SECRETARY SAID.

MR ASPREY NOTED THAT HONG KONG HAD AN OUTSTANDING FIRE SAFETY RECORD FOR A PREDOMINANTLY HIGH-RISE CITY.

"THE FIRE SERVICES DEPARTMENT HAS CONTINUED TO IMPROVE RESPONSE TIME TO FIRE AND OTHER EMERGENCY CALLS; LAST YEAR THE DEPARTMENT RESPONDED TO 85 PER CENT OF FIRE ALARM CALLS WITHIN SIX MINUTES, AND TO OVER 90 PER CENT OF AMBULANCE CALLS WITHIN 10 MINUTES.

"THESE IMPROVEMENTS HAVE BEEN ACHIEVED AS A RESULT OF SUBSTANTIAL NEW INVESTMENT; SINCE 1988, 18 NEW FIRE STATIONS AND EIGHT AMBULANCE DEPOTS HAVE BEEN BUILT," HE SAID.

"THIS YEAR, FOUR NEW FIRE STATIONS AND FOUR AMBULANCE DEPOTS WILL OPEN; AND THE INTRODUCTION OF A NEW COMPUTERISED COMMAND AND CONTROL SYSTEM FOR THE MOBILISATION OF FIRE VEHICLES AND AMBULANCES WILL FURTHER IMPROVE THE RESPONSE TIMES OF OUR FIRE AND AMBULANCE SERVICES," MR ASPREY SAID.

THE SECRETARY NOTED THAT THE DEMAND FOR IMMIGRATION SERVICES HAD RISEN SUBSTANTIALLY IN RECENT YEARS.

"PASSENGER TRAFFIC HAS INCREASED BY NEARLY 46 PER CENT AND CROSS BORDER VEHICLE TRAFFIC BY ABOUT 116 PER CENT IN THE PAST FIVE YEARS," HE SAID.

"THE DEMAND FOR DOCUMENTS OF VARIOUS KINDS HAS SEEN A GROWTH OF 35 PER CENT OVER THE SAME PERIOD. AT THE SAME TIME, THE ESTABLISHMENT OF THE IMMIGRATION DEPARTMENT HAS RISEN BY 22 PER CENT.

"THE DEPARTMENT HAS BEEN ABLE TO COPE WITH THIS INCREASED WORKLOAD AND OTHER MAJOR NEW COMMITMENTS, AND AT THE SAME TIME TO SHORTEN WAITING TIME, WITH ONLY MODEST INCREASES IN STAFF, AS A RESULT OF IMPROVEMENTS IN AUTOMATION AND COMPUTERISATION, AND SIMPLIFICATION IN POLICIES AND PROCEDURES," MR ASPREY ADDED.

DURING THIS PERIOD, ABOUT \$160 MILLION HAD BEEN INVESTED IN COMPUTERISATION AND THERE WAS SCOPE FOR FURTHER IMPROVEMENTS IN PRODUCTIVITY.

THE FINANCE COMMITTEE WOULD SOON BE ASKED TO APPROVE THE IMPLEMENTATION OF A NEW INFORMATION SYSTEM STRATEGY FOR THE DEPARTMENT, THE SECRETARY FOR SECURITY NOTED.

MR ASPREY SAID THE CUSTOMS AND EXCISE DEPARTMENT HAD SIMILARLY HAD TO UNDERTAKE SUBSTANTIAL ADDITIONAL COMMITMENTS IN THE PAST FEW YEARS.

/"THIS WILL

"THIS WILL CONTINUE THIS YEAR WITH THE OPENING OF THE NEW AIR CARGO TERMINAL. EXPENDITURE ON THE DEPARTMENT LAST YEAR WAS TWICE AS HIGH AS FIVE YEARS AGO, AND MORE THAN HALF OF ITS BUDGET CONTINUES TO BE DEVOTED TO THE PREVENTION AND DETECTION OF SMUGGLING," HE SAID.

THE SECRETARY SAID THE CORRECTIONAL SERVICES DEPARTMENT HAS, IN RECENT YEARS, PLACED GREATER EMPHASIS AND COMMITTED SUBSTANTIAL RESOURCES TO THE PROGRAMMES FOR THE REHABILITATION OF OFFENDERS.

THIS HAD BEEN REFLECTED IN THE IMPROVED SUCCESS RATES OF THESE PROGRAMMES, THE SECRETARY NOTED.

"THE SUCCESS RATES OF OUR DRUG ADDICTION TREATMENT CENTRES ARE ALMOST 70 PER CENT, FOR TRAINING CENTRES THE RATE IS ALSO 70 PER CENT, FOR YOUNG PRISONERS' PROGRAMMES IT IS OVER 80 PER CENT AND FOR DETENTION CENTRES WELL OVER 90 PER CENT.

THE SECRETARY SAID RECENT YEARS HAD ALSO SEEN MAJOR NEW INVESTMENT IN THE AUXILIARY AIR FORCE, WHICH WAS BEING RE-EQUIPPED AND EXPANDED TO IMPROVE ITS CAPABILITY FOR SEARCH AND RESCUE, AND TO ENABLE IT TO ASSUME NEW RESPONSIBILITIES, PARTICULARLY IN SUPPORT OF THE POLICE ON THE BORDER.

"OVER THE SIX YEARS TO 1992, SOME \$550 MILLION WILL HAVE BEEN SPENT ON NEW AIRCRAFT AND EQUIPMENT. THIS INCLUDES TWO ADDITIONAL HELICOPTERS WHICH WILL BE ENTERING SERVICE THIS YEAR.

"THERE IS LIKELY TO BE FURTHER MODEST EXPANSION IN THE FUTURE, BUT IT WILL NOT BE NECESSARY TO SUSTAIN THE SCALE OF CAPITAL EXPENDITURE OF RECENT YEARS," HE SAID.

MR ASPREY REASSURED MEMBERS OF THE LEGISLATIVE COUNCIL THAT THE GOVERNMENT WAS FULLY AWARE OF THE IMPORTANCE OF THE WORK OF THE POLICE AND THE OTHER DISCIPLINED SERVICES AND THE NEED TO ENSURE THAT THEY HAD THE RESOURCES TO DO THEIR JOB.

"AT THE SAME TIME, WE MUST ENSURE THAT THEIR RESOURCES ARE USED COST-EFFECTIVELY AND PRODUCTIVELY. AT A TIME WHEN BOTH THE LABOUR MARKET AND THE PURSE STRINGS ARE TIGHT, THIS WILL BE A MAJOR CHALLENGE IF THE PRESENT HIGH STANDARDS OF SERVICE TO THE COMMUNITY ARE TO BE MAINTAINED AND IMPROVED," HE SAID.

IN SUPPORTING THE MOTION, MR ASPREY ADDED: "IT IS A CHALLENGE WHICH I AM SURE THE SENIOR MANAGEMENT OF THE DISCIPLINED SERVICES ARE EQUAL TO."

TRANSPORT INFRASTRUCTURE INVESTMENTS COST-EFFECTIVE

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HONG KONG'S INVESTMENTS IN TRANSPORT INFRASTRUCTURE ARE COST EFFECTIVE AND PRUDENTLY SPENT, THE SECRETARY FOR TRANSPORT, THE HON MICHAEL LEUNG, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE RESUMED BUDGET DEBATE, MR LEUNG QUOTED FACTS AND FIGURES TO SHOW THAT ROAD INFRASTRUCTURE INVESTMENTS OVER THE LAST FIVE YEARS, TOTTALLING \$11 BILLION, WERE NOW BENEFITTING THE COMMUNITY.

DESPITE A SUBSTANTIAL 17 PER CENT INCREASE OF VEHICLES BETWEEN 1988 AND 1990, THE AVERAGE TRAFFIC FLOW IN THE URBAN AREAS HAD BEEN MAINTAINED AT 24 KILOMETRES PER HOUR, THANKS TO A FOUR PER CENT INCREASE IN TOTAL LANE LENGTH ON HONG KONG ROADS.

"EVEN MORE ENCOURAGING IS THE DECLINE IN ROAD ACCIDENTS FROM 2.3 ACCIDENTS FOR EVERY MILLION VEHICLE-KILOMETRE IN 1988 TO 1.9 ACCIDENTS IN 1990," MR LEUNG SAID.

ACCORDING TO INDEPENDENT PUBLIC OPINION SURVEYS CARRIED OUT BY THE CITY AND NEW TERRITORIES ADMINISTRATION, 18 PER CENT OF THE RESPONDENTS SAID TRANSPORT WAS THEIR MAJOR CONCERN IN 1988. HOWEVER, THIS FIGURE DROPPED SIGNIFICANTLY TO THREE PER CENT WHEN PEOPLE WERE ASKED THE SAME QUESTION IN 1990.

IN 1988, 11 PER CENT OF THE RESPONDENTS SAID THEY WERE CONCERNED ABOUT THE INADEQUACY OF ROAD NETWORK. THIS FIGURE DROPPED TO EIGHT PER CENT IN 1990.

"THIS SUGGESTS A GENERAL PUBLIC PERCEPTION OF LESSER CONGESTION AND SPEEDIER TRAVEL, A PERCEPTION BORNE OUT BY STATISTICS ON THE DECLINE OF TRANSPORT-RELATED COMPLAINTS, FROM 3,163 IN 1988 TO 1,924 IN 1990, A DROP OF 39 PER CENT," MR LEUNG SAID.

A BUDGET OF ABOUT \$3.2 BILLION HAD BEEN EARMARKED FOR HIGHWAYS AND TRANSPORT PROJECTS IN THE DRAFT ESTIMATES THIS YEAR. AMONG THE MAJOR PROJECTS ARE THE YUEN LONG-TUEN MUN EASTERN CORRIDOR, THE NEW TERRITORIES CIRCULAR ROAD CONNECTING AU TAU WITH FAN KAM ROAD, THE SECOND LOK MA CHAU BRIDGE, AND THE MID-LEVELS ESCALATOR LINK.

COMMENTING ON THE IMPROVEMENT TO PUBLIC TRANSPORT SERVICES, MR LEUNG SAID THE GOVERNMENT'S POLICY WOULD BE RESPONSIVE TO CHANGING NEEDS OF THE COMMUNITY.

"THAT IS WHY WE HAVE ACTIVELY ENCOURAGED THE INTRODUCTION OF AIR-CONDITIONED BUSES AND FERRIES, AND UP-MARKET SERVICES TO MEET NEW DEMANDS.

"WE BELIEVE THAT THE CUSTOMER SHOULD HAVE A CHOICE AS REGARDS QUALITY AND PRICE, AND THAT IT IS ONLY THROUGH HEALTHY COMPETITION WITHIN A WELL-REGULATED FRAMEWORK THAT IMPROVEMENTS TO SERVICE QUALITY AND STANDARDS CAN BE SPURRED," HE SAID.

IMPROVEMENTS AT THE DISTRICT LEVEL HAD NOT BEEN NEGLECTED, AND MR LEUNG DREW ATTENTION TO THE 180 FOOTBRIDGES AND PEDESTRIAN SUBWAYS WHICH HAD BEEN BUILT IN THE PAST FIVE YEARS.

LAST YEAR, 1,600 TRAFFIC MANAGEMENT SCHEMES WERE INTRODUCED TO HELP VEHICLES AND PEDESTRIANS MOVE EFFICIENTLY AND SAFELY.

THE SECRETARY FOR TRANSPORT ADDED THAT THE COMPUTERISED AREA TRAFFIC CONTROL SYSTEMS WHICH HAD EFFECTIVELY MANAGED TRAFFIC FLOW ON HONG KONG ISLAND AND KOWLOON, WOULD BE EXTENDED TO TSUEN WAN BY 1993. THE SYSTEMS HAD IMPROVED JOURNEY TIME BY ABOUT 30 PER CENT.

IN AN EFFORT TO ENHANCE EFFICIENCY AND SAVE PUBLIC RESOURCES, MR LEUNG SAID A MAJOR INITIATIVE WOULD BE TAKEN THIS SUMMER TO CONTRACT OUT THE MANAGEMENT OF THE ABERDEEN TUNNEL.

OTHER POSSIBLE AREAS FOR PRIVATISATION WITH THE AIM OF ACHIEVING BETTER VALUE FOR MONEY WERE BEING LOOKED INTO, SUCH AS THE MANAGEMENT OF PARKING METERS, VEHICLE EXAMINATION AND LICENSING.

"WE ARE ALSO KEEPING ABREAST OF THE LATEST TECHNOLOGICAL INNOVATIONS IN TRANSPORT IN OTHER PARTS OF THE WORLD TO SEE WHETHER THEY CAN BE USEFULLY APPLIED HERE TO HELP US BETTER MANAGE OUR LIMITED ROAD SPACE," MR LEUNG SAID.

THE SECRETARY FOR TRANSPORT CONCLUDED THAT IN THE LONG-TERM INTERESTS OF HONG KONG, IT WAS IMPORTANT TO SUSTAIN OUR SOCIAL AND ECONOMIC GROWTH BY CONTINUING TO INVEST IN THE TRANSPORT INFRASTRUCTURE, BETTER MANAGEMENT OF ROADS, GOOD PUBLIC TRANSPORT, AND GREATER APPLICATION OF MODERN TECHNOLOGY.

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NO INTENTION OF ERODING AUTONOMY OF TERTIARY INSTITUTIONS

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THE SECRETARY FOR EDUCATION AND MANPOWER, THE HON K.Y. YEUNG, STRESSED TODAY (WEDNESDAY) THAT THE GOVERNMENT HAS NO INTENTION OF ERODING THE AUTONOMY OF THE TERTIARY INSTITUTIONS NOR OF ASSUMING A RESPONSIBILITY THAT RIGHTLY BELONGED TO THEM.

SPEAKING AT THE CONCLUSION OF THE RESUME BUDGET DEBATE, MR YEUNG SAID HE WAS VERY CONCERNED THAT THE LEGISLATIVE COUNCIL SHOULD GAIN THE IMPRESSION THAT THE MAINTENANCE OF QUALITY AND STANDARDS AT OUR TERTIARY INSTITUTIONS WERE WHOLLY, NECESSARILY AND EXCLUSIVELY DEPENDENT UPON MONEY.

"IT SHOULD BE SAID THAT THE PRIMARY RESPONSIBILITY FOR UPHOLDING STANDARDS AT OUR INSTITUTIONS OF HIGHER EDUCATION, AND THE AUTONOMY TO DECIDE HOW THIS SHOULD BE DONE, LIES WITH THE INSTITUTIONS THEMSELVES.

"IT IS UP TO THEM TO CREATE AND FOSTER THE ENVIRONMENT THAT WILL MOTIVATE THEIR STUDENTS AND ACADEMICS IN THE PURSUIT OF EXCELLENCE. I WAS THEREFORE AMAZED TO HEAR ONE MEMBER CALLING UPON THE GOVERNMENT TO INDICATE TO THE INSTITUTIONS WHAT AREAS COULD BE CUT WITHOUT HURTING THE QUALITY OF TERTIARY EDUCATION," MR YEUNG SAID.

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HE NOTED THAT THE POINTS RAISED ON TERTIARY EDUCATION HAD FOCUSED, FIRST, ON THE FUNDING OF THE TERTIARY INSTITUTIONS AND, SECONDLY, ON THE QUALITY OF THE EDUCATION THEY PROVIDED.

HE POINTED OUT THAT ONE MEMBER HAD ARGUED THAT BY IMPOSING A CASH LIMIT ON EXPENDITURE FOR THE TERTIARY SECTOR AT THE OUTSET, THE GOVERNMENT SEVERELY LIMITED THE ROLE OF THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE (UPGC) AND FAILED TO MAKE FULL USE OF THE EXPERTISE AND EXPERIENCE OF ITS MEMBERS.

"I MUST TAKE ISSUE WITH THIS ARGUMENT," HE SAID.

THE EXISTING PROCEDURES WORKED WELL, PRECISELY BECAUSE THE GOVERNMENT STARTED OFF BY SEEKING THE ADVICE OF THE UPGC ON THE LEVEL OF PROVISION REQUIRED TO ACHIEVE APPROVED TARGETS AND STANDARDS.

MR YEUNG EXPLAINED THAT AFTER TELLING THE GOVERNMENT WHAT IT CONSIDERED THE TERTIARY INSTITUTIONS REQUIRED, THE UPGC'S REQUEST WAS CONSIDERED IN THE WIDER CONTEXT OF COMPETING DEMANDS FOR RESOURCES.

"IT IS ONLY THEN THAT WE INDICATE A PROVISIONAL CASH LIMIT AND CONSULT THE UPGC ON WHETHER OUR AIMS CAN BE ACHIEVED WITHIN THAT LIMIT.

"IN THE EVENT, AFTER CAREFUL DELIBERATION, THE UPGC CONFIRMED THAT THE CASH LIMIT FOR 1991-92, ALTHOUGH NOT IDEAL, WOULD ENABLE OUR AIMS TO BE MET IN RESPECT OF BOTH QUANTITY AND QUALITY, HE ADDED.

MR YEUNG SAID DESPITE THE VARIOUS REFERENCES TO "CUTS" AND "REDUCTIONS" BY SEVERAL LEGCO MEMBERS, THE PROVISION SOUGHT IN THE DRAFT ESTIMATES FOR RECURRENT GRANTS ALLOWED FOR SOME INCREASES IN UNIT COSTS PER PLACE AT ALL THE TERTIARY INSTITUTIONS.

AND THE LARGER DEGREE-AWARDING INSTITUTIONS WOULD RECEIVE IN RECURRENT GRANTS BETWEEN 87 PER CENT AND 99 PER CENT OF WHAT THEY HAD ASKED FOR, HE CONTINUED.

LOOKING BEYOND 1991-92 INTO THE CRITICAL TRIENNIUM AHEAD, MR YEUNG SAID THE BUDGETARY SITUATION WOULD REMAIN TIGHT AND AS ONE MEMBER QUITE RIGHTLY POINTED OUT THAT WE COULD EXPECT A CERTAIN DEGREE OF BELT-TIGHTENING.

"BUT WE WOULD NOT WISH THIS TO BE DONE AT THE EXPENSE OF QUALITY. WE HAVE ALREADY MADE A SIGNIFICANT START BY ESTABLISHING THE HONG KONG COUNCIL OF ACADEMIC ACCREDITATION FOR THE PURPOSES OF CONDUCTING DEGREE VALIDATION AND REVIEWS OF THE NON-UNIVERSITY INSTITUTIONS.

"WE ALSO RECOGNISED HOW IMPORTANT IT IS THAT THE INSTITUTIONS ARE ABLE TO ATTRACT AND RETAIN GOOD QUALITY ACADEMIC STAFF, IF THEY ARE TO MAINTAIN INTERNATIONALLY RECOGNISED STANDARDS.

"TO THIS END, WE WILL BE PROPOSING TO FINANCE COMMITTEE A DOUBLING OF THE PROVISION SOUGHT IN THE DRAFT ESTIMATES FOR RESEARCH GRANTS," HE SAID.

RESPONDING TO SOME MEMBERS' CALL FOR PARITY IN SALARIES AND CONDITIONS OF SERVICE FOR THE STAFF OF THE POLYTECHNICS AND COLLEGES WITH THOSE OF THE UNIVERSITIES, MR YEUNG SAID AS PART OF THE SUPPORTING PROPOSALS FOR ACHIEVING THE EXPANSION OF TERTIARY EDUCATION, THE UPGC HAD ALREADY ACCEPTED IN PRINCIPLE THAT A COMMON SALARY STRUCTURE SHOULD BE INTRODUCED, AT LEAST FOR ACADEMIC STAFF IN ALL THE UPGC-FUNDED INSTITUTIONS.

"WE EXPECT TO RECEIVE THE COMMITTEE'S DETAILED RECOMMENDATIONS IN TIME FOR THEM TO BE CONSIDERED IN THE COMING RESOURCE ALLOCATION EXERCISE," HE SAID.

MR YEUNG POINTED OUT THAT DURING THE DEBATE ON LAST YEAR'S BUDGET, HE REMINDED THE LEGISLATIVE COUNCIL OF THE GOVERNMENT'S STRATEGY FOR DEVELOPING EDUCATION IN THE 1990S AND THAT IT BORE REPETITION.

"WE ARE AIMING TO EXPAND THE PROVISION OF TERTIARY EDUCATION WHILE MAINTAINING ITS QUALITY, AND TO UPGRADE THE EDUCATION WE PROVIDE IN SCHOOLS.

"GIVEN THAT THERE WILL ALWAYS BE FINANCIAL CONSTRAINTS, DIFFICULT CHOICES HAVE TO BE MADE, AND WE HAVE MADE THEM," HE SAID.

HAVING REGARD TO THE URGENCY INVOLVED IN SUPPLYING THE NEEDS FOR BETTER EDUCATED MANPOWER, MR YEUNG POINTED OUT THAT THE GOVERNMENT HAD CHOSEN TO DEVOTE THE LARGER PART OF THE NEW RESOURCES ALLOCATED TO HIS PROGRAMME AREAS TO INCREASING THE PROVISION OF TERTIARY EDUCATION.

"THE DRAFT ESTIMATES OF EXPENDITURE REFLECT THIS DECISION.

"THAT SAID, IT IS SIMPLY NOT TRUE THAT WE HAVE STARVED OUR KINDERGARTENS AND SCHOOLS," HE ADDED.

MR YEUNG POINTED OUT THAT AS HE MADE CLEAR TO FINANCE COMMITTEE ON MARCH 21, THE INCREASE OF \$304 MILLION, OR 2.9 PER CENT OVER THE REVISED ESTIMATE FOR 1990-91, WAS NOT THE ONLY ADDITIONAL PROVISION THE GOVERNMENT WAS MAKING AVAILABLE FOR NEW AND IMPROVED SERVICES IN THE KINDERGARTEN AND SCHOOL SECTORS.

"FOLLOWING A RIGOROUS EXAMINATION OF ACTIVITIES AND SPENDING IN THESE AREAS, THE DIRECTOR OF EDUCATION AND I HAVE IDENTIFIED ANNUALLY RECURRENT SAVINGS RANGING FROM OVER \$200 MILLION THIS YEAR TO OVER \$600 MILLION THREE YEARS FROM NOW.

"MUCH OF THIS IS BEING PLOUGHED BACK INTO KINDERGARTEN AND SCHOOL EDUCATION BUT IT IS PERHAPS UNFORTUNATE THAT THIS DECISION WAS NOT MADE IN TIME FOR THE PROPOSED EXPENDITURE TO BE REFLECTED IN THE DRAFT ESTIMATES," HE SAID.

HE RECALLED THAT DURING THE DEBATE ON LAST YEAR'S BUDGET, HE SAID : "WITHIN THE VERY LIMITED AMOUNT OF RESOURCES ALLOCATED TO ME EACH YEAR FOR SERVICES WITHIN MY PROGRAMME AREAS, I SHALL TRY NOT TO FORGET OUR KINDERGARTENS".

MR YEUNG SAID HE HAD KEPT HIS WORD.

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"IT IS CLEAR THAT, AS A RESULT OF THE FEE REMISSION SCHEME INTRODUCED IN 1990, KINDERGARTEN EDUCATION HAS IMPROVED.

"THE AVERAGE SALARY FOR KINDERGARTEN TEACHERS HAS RISEN BY 46 PER CENT. THE NUMBER OF NEW TEACHERS HAS INCREASED BY 10 PER CENT AND APPLICATIONS FOR TRAINING HAVE GROWN SUBSTANTIALLY," HE SAID.

IN ORDER TO ACCELERATE THE PACE OF THIS IMPROVEMENT, MR YEUNG SAID THE GOVERNMENT WOULD SOON BE PUTTING TO FINANCE COMMITTEE PROPOSALS FOR DOUBLING THE PROVISION SOUGHT IN THE DRAFT ESTIMATES FOR FEE REMISSIONS.

"AS A FURTHER EXAMPLE OF WHAT WE INTEND TO ACHIEVE WITH OUR SAVINGS, WE WILL BE PUTTING TO FINANCE COMMITTEE PROPOSALS FOR INCREASING CLASSROOMS AND ANCILLARY FACILITIES AT SIXTH FORM LEVEL, FOR PROVIDING SCHOOLS WITH MORE TEACHERS AS THEY DEVELOP SECONDARY 7 CLASSES, AND FOR THE TRAINING OF TEACHERS TO COPE WITH THE TEACHING OF ADVANCE SUPPLEMENTARY-LEVEL SUBJECTS AND ADVANCE-LEVEL SUBJECTS IN CHINESE.

"WE WILL ALSO BE MAKING A START ON SOME OF THE MORE IMPORTANT RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT OF THE EDUCATION COMMISSION," HE SAID.

RESPONDING TO THE GENERAL MESSAGE CONVEYED BY THE MEMBERS IN THE DEBATE, MR YEUNG NOTED THAT THEY WERE IN FACT SAYING THE GOVERNMENT HAD NOT DONE ENOUGH FOR EDUCATION OVERALL BY COMPLAINING THE LION'S SHARE OF FUNDING WAS BEING DEVOTED TO TERTIARY EDUCATION, AND BY COMPLAINING THAT THE TERTIARY SECTOR WAS NOT RECEIVING SUFFICIENT FUNDS.

"I CANNOT LET THIS PASS," HE SAID.

HE POINTED OUT THAT 20 YEARS AGO, THERE WERE NOT EVEN ENOUGH PRIMARY SCHOOL PLACES TO GIVE EVERY CHILD IN HONG KONG A BASIC EDUCATION. ONLY ONE IN SIX COULD FIND A SUBSIDISED SECONDARY SCHOOL PLACE.

"TODAY, WE PROVIDE NINE YEARS OF FREE EDUCATION FOR ALL CHILDREN.

"UPWARDS OF 80 PER CENT OF ALL FORM 3 LEAVERS GO ON FOR TWO MORE YEARS IN SENIOR SECONDARY SCHOOL, WHILE A FURTHER 15 PER CENT ENROL IN TECHNICAL INSTITUTES AT EQUIVALENT LEVELS.

"ONE FORM 5 LEAVER IN THREE CAN OBTAIN A SUBSIDISED SIXTH FORM PLACE.

"BY THE MID-1990S, THREE OUT OF FIVE SIXTH FORMERS WILL BE ABLE TO TAKE A FIRST DEGREE COURSE," HE SAID.

MR YEUNG POINTED OUT THAT THIS MASSIVE QUANTUM OF EDUCATION WAS READILY ACCESSIBLE BECAUSE IT WAS EITHER FREE OR OVER 80 PER CENT SUBSIDISED ADDING THAT NO CHILD WAS BARRED FROM EDUCATION THROUGH LACK OF MEANS.

"HAVING RETURNED RECENTLY WITH THE EDUCATION COMMISSION FROM A VISIT TO THE UNITED STATES AND BRITAIN, I CAN CONFIDENTLY SAY THAT WE HAVE BUILT UP IN HONG KONG AN EDUCATION SYSTEM OF WHICH WE CAN ALL BE PROUD," HE CONCLUDED.

WEDNESDAY, APRIL 17, 1991

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IMPORTANCE OF PORT DEVELOPMENT STRESSED : SPEL

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HONG KONG'S STRONG TRADE RELATIONSHIP WITH CHINA AND THE CONTINUED GROWTH IN ITS ECONOMY ARE VERY MUCH DEPENDENT ON THE PROVISION OF SUFFICIENT AND EFFICIENT PORT FACILITIES.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, THE HON. GRAHAM BARNES, AT THE RESUMED BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) IN RESPONSE TO CONCERNS EXPRESSED BY SOME MEMBERS ON THE SUBJECT OF PORT DEVELOPMENT IN THE CONTEXT OF HONG KONG'S POSITION IN THE ECONOMIC GROWTH OF THE SOUTHERN PART OF CHINA AND THE PEARL RIVER DELTA.

MR BARNES NOTED THAT IN THE PORT AND AIRPORT DEVELOPMENT STRATEGY, IT HAD RECOGNISED THAT THE INDUSTRIAL PICTURE IN SOUTH CHINA AND THE PEARL RIVER DELTA HAD CHANGED DRAMATICALLY, NOT LEAST BECAUSE OF THE MASSIVE INVESTMENT BY HONG KONG ENTREPRENEURS IN THESE AREAS.

"OUR PORT DEVELOPMENT POLICY IS A POSITIVE POLICY WHICH RECOGNISED THAT THE PORT HAD RETURNED TO ITS NATURAL FUNCTION OF SERVING THE WHOLE OF SOUTH CHINA AFTER MANY YEARS OF MORE LIMITED SERVICE TO OUR OWN MANUFACTURING INDUSTRY," HE SAID.

HE POINTED OUT THAT THE PORT AND AIRPORT STRATEGY WAS PRODUCED AGAINST A BACKGROUND OF EXCEPTIONAL AND SPECTACULAR INCREASES IN THROUGHPUT GROWTH RATES, WHICH RESULTED IN HONG KONG HAVING TO ACCELERATE THE DEVELOPMENT PROGRAMME DURING THE COURSE OF ITS PREPARATION.

HE SAID MORE RECENT STATISTICS SHOWED BOTH CHANGING PATTERNS IN THE CONTAINER TRADE, AS EVER GREATER QUANTITIES OF GOODS WERE BEING BROUGHT TO THE PORT IN FULL CONTAINERS RATHER THAN BREAK-BULK, AND GENERALLY A VERY SUBSTANTIAL INCREASE OVER ALL.

THERE HAS BEEN AN OVERALL INCREASE OF 14.27 PER CENT IN THROUGHPUT IN THE PORT AND OF 15.50 PER CENT THROUGH THE CONTAINER TERMINALS BETWEEN 1989 AND LAST YEAR.

HE NOTED THAT THE DEVELOPMENT PROGRAMME OF THE GOVERNMENT WOULD PROVIDE IN THE SHORTER TERM FOR THE DEVELOPMENT OF TWO NEW FOUR-BERTH CONTAINER TERMINALS - CONTAINER TERMINAL 8 (CT8) AT STONECUTTERS ISLAND; AND TERMINAL 9, PROBABLY AT TSING YI.

THE FIRST BERTH OF CT8 IS EXPECTED TO BE IN OPERATION BY THE END OF 1993 AND WHOSE OPERATORS WILL INCLUDE, FOR THE FIRST TIME, SIGNIFICANT PARTICIPATION FROM CHINESE INTERESTS, "REFLECTING THE INCREASING VOLUME OF CHINESE CARGOES USING HONG KONG'S PORT".

MR BARNES ALSO POINTED OUT THAT BY THE END OF 1995, HONG KONG WOULD NEED TO HAVE THE FIRST BERTH OF TERMINAL 9 READY IF CARGO CONTINUED TO GROW AT ITS PRESENT AND FORECAST RATE.

HE SAID THE GOVERNMENT WAS ALREADY WELL ADVANCED ON THE TECHNICAL FEASIBILITY STUDIES AND WAS EXAMINING THE MOST EFFECTIVE LAYOUT OF THE TERMINAL AND ITS ADJACENT AREA.

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ON DEVELOPMENT PROGRESS BEYOND TERMINAL 9, MR BARNES SAID IT WOULD DEPEND ON GROWTH IN PORT THROUGHPUT, TRENDS IN WORLD SHIPPING AND THE TRADING NEEDS OF THE PORT WHICH WAS AN AREA WHERE THE PORT DEVELOPMENT BOARD WOULD PLAY A SIGNIFICANT PART.

MR BARNES SAID THE PORT OF HONG KONG WAS SIGNIFICANT IN WORLD TERMS. IT IS A MAJOR CARGO CENTRE AND ATTRACTS MAINLINE SHIPPING OPERATIONS FROM ALL ITS PRINCIPAL MARKETS.

"AS OUR DOMESTIC ECONOMY MATURES, SOUTHERN CHINA CONTINUES TO INDUSTRIALISE, AND THE DEMANDS OF LOCAL AND CHINESE CARGO ON OUR PORT INCREASE, IT IS IMPORTANT THAT WE STAND READY TO MEET THOSE DEMANDS BY CONTINUING TO PROVIDE EFFICIENT AND COST EFFECTIVE PORT FACILITIES OF THE RIGHT TYPE, IN THE RIGHT PLACE, AND AT THE RIGHT TIME," HE STRESSED.

ON OTHER ISSUES, MR BARNES SAID THE GOVERNMENT EXPECTED TO PUBLISH THE COMPLETED METROPLAN, THE COMPREHENSIVE PLANNING FRAMEWORK FOR THE METROPOLITAN AREAS, AT THE BEGINNING OF JUNE.

MR BARNES SAID THE PUBLICATION OF THE DOCUMENT HAD BEEN A VERY REWARDING EXERCISE AS BOTH PRIVATE AND PUBLIC SECTOR DEVELOPERS WERE GRADUALLY ACCEPTING THE METROPLAN AND ITS PRINCIPLES AS A BROAD FRAMEWORK ON WHICH TO PLAN DEVELOPMENT SCHEMES.

HE SAID LIKE OTHER MAJOR CITIES, SUCH A FRAMEWORK WAS VITALLY NECESSARY FOR DECISIONS TO BE MADE ON THE LOCAL PLANNING OF NEW RECLAMATIONS, LAND DEVELOPMENT CORPORATION SCHEMES AND HOUSING AUTHORITY REDEVELOPMENTS.

"AND TO MAKE SENSE THIS MUST BE PART OF A COHERENT WHOLE AND A FRAMEWORK IS ALSO NECESSARY FOR DETERMINATION OF HEIGHTS AND LIMITATIONS ON DENSITIES OF NEW BUILDINGS, WHEN AIRCRAFT OPERATIONS HAVE MOVED AWAY AND ALSO IN REALISING THE ENORMOUS ASSET REPRESENTED BY THE LAND AT KAI TAK AIRPORT AND ADJOINING RECLAMATIONS WHEN THESE BECOME AVAILABLE FOR DEVELOPMENT," HE ADDED.

ON THE SUBJECT OF ENVIRONMENT, MR BARNES SAID AMONG THE ACHIEVEMENTS OF LAST YEAR, THE FOREMOST ONE WAS THE MASSIVE IMPROVEMENT IN AIR QUALITY ACHIEVED BY THE REDUCTION OF SULPHUR CONTENT IN FUEL OIL.

HE POINTED OUT THAT THE MEASURE WAS TO RESOLVE THE WORST AIR POLLUTION AFFECTING PEOPLE'S HOMES AND THE GOVERNMENT WAS NOW MOVING SYSTEMATICALLY TO THE NEXT WORST FORM OF POLLUTION WHICH WAS POLLUTION BY VEHICLE EXHAUSTS AT STREET LEVEL.

"UNLEADED PETROL HAS NOW BEEN ON SALE FOR 16 DAYS AND THE ESTIMATE IS THAT SOME 51 PER CENT OF PETROL DRIVEN CARS ARE USING IT SO FAR AND THE NUMBER IS INCREASING, THANKS AT LEAST PARTLY TO THE DUTY DIFFERENTIAL.

"DURING THE COURSE OF THIS YEAR WE WILL ALSO BE INCREASING THE NUMBER OF SMOKY VEHICLES SENT FOR INSPECTIONS AND ADJUSTMENT, AND LAYING DOWN MUCH HIGHER EXHAUST EMISSION DESIGN STANDARDS FOR NEW CARS, BOTH PETROL AND DIESEL FUELLED.

"WE WILL ALSO BE REVIEWING THE LONG-TERM ACCEPTABILITY OF DIESEL FUELLING IN DIFFERENT CLASSES OF VEHICLES," HE SAID.

ON WATER POLLUTION CONTROL, MR BARNES NOTED THAT THE ENACTMENT OF THE WATER POLLUTION CONTROL (AMENDMENT) ORDINANCE REMOVING THE EXEMPTION FOR LICENSING OF THE DISCHARGES OF EXISTING FACTORIES AND ABOLISHING THE 30 PER CENT PERMITTED INCREASE OF DISCHARGES WAS A MAJOR ACHIEVEMENT, BUT IT WAS MADE MORE SO BY THE EXTREMELY CONSTRUCTIVE DISCUSSIONS WITH INDUSTRY WHICH PRECEDED IT.

HE WAS OF THE VIEW THAT THESE DISCUSSIONS WERE A GOOD LESSON FOR BOTH THE GOVERNMENT AND THE INDUSTRIAL SIDE AND AUGUR WELL FOR THE IMPROVEMENT OF THE ENVIRONMENT.

HE REPORTED GOOD PROGRESS WAS ALSO MADE IN PLANNING THE SEWAGE CONSTRUCTION PROGRAMME.

"THE SITUATION IS THAT THE REGIONAL SEWERAGE MASTER PLAN STUDIES ARE BEING COMPLETED ON TIME AND FUNDS ARE AVAILABLE TO IMPLEMENT THE SEWERAGE IMPROVEMENT WORKS ARISING THEREFROM. "SITE INVESTIGATIONS AND SURVEYS FOR THE CONSTRUCTION OF THE SEWAGE STRATEGY DISPOSAL SCHEME ARE ALSO WELL UNDER WAY AND DETAILED DESIGN FOR THE KOWLOON SYSTEM WILL START LATER THIS YEAR," HE ADDED.

MR BARNES SAID THE GOVERNMENT EXPECTED TO SIGN AN AGREEMENT RELATING TO INVESTIGATION OF THE DEEP WATER OUTFALL IN GUANGDONG THIS WEEK AND CONSTRUCTION PROGRAMMES FOR THE LATTER STAGES OF THE SEWAGE STRATEGY DISPOSAL SCHEME WOULD BE FINALISED IN DECEMBER NEXT YEAR AFTER THE RESULTS OF THE CONSULTANCY STUDIES WERE KNOWN.

TURNING TO THE SUBJECT OF FLAT SPECULATION, MR BARNES SAID SPECULATION AND BUYING FOR APPRECIATION OF THE INVESTMENT HAD ALWAYS BEEN A FEATURE OF HONG KONG'S BUOYANT PROPERTY MARKET.

HE POINTED OUT THAT THE RECENT INTEREST IN THE RESIDENTIAL PROPERTY MARKET SEEMED TO BE MAINLY CONCENTRATED ON PRE-SALES OF NEW LARGE-SCALE, WELL PLANNED DEVELOPMENTS IN WHICH THE PROSPECT FOR PRICE APPRECIATION WAS LIKELY TO BE GREATER THAN IN SMALL DEVELOPMENTS.

HE SAID IT WAS DOUBTFUL WHETHER THE PRESENT LEVEL OF PROPERTY SPECULATION WAS EQUALLY WIDESPREAD IN ALL SECTORS AND IN ALL TYPES OF DEVELOPMENTS.

HE ADDED THAT THESE PROPERTIES WERE ALSO THOSE FOR WHICH THE LAND OFFICERS CONSENT SCHEME AFFORDED THE MOST OPPORTUNITIES FOR CONTROL, AND CONSIDERABLY IMPROVED PROCEDURES FOR NEW SALES HAD BEEN INTRODUCED RECENTLY WITH THE AGREEMENT AND ASSISTANCE OF THE REAL ESTATE DEVELOPERS ASSOCIATION.

ALTHOUGH THESE HAD BEEN PRIMARILY AIMED AT PRESERVING PUBLIC ORDER, THEY ALSO INVOLVED THE RAISING OF THE LOW INITIAL DEPOSIT, WHICH HAD HITHERTO ALLOWED MORE WIDESPREAD SPECULATION AT A MINIMUM RISK TO THE SPECULATORS.

"IN A SITUATION WHERE THERE IS A WIDE RANGE OF ALL TYPES OF PROPERTY FOR HOME-BUYERS TO CHOOSE FROM, AND IN WHICH LARGE NUMBERS OF HOME-BUYERS ARE SEEKING TO UPGRADE THEIR HOMES RATHER THAN TO BUY THEIR FIRST FLAT, I AM AFRAID THAT I AM STILL NOT PERSUADED THAT THE OVERALL PUBLIC INTEREST WOULD BE SERVED BY MORE EXPENSIVE BUREAUCRATIC INTERVENTION BEYOND THAT WHICH HAS BEEN AGREED," HE EXPLAINED.

IN RESPONSE TO CONCERNS BY SOME SECTORS OF THE COMMUNITY OVER THE ACTIVITIES OF PROPERTY AGENCIES, MR BARNES SAID THE INDEPENDENT COMMISSION AGAINST CORRUPTION HAD ALREADY DONE SOME STUDIES ON THE SUBJECT AND HAD PASSED THE FINDINGS TO BOTH THE GOVERNMENT AND THE CONSUMER COUNCIL.

"THE CONSUMER COUNCIL IS EXAMINING THE ISSUE, NOT ONLY IN THE CONTEXT OF PROPERTY AGENCIES' INVOLVEMENT IN SPECULATIVE ACTIVITIES, BUT ALSO IN RELATION TO COMPLAINTS ABOUT MALPRACTICE. THE GOVERNMENT WILL STUDY THE COUNCIL'S RECOMMENDATIONS VERY CAREFULLY WHEN WE RECEIVE THEM," HE SAID.

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\$10 BILLION COMMITTED TO HOUSING AUTHORITY: SHA

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THE GOVERNMENT HAS COMMITTED \$10 BILLION, IN THE FORM OF CAPITAL INJECTION, TO THE HOUSING AUTHORITY FOR THE IMPLEMENTATION OF THE LONG TERM HOUSING STRATEGY, THE SECRETARY FOR HOME AFFAIRS, THE HON PETER TSAO, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED BUDGET DEBATE IN ADDITION TO THIS, MR TSAO SAID, THE GOVERNMENT WOULD CONTINUE TO CONTRIBUTE TOWARDS THE DEVELOPMENT OF PUBLIC HOUSING BY MAKING SITES AVAILABLE AND PROVIDING THE SUPPORTING INFRASTRUCTURE.

HE SAID UP TO 1990-91, A TOTAL OF ABOUT \$8 BILLION OF THE COMMITMENT HAD BEEN SPENT AND HE EXPECTED THE BALANCE TO BE FULLY DRAWN DOWN THIS YEAR.

IN ANOTHER TWO YEARS OR SO, MR TSAO NOTED, THE HOUSING AUTHORITY SHOULD BE FULLY SEFL-FINANCING.

HE SAID HE HOPED THIS DEMONSTRATED PRUDENT PLANNING AND MANAGEMENT WHILST ALLOWING THE HOUSING AUTHORITY TO MAKE A VERY SIGNIFICANT CONTRIBUTION TO THE WELFARE OF A VERY LARGE NUMBER OF LOW-INCOME HOUSEHOLDS.

MR TSAO SAID IN THE LAST FIVE YEARS, THE HOUSING AUTHORITY HAD PRODUCED WELL OVER 153,000 RENTAL FLATS AND INCURRED CAPITAL EXPENDITURE OF OVER \$21 BILLION.

"OVER THE SAME PERIOD, THE HOME OWNERSHIP SCHEME PROGRAMME HAS PRODUCED ABOUT 40,000 FLATS AND INCURRED CAPITAL EXPENDITURE OF OVER \$6.9 BILLION.

"THIS IS ALL PUBLIC EXPENDITURE IN THE BROAD SENSE OF THE WORD, AND IS A SUBSTANTIAL COMMITMENT BY ANY STANDARD," HE SAID.

IN THE NEXT FIVE YEARS, MR TSAO SAID, A TOTAL OF ABOUT 59,000 HOME OWNERSHIP SCHEME FLATS AND 27,000 PRIVATE SECTOR PARTICIPATION SCHEME FLATS WOULD BE PRODUCED.

"THE HOME PURCHASE LOAN SCHEME, WHICH TAPS PRIVATE SECTOR RESOURCES, HAS ALSO PROVED TO BE A VERY USEFUL SUPPLEMENT TO THE HOUSING PROGRAMME.

"IN ADDITION, THERE IS THE PROPOSED SALE OF PUBLIC RENTAL FLATS TO SITTING TENANTS, WHICH WILL HELP INCREASE HOME OWNERSHIP WITHOUT RECOURSE TO NEW PRODUCTION.

"ALL THESE COMBINED EFFORTS WILL ENHANCE HONG KONG'S HOME OWNERSHIP GROWTH IN THE NEXT DECADE," MR TSAO SAID.

IN THIS CONNECTION, HE FELT CONFIDENT THAT COUNCILLORS WOULD AGREE THAT "RESOURCES ALLOCATED TO THIS SOCIAL PROGRAMME CONSTITUTE MONEY WELL SPENT, AND THE REHOUSING OF NEARLY HALF A MILLION PEOPLE, SINCE THE INCEPTION OF THE HOME OWNERSHIP PROGRAMME IN 1978, WAS NO MEAN ACHIEVEMENT.

TURNING TO BUILDING MANAGEMENT, MR TSAO SAID AMENDMENTS WERE BEING PROPOSED TO THE MULTI-STOREY BUILDINGS (OWNERS INCORPORATION) ORDINANCE.

"THE MAJOR ONES INCLUDE NEW PROVISIONS TO SUPERSEDE UNFAIR CLAUSES IN DEEDS OF MUTUAL COVENANT.

"IT IS INTENDED TO PUBLISH THE AMENDMENT BILL IN THE FORM OF A WHITE BILL, AND GIVE THE PUBLIC A THREE-MONTH PERIOD TO COMMENT ON THESE NEW PROVISIONS," HE SAID.

AT PRESENT, MR TSAO SAID, THERE WERE 10 DISTRICT BUILDING MANAGEMENT CO-ORDINATION TEAMS WORKING ON A TOTAL OF 270 TARGET BUILDINGS.

"CONSIDERATION WILL BE GIVEN TO BETTER SYNCHRONISE THE WORK OF THESE TEAMS WITH THOSE OF THE HOTEL AND GUESTHOUSE LICENSING OFFICE, IN ORDER TO MAKE CO-ORDINATED IMPROVEMENTS TO BUILDINGS WITH GUESTHOUSES, PRIVATE CLUBS AND ALSO BEDSPACE APARTMENTS.

"A SUM OF \$500,000 HAS ALSO BEEN EARMARKED IN 1991-92 TO ORGANISE PRIVATE BUILDING MANAGEMENT PUBLICITY CAMPAIGNS, SEMINARS, TRAINING COURSES AND THE PUBLICATION OF EDUCATIONAL MATERIALS," MR TSAO SAID.

AS TO BEDSPACE APARTMENT TENANTS OR THE SO-CALLED "CAGED-MEN", MR TSAO SAID LEGISLATIVE CONTROLS ON FIRE AND BUILDING SAFETY WERE NOW BEING DRAFTED AND THAT THE CITY AND NEW TERRITORIES ADMINISTRATION HAD SECURED \$60 MILLION IN DONATIONS TOWARDS A PRIVATE SECTOR PROJECT TO PROVIDE SINGLETON HOSTELS TO BE MANAGED BY VOLUNTARY AGENCIES.

HE ADDED THAT A BEDSPACE LICENSING SCHEME WOULD BE INTRODUCED, BUT ONLY WHEN SUFFICIENT NUMBERS OF LODGERS HAD BEEN SUITABLY REHOUSED.

TO FURTHER PROTECT THE SAFETY OF THE PUBLIC, TWO CONTROL SCHEMES UNDER THE HOTEL ACCOMMODATION BILL AND THE CLUBS (SAFETY OF PREMISES) BILL, WOULD BE ENFORCED BY PROFESSIONAL STAFF SECONDED TO THE CNTA TO ACHIEVE A HIGHER DEGREE OF COMMUNAL SAFETY.

MR TSAO ALSO SAID IT WAS THE GOVERNMENT'S LONG-TERM OBJECTIVE TO PHASE OUT RENT CONTROLS.

"SINCE 1981, AMENDING LEGISLATION HAS BEEN PASSED BY THIS COUNCIL, ON AN ANNUAL BASIS, TO RAISE CONTROLLED RENTS PROGRESSIVELY, TO BRING THEM CLOSER TO PREVAILING MARKET LEVELS AND EVENTUALLY TO PERMIT COMPLETE DECONTROL WITHOUT CAUSING SOCIAL OR ECONOMIC PROBLEMS.

"THE ANNUAL REVISION EXERCISE IS AGAIN UNDERWAY AND I SHALL BE INTRODUCING LATER THIS YEAR FURTHER AMENDING LEGISLATION TO ADJUST THE LEVEL OF RENT CONTROLS.

"I HOPE THEN TO BE IN A POSITION TO GIVE SOME INDICATION OF WHEN TOTAL DECONTROL UNDER PART TWO OF THE ORDINANCE CAN BE ACHIEVED," MR TSAO SAID.

TURNING TO THE FUNDING FOR THE ARTS, MR TSAO PLEDGED THE GOVERNMENT'S CONTINUED COMMITMENT TO THEIR DEVELOPMENT.

"ALTHOUGH FUNDING FOR THE PERFORMING ARTS HAS BEEN FROZEN AT \$35 MILLION THIS YEAR, THIS SHOULD BE SEEN IN THE CONTEXT OF A 100 PER CENT INCREASE SINCE 1987-88, AND THE FACT THAT THE URBAN COUNCIL, RATHER THAN THE COUNCIL FOR THE PERFORMING ARTS, NOW FUNDS THE PHILHARMONIC ORCHESTRA.

"AS A RESULT, DURING THIS SAME PERIOD, SUBVENTION FOR GROUPS SUPPORTED BY THE COUNCIL FOR THE PERFORMING ARTS INCREASED BY OVER 300 PER CENT AND THE NUMBER OF INDIVIDUAL PROJECTS SUPPORTED INCREASED BY OVER 200 PER CENT.

"THIS RAPID RATE OF INCREASE CANNOT OF COURSE BE SUSTAINED INDEFINITELY," MR TSAO STRESSED.

IN THIS CONTEXT, HE SAID THE ESTABLISHED GROUPS WOULD NEED TO EARN MORE INCOME THROUGH BOX-OFFICE RECEIPTS AND SPONSORSHIP, SO THAT PUBLIC SUPPORT COULD BE EXTENDED TO NEW PERFORMING GROUPS.

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BILL TO EFFECT ON TAX RISE FOR VEHICLES INTRODUCED

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THE MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1991 SEEKS TO GIVE LEGISLATIVE EFFECT TO THE PROPOSALS IN THIS YEAR'S BUDGET TO INCREASE THE TAX RATES FOR PRIVATE CARS, GOODS VEHICLES, AND MOTOR CYCLES AND MOTOR TRICYCLES TO SERVE FISCAL PURPOSES, AND IN RESPECT OF GOODS VEHICLES, IN ADDITION TO SERVE TRAFFIC RESTRAINT PURPOSES.

THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID THIS WHEN MOVING THE SECOND READING OF THE BILL IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SIR PIERS SAID LIGHT VANS NOT EXCEEDING 1.9 TONNES HAD OFTEN BEEN PURCHASED FOR BOTH PRIVATE PASSENGER AND GOODS USE FOR SOME YEARS.

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OWNERS OF LIGHT VANS WHICH HAD BEEN USED FOR PRIVATE PASSENGER PURPOSES HAD BEEN ABLE TO TAKE ADVANTAGE OF THE LOWER RATE OF FIRST REGISTRATION TAX AND ANNUAL LICENCE FEES INTENDED FOR GOODS VEHICLES.

THE EFFECTIVENESS OF EXISTING TRANSPORT MEASURES TO DISCOURAGE PRIVATE CAR OWNERSHIP WAS THUS UNDERMINED.

"TO REMEDY THIS SITUATION, IT IS PROPOSED TO INCREASE THE TAX ON VAN-TYPE LIGHT GOODS VEHICLES NOT EXCEEDING 1.9 TONNES IN WEIGHT 3.6 TIMES, TO THE SAME RATE AS THAT FOR PRIVATE CARS, AND TO DOUBLE THE TAX ON VANS WEIGHING MORE THAN 1.9 TONNES.

"A SIMILAR INCREASE IN LICENCE FEES FOR VANS WILL ALSO BE INTRODUCED LATER IN THE FEES INCREASE (1991 BUDGET) BILL 1991," HE SAID.

SIR PIERS SAID AFTER THESE MEASURES, THE TOTAL NUMBER OF LICENCED GOODS VEHICLES WAS ESTIMATED TO FALL TO 22 PER CENT LESS THAN THE UNRESTRAINED PROJECTED NUMBER.

THE COST IMPACT ON BUSINESSES USING THESE VEHICLES FOR GOODS TRANSPORT WAS NOT EXPECTED TO BE SIGNIFICANT BECAUSE OF THE SMALL PROPORTION OF TRANSPORT SERVICES TO TOTAL BUSINESS COSTS.

HE SAID THE PROPOSED RATES OF MOTOR VEHICLE FIRST REGISTRATION TAX WERE 90 PER CENT FOR BASIC CAR, 105 PER CENT FOR A SEMI-LUXURY CAR, 120 PER CENT FOR A LUXURY CAR, 35 PER CENT FOR A GOODS VEHICLE OTHER THAN A VAN, 90 PER CENT FOR A VAN NOT EXCEEDING 1.9 TONNES, 50 PER CENT FOR A VAN EXCEEDING 1.9 TONNES, AND 35 PER CENT FOR MOTOR CYCLES AND MOTOR TRICYCLES.

"THE IMPLEMENTATION OF THESE PROPOSALS WILL RESULT IN AN ESTIMATED ADDITIONAL \$460 MILLION IN 1991/92. THERE ARE NO STAFFING IMPLICATIONS," HE ADDED.

DEBATE ON THE BILL WAS ADJOURNED.

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BILL TO EFFECT TRANSPORTATION FEES INCREASE INTRODUCED

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A BILL TO GIVE LEGISLATIVE EFFECT TO THE PROPOSALS IN THIS YEAR'S BUDGET TO INCREASE MARINE BERTHING AND PASSENGER EMBARKATION FEES, THE TOLLS FOR THE ABERDEEN AND SHING MUN TUNNELS, DRIVING AND ANNUAL LICENCE FEES AND TO TAX-LOAD THE TRANSFER OF VEHICLE OWNERSHIP FEE IS INTRODUCED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE FEES INCREASE (1991 BUDGET) BILL 1991, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID: "EXCEPT FOR THE VEHICLE OWNERSHIP TRANSFER FEE, THE PROPOSED INCREASES SERVE MAINLY TO MAINTAIN REVENUE YIELDS IN LINE WITH INFLATION.

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"THE INCREASE IN THE ANNUAL LICENCE FEES FOR VANS NOT EXCEEDING 1.9 TONNES IN WEIGHT AND VANS WEIGHING MORE THAN 1.9 TONNES IS CONSISTENT WITH THE PROPOSED RESTRUCTURING OF THE FIRST REGISTRATION TAX ON GOODS VEHICLES IN THE MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1991."

SIR PIERS POINTED OUT THAT THE ESTIMATED ADDITIONAL REVENUE FROM THESE MEASURES WAS \$492 MILLION IN THE CURRENT FINANCIAL YEAR AND THERE WERE NO STAFFING IMPLICATIONS.

DEBATE ON THE BILL WAS ADJOURNED.

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CRIMES (AMENDMENT) BILL 1991 INTRODUCED
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A BILL WHICH GIVES EFFECT TO A MOTION ON DECRIMINALISATION OF PRIVATE HOMOSEXUAL ACTS BY CONSENTING ADULT MALES APPROVED BY THE LEGISLATIVE COUNCIL IN JULY LAST YEAR WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE CRIMES (AMENDMENT) BILL 1991, THE SECRETARY FOR SECURITY, THE HON ALISTAIR ASPREY, SAID THE PROVISIONS OF THE BILL FOLLOWED CLOSELY THE MAIN RECOMMENDATIONS OF THE 1983 LAW REFORM COMMISSION REPORT ON LAWS GOVERNING HOMOSEXUAL CONDUCT.

HE SAID THE ESSENTIAL PURPOSES OF THE BILL WERE TO DECRIMINALISE CONSENSUAL HOMOSEXUAL ACTS COMMITTED IN PRIVATE BY ADULT MALES; BUT, AT THE SAME TIME, TO SAFEGUARD STANDARDS OF PUBLIC DECENCY; AND TO PROVIDE ADEQUATE SAFEGUARDS AGAINST THE SEXUAL EXPLOITATION AND CORRUPTION OF OTHERS, PARTICULARLY THE YOUNG AND THOSE WHO WERE OTHERWISE VULNERABLE.

THE MOTION ON DECRIMINALISATION OF PRIVATE HOMOSEXUAL ACTS BY CONSENTING ADULT MALES WHICH WAS PASSED LAST YEAR PROVIDED THAT MEASURES BE TAKEN TO REMOVE THE CRIMINAL PENALTIES RELATING TO HOMOSEXUAL ACTS COMMITTED IN PRIVATE BY CONSENTING MEN WHO HAD REACHED THE AGE OF 21; AND TO EXTEND TO MEN AND BOYS WHERE APPROPRIATE THE PROTECTION FROM SEXUAL EXPLOITATION AFFORDED TO WOMEN AND GIRLS.

MR ASPREY POINTED OUT THAT DECRIMINALISATION OF HOMOSEXUAL ACTS PER SE WAS EFFECTED BY CLAUSE 26, WHICH WOULD REPEAL SECTIONS 49 TO 53 OF THE OFFENCES AGAINST THE PERSON ORDINANCE, AND BY CLAUSE 3 WHICH WOULD ABOLISH THE COMMON LAW OFFENCE OF BUGGERY.

HE ADDED THAT CLAUSE 3 WOULD ALSO ADD NEW SECTIONS TO THE CRIMES ORDINANCE DEFINING THE CIRCUMSTANCES IN WHICH A HOMOSEXUAL ACT WOULD REMAIN A CRIMINAL OFFENCE.

THESE CIRCUMSTANCES WERE:

* WHERE THE ACT WAS NON-CONSENSUAL;

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- * WHERE THE ACT WAS COMMITTED WITH OR BY A MAN UNDER THE AGE OF 21;
- * WHERE THE ACT WAS COMMITTED WITH A DEFECTIVE; AND
- * WHERE THE ACT WAS COMMITTED OTHERWISE THAN IN PRIVATE.

MR ASPREY SAID THE BILL WOULD ALSO EXTEND TO MEN AND BOYS MOST OF THE PRESENT PROVISIONS OF THE CRIMES ORDINANCE WHICH WERE DESIGNED TO OFFER WOMEN AND GIRLS PROTECTION FROM SEXUAL EXPLOITATION.

"A NUMBER OF EXISTING OFFENCES DESIGNED FOR THE PROTECTION OF FEMALES REFER TO 'UNLAWFUL SEXUAL INTERCOURSE', WHICH MEANS, ESSENTIALLY, INTERCOURSE OTHERWISE THAN BETWEEN A MAN AND HIS WIFE.

"A PERSON WHO HAS UNLAWFUL SEXUAL INTERCOURSE DOES NOT NECESSARILY COMMIT AN OFFENCE.

"HOWEVER, IN CERTAIN CIRCUMSTANCES SUCH AN ACT WILL AMOUNT TO AN OFFENCE; FOR EXAMPLE, IF THE ACT IS PROCURED BY THREATS, OR FALSE PRETENCES, OR OBTAINED BY THE ADMINISTRATION OF DRUGS," HE SAID.

THE SECRETARY ADDED THAT CLAUSE 2 INTRODUCED THE TERM "UNLAWFUL SEXUAL ACT" TO REPLACE "UNLAWFUL SEXUAL INTERCOURSE" IN THOSE OFFENCES WHICH WOULD BE EXTENDED TO PROTECT MALES AND FEMALES EQUALLY FROM SEXUAL ABUSE.

"AN 'UNLAWFUL SEXUAL ACT' WILL INCLUDE UNLAWFUL SEXUAL INTERCOURSE AND ALSO HOMOSEXUAL ACTS.

"BY DESCRIBING SUCH ACTS AS 'UNLAWFUL SEXUAL ACTS' AND DESIGNATING THEM AS IMMORAL FOR THE PURPOSES OF SECTION 147 OF THE ORDINANCE, WHICH RELATES TO SOLICITING FOR IMMORAL PURPOSES, IT IS MADE CLEAR THAT THEY ARE NOT ACTS WHICH THE LAW CONDONES OR WILL SUPPORT," HE SAID.

THE SECRETARY FOR SECURITY POINTED OUT THAT THE BILL WOULD ALSO EXTEND TO MEN AND BOYS THE PROTECTION CURRENTLY AFFORDED TO WOMEN AND GIRLS IN RELATION TO PROSTITUTION.

THIS WAS ACHIEVED BY DELETING REFERENCE TO THE SEX OF THE PROSTITUTE OR PERSON LIVING ON THE EARNINGS OF PROSTITUTION.

"CLAUSE 7 EXTENDS THE OFFENCE OF INDECENT ASSAULT IN SECTION 122 OF THE CRIMES ORDINANCE TO PROTECT MALES AS WELL AS FEMALES.

"IT ALSO INCREASES THE MAXIMUM PENALTY FOR SUCH AN OFFENCE FROM FIVE TO 10 YEARS' IMPRISONMENT," HE SAID.

MR ASPREY NOTED THAT THIS WAS IN LINE WITH THE PENALTY FOR INDECENT ASSAULT ON A MAN UNDER SECTION 50(B) OF THE OFFENCES AGAINST THE PERSON ORDINANCE, A SECTION WHICH WAS REPEALED BY THE BILL.

"THE PSYCHOLOGICAL TRAUMA INFLICTED BY THE WORST CASE OF INDECENT ASSAULT CAN BE LITTLE DIFFERENT FROM THAT INFLICTED BY RAPE, AND IT IS CONSIDERED MORE APPROPRIATE TO INCREASE THE PROTECTION GIVEN TO WOMEN THAN TO DECREASE THE PROTECTION GIVEN TO MEN."

CLAUSE 20 AMENDED SECTION 146 OF THE CRIMES ORDINANCE, WHICH DEALT WITH INDECENT CONDUCT TOWARDS A CHILD UNDER 14, TO BRING CHILDREN BETWEEN 14 AND 16 WITHIN ITS PROTECTION.

"THIS BRINGS THE SECTION INTO LINE WITH SECTION 122 OF THE ORDINANCE WHICH PROVIDES THAT A CHILD UNDER 16 CANNOT GIVE CONSENT TO AN INDECENT ASSAULT WHICH WOULD PREVENT THE ASSAULT BEING AN OFFENCE," HE SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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BILL TO EFFECT TAX CONCESSIONS INTRODUCED
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THE INLAND REVENUE (AMENDMENT) (NO. 3) BILL 1991 SEEKS TO GIVE LEGISLATIVE EFFECT TO THE TAXATION CONCESSIONS PROPOSED IN THIS YEAR'S BUDGET, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL, SIR PIERS SAID THE BILL PROVIDED FOR A SIMPLIFIED FOUR-BAND SCALE AT THE NEW MARGINAL RATES OF TWO PER CENT FOR THE FIRST \$20,000 OF NET CHARGEABLE INCOME, NINE PER CENT AND 17 PER CENT FOR THE SECOND AND THIRD \$20,000 AND 25 PER CENT FOR THE REMAINDER.

"TAXPAYERS WITH LOWER INCOME STAND TO BENEFIT MOST.

"FURTHERMORE, THE BASIC AND MARRIED PERSON'S ALLOWANCES ARE INCREASED FROM \$32,000 AND \$66,000 TO \$34,000 AND \$68,000 RESPECTIVELY," HE SAID.

THE FINANCIAL SECRETARY SAID THE COST TO GENERAL REVENUE OF IMPLEMENTING THESE PROPOSALS WAS ESTIMATED TO BE APPROXIMATELY \$340 MILLION IN THE CURRENT FINANCIAL YEAR, AND \$480 MILLION IN A FULL YEAR.

"THERE ARE NO STAFFING IMPLICATIONS," HE ADDED.

DEBATE ON THE BILL WAS ADJOURNED.

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POLICE FORCE AND ICAC AMENDMENT BILLS PASSED
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THE POLICE FORCE (AMENDMENT) BILL 1991 AND THE INDEPENDENT COMMISSION AGAINST CORRUPTION (AMENDMENT) BILL 1991 WERE PASSED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN MOVING COMMITTEE STAGE AMENDMENTS TO THE POLICE FORCE (AMENDMENT) BILL, THE SECRETARY FOR SECURITY, THE HON ALISTAIR ASPREY, SAID THE PURPOSE OF THE AMENDMENTS WAS TO:

- * MAKE IT CLEAR THAT THE TAKING OF IDENTIFYING PARTICULARS UNDER NEW SECTION 59(1) MUST BE DONE UNDER THE SUPERVISION OF A POLICE OFFICER;
- * REQUIRE THAT THE DESTRUCTION OR RETURN OF THE IDENTIFYING PARTICULARS OF ANY PERSON UNDER NEW SECTION 59(2) MUST BE DONE AS SOON AS REASONABLY PRACTICABLE; AND THAT THE PERSON CONCERNED SHOULD BE ALLOWED TO DECIDE WHETHER THE PARTICULARS ARE TO BE DESTROYED OR RETURNED TO HIM; AND
- * CLARIFY THAT THE ADMINISTRATION OF A CAUTION BY POLICE OFFICERS OF THE RANK OF SUPERINTENDENT OR ABOVE, UNDER NEW SECTION 59(4), IS IN ACCORDANCE WITH GUIDELINES APPROVED BY THE ATTORNEY GENERAL.

AS FOR THE AMENDMENTS TO THE INDEPENDENT COMMISSION AGAINST CORRUPTION (AMENDMENT) BILL HE MOVED AT THE COMMITTEE STAGE, MR ASPREY SAID THEIR PURPOSE WAS SIMILAR TO THAT OF THE AMENDMENTS HE HAD PROPOSED TO THE POLICE FORCE (AMENDMENT) BILL.

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INLAND REVENUE (AMENDMENT) (NO. 2) BILL 1991 PASSED
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THE INLAND REVENUE (AMENDMENT) (NO. 2) BILL WAS PASSED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN MOVING COMMITTEE STAGE AMENDMENTS TO THE BILL, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID THE BILL, IF ENACTED, WOULD EXEMPT, INTER ALIA, PROFITS MADE BY AUTHOURISED UNIT TRUSTS OR MUTUAL FUND CORPORATIONS ON FOREIGN EXCHANGE CONTRACTS INVOLVING DIFFERENT CURRENCIES.

THE PROPOSED AMENDMENT TO THE BILL SEEKS TO SUBSTITUTE THE DEFINITION OF "FOREIGN EXCHANGE" WITH A DEFINITION WHICH IS CONSIDERED MORE APPROPRIATE IN THIS CONTEXT, HE SAID.

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BILL TO PLUG LOOPHOLE IN SECURITIES ORDINANCE INTRODUCED

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THE SECURITIES (AMENDMENT) (NO. 2) BILL SEEKS TO CURB THE ACTIVITIES OF RUNNERS AND UNREGISTERED DEALERS IN SECURITIES BY BRINGING THEM UNDER THE REGULATORY CONTROL OF THE SECURITIES AND FUTURES COMMISSION.

THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID THIS WHEN MOVING THE SECOND READING OF THE BILL IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THERE WAS, AT PRESENT, A LOOPHOLE IN THE SECURITIES ORDINANCE WHICH ALLOWED UNREGISTERED INTERMEDIARIES TO HANDLE INVESTORS' MONEY AND SECURITIES, SIR PIERS NOTED.

"THE BILL SEEKS TO PLUG THIS LOOPHOLE BY PROVIDING THAT A PERSON WHO ACTS FOR REMUNERATION AS AN INTERMEDIARY BETWEEN AN INVESTOR AND A REGISTERED DEALER IS REQUIRED TO BE REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION.

"THROUGH THE REGISTRATION SYSTEM, THE COMMISSION CAN ACCESS AND MONITOR WHETHER SUCH INTERMEDIARIES ARE FIT AND PROPER," HE ADDED.

DEBATE ON THE BILL WAS ADJOURNED.

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BILL TO EFFECT TAX CONCESSIONS IN STAMP DUTY

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THE STAMP DUTY (AMENDMENT) BILL 1991 SEEKS TO GIVE LEGISLATIVE EFFECT TO THE TAXATION CONCESSIONS PROPOSED IN THIS YEAR'S BUDGET, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL, SIR PIERS SAID THE TAXATION CONCESSIONS INCLUDED A REDUCTION IN THE OVERALL CONTRACT NOTE DUTY FROM 0.6 PER CENT TO 0.5 PER CENT, EXEMPTION OF REGISTERED DEBT INSTRUMENTS FROM STAMP DUTY AND RELIEF OF CORPORATE GROUPS FROM DUTY ON STOCK TRANSFERS UPON RESTRUCTURING OF THEIR INTRA-GROUP SHAREHOLDINGS.

"THIS RELIEF IS ON THE SAME BASIS AS THE EXISTING EXEMPTION FROM ASSIGNMENT DUTY UPON THE REORGANISATION OF INTRA-GROUP PROPERTY HOLDINGS.

"TO GUARD AGAINST ABUSE OF THE RELIEF AFFORDED TO CORPORATE GROUPS, COMPANIES MUST REMAIN ASSOCIATED FOR TWO YEARS AFTER THE DATE OF THE TRANSFER OF THE PROPERTY OR SHARES," HE SAID.

THE FINANCIAL SECRETARY SAID THE COST TO GENERAL REVENUE OF IMPLEMENTING THESE PROPOSALS WAS ESTIMATED TO BE APPROXIMATELY \$501 MILLION IN THE CURRENT FINANCIAL YEAR.

"THERE ARE NO STAFFING IMPLICATIONS," HE ADDED.

DEBATE ON THE BILL WAS ADJOURNED.

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BILL TO EFFECT FEE RISE FOR BANKS AND DTC'S

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THE BANKING (AMENDMENT) BILL 1991 SEEKS TO GIVE LEGISLATIVE EFFECT TO THE PROPOSALS IN THIS YEAR'S BUDGET TO INCREASE THE LICENCE AND REGISTRATION FEES OF RESTRICTED LICENCE BANKS AND DEPOSIT-TAKING COMPANIES BY 40 PER CENT.

MOVING THE SECOND READING OF THE BILL IN THE LEGISLATIVE COUNCIL, TODAY (WEDNESDAY), THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN 1989-90, THE COST OF ADMINISTRATION OF THE LICENCES WAS UNDER-RECOVERED BY 30 PER CENT.

"THE PROPOSED 40 PER CENT INCREASE TAKES INTO ACCOUNT THE INFLATION RATE IN 1990," HE SAID.

SIR PIERS SAID THE INCREASES WOULD YIELD AN ESTIMATED ADDITIONAL \$13 MILLION IN THE CURRENT FINANCIAL YEAR AND THERE WERE NO STAFFING IMPLICATIONS.

DEBATE ON THE BILL WAS ADJOURNED.

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MOTION UNDER MONEY LENDERS ORDINANCE PASSED

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THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) PASSED A RESOLUTION UNDER THE MONEY LENDERS ORDINANCE TO REMOVE LIPPO CAPITAL CORPORATION LIMITED FROM THE LIST OF EXEMPTED PERSONS IN SCHEDULE 1 TO THE ORDINANCE.

MOVING THE RESOLUTION, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, POINTED OUT THAT PART 1 OF SCHEDULE 1 TO THE ORDINANCE SPECIFIED PERSONS WHO WERE EXCLUDED FROM THE DEFINITION OF MONEY LENDERS.

"THE PURPOSE IS TO EXEMPT INSTITUTIONS THE BUSINESS OF WHICH IS LENDING IF THOSE INSTITUTIONS ARE ALREADY ADEQUATELY SUPERVISED," HE EXPLAINED.

HE NOTED THAT ITEM 6 OF THE SCHEDULE SPECIFIED THE HONG KONG BUILDING AND LOAN AGENCY LIMITED AS ONE OF THE EXEMPTED PERSONS.

"THE SHARES OF THE AGENCY WERE PREVIOUSLY HELD BY FOUR LICENSED BANKS, THE GOVERNMENT AND THE COMMONWEALTH DEVELOPMENT CORPORATION.

"THE SHARES WERE SOLD TO LIPPO CAPITAL CORPORATION LIMITED IN FEBRUARY 1991.

"SINCE LIPPO IS NEITHER A GOVERNMENT BODY NOR A SUPERVISED INSTITUTION, THERE IS NO JUSTIFICATION FOR CONTINUED EXEMPTION OF THE AGENCY," SIR PIERS SAID.

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JUBILEE SPORTS CENTRE RENAMED

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THE JUBILEE SPORTS CENTRE WAS RENAMED THE HONG KONG SPORTS INSTITUTE FROM APRIL 1 THIS YEAR.

THIS WAS STATED BY THE SECRETARY FOR HOME AFFAIRS, THE HON PETER TSAO, WHEN HE INTRODUCED THE JUBILEE SPORTS CENTRE (AMENDMENT) BY-LAWS 1991 IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR TSAO POINTED OUT THAT SECTION 24 OF THE JUBILEE SPORTS CENTRE ORDINANCE (CAP. 309) PROVIDED THAT THE JUBILEE SPORTS CENTRE BOARD MIGHT, UNDER ITS COMMON SEAL, MAKE BY-LAWS CONSISTENT WITH THE JUBILEE SPORTS CENTRE ORDINANCE, AND THAT SUCH BY-LAWS SHOULD BE SUBJECT TO THE APPROVAL OF THE LEGISLATIVE COUNCIL.

"THE JUBILEE SPORTS CENTRE (AMENDMENT) BILL 1991 WAS PASSED BY THIS COUNCIL ON MARCH 13, 1991, AS A RESULT OF WHICH THE JUBILEE SPORTS CENTRE HAS BEEN RENAMED THE HONG KONG SPORTS INSTITUTE WITH EFFECT FROM APRIL 1, 1991," HE SAID.

MR TSAO ADDED THAT CONSEQUENTIAL AMENDMENTS TO THE JUBILEE SPORTS CENTRE BY-LAWS WERE REQUIRED IN ORDER TO REFLECT THE CHANGE OF NAME.

HE ALSO SAID THE OPPORTUNITY WAS ALSO TAKEN TO UPDATE THE POST TITLE OF "GENERAL MANAGER" OF THE CENTRE TO "CHIEF EXECUTIVE".

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BILL TO EFFECT FEE RISE FOR BANKS AND DTC'S

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THE BANKING (AMENDMENT) BILL 1991 SEEKS TO GIVE LEGISLATIVE EFFECT TO THE PROPOSALS IN THIS YEAR'S BUDGET TO INCREASE THE LICENCE AND REGISTRATION FEES OF RESTRICTED LICENCE BANKS AND DEPOSIT-TAKING COMPANIES BY 40 PER CENT.

MOVING THE SECOND READING OF THE BILL IN THE LEGISLATIVE COUNCIL, TODAY (WEDNESDAY), THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN 1989-90, THE COST OF ADMINISTRATION OF THE LICENCES WAS UNDER-RECOVERED BY 30 PER CENT.

"THE PROPOSED 40 PER CENT INCREASE TAKES INTO ACCOUNT THE INFLATION RATE IN 1990," HE SAID.

SIR PIERS SAID THE INCREASES WOULD YIELD AN ESTIMATED ADDITIONAL \$13 MILLION IN THE CURRENT FINANCIAL YEAR AND THERE WERE NO STAFFING IMPLICATIONS.

DEBATE ON THE BILL WAS ADJOURNED.

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WEDNESDAY, APRIL 17, 1991

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APPROPRIATION BILL 1991 PASSED IN LEGCO

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THE APPROPRIATION BILL 1991 WAS PASSED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE OTHER BILLS PASSED INCLUDED THE INLAND REVENUE (AMENDMENT) (NO. 2) BILL 1991, POLICE FORCE (AMENDMENT) BILL 1991, INDEPENDENT COMMISSION AGAINST CORRUPTION (AMENDMENT) BILL 1991 AND IMPORT AND EXPORT (AMENDMENT) BILL 1991.

SEVEN BILLS WERE INTRODUCED FOR FIRST AND SECOND READINGS.

THEY WERE THE MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1991, FEES INCREASE (1991 BUDGET) BILL 1991, BANKING (AMENDMENT) BILL 1991, INLAND REVENUE (AMENDMENT)(NO. 3) BILL 1991, STAMP DUTY (AMENDMENT) BILL 1991, SECURITIES (AMENDMENT)(NO. 2) BILL 1991 AND CRIMES (AMENDMENT) BILL 1991.

DEBATES ON THESE BILLS WERE ADJOURNED.

IN OTHER BUSINESS, TWO MOTIONS WERE PASSED. ONE WAS MOVED BY THE FINANCIAL SECRETARY UNDER THE MONEY LENDERS ORDINANCE AND THE OTHER BY THE SECRETARY FOR HOME AFFAIRS UNDER THE HONG KONG SPORTS INSTITUTE ORDINANCE.

AN AMENDED MOTION MOVED BY THE HON SELINA CHOW ON THE PORT AND AIRPORT DEVELOPMENT STRATEGY WAS ALSO PASSED.

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GOVT MOVES TO COUNTER TAX AVOIDANCE

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THE FINANCIAL SECRETARY, SIR PIERS JACOBS, ANNOUNCED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT HE PROPOSES TO SEEK AMENDMENT TO THE INLAND REVENUE ORDINANCE TO PREVENT EXPLOITATION OF SECTION 16E.

THIS PROVISION CURRENTLY ALLOWS A DEDUCTION IN RESPECT OF EXPENDITURE INCURRED ON THE PURCHASE OF PATENT RIGHTS, OR RIGHTS TO ANY TRADE MARK OR DESIGN FOR USE IN HONG KONG.

A SPOKESMAN OF THE INLAND REVENUE DEPARTMENT SAID THE PROVISION WAS INTRODUCED AS A CONCESSION IN 1983 WITH THE INTENTION THAT IT WOULD ACT AS AN INCENTIVE FOR LOCAL INDUSTRIES TO UPGRADE TECHNOLOGY.

HOWEVER, ARRANGEMENTS HAVE EMERGED SEEKING TO USE THE PROVISION TO OBTAIN SUBSTANTIAL TAX BENEFITS WITHOUT INVOLVING IN ANY REAL SENSE AN UPGRADING OF TECHNOLOGY.

THE PROPOSED AMENDMENTS, THE SPOKESMAN SAID, WOULD DEFINE MORE STRINGENTLY THE TYPES OF EXPENDITURE WHICH WOULD QUALIFY FOR DEDUCTION.

"IN ESSENCE, DEDUCTION WOULD BE RESTRICTED TO EXPENDITURE ON PATENT RIGHTS AND ON INDUSTRIAL INFORMATION AND TECHNIQUES LIKELY TO ASSIST IN THE MANUFACTURE OR PROCESSING OF GOODS OR MATERIALS.

"AS A FURTHER MEASURE TO COUNTER EXPLOITATION, DEDUCTIONS WOULD BE DENIED IN RESPECT OF TRANSACTIONS BETWEEN ASSOCIATED PARTIES," HE SAID.

THE SPOKESMAN SAID SUBJECT TO THE PROPOSED AMENDMENTS BEING PASSED BY THE LEGISLATIVE COUNCIL, THE NEW CRITERIA WOULD APPLY IN RELATION TO CONTRACTS ENTERED INTO ON OR AFTER TOMORROW, APRIL 18, 1991.

ON THE TOPIC OF TAX AVOIDANCE GENERALLY, THE SPOKESMAN SAID THE DEPARTMENT CONTINUES TO MONITOR THE SITUATION AND, WHERE IT IS CONSIDERED NECESSARY, WILL SEEK THE INTRODUCTION OF FURTHER MEASURES TO PROTECT THE REVENUE.

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RELAXATION OF FUND-RAISING RULES

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THE GOVERNMENT TODAY (WEDNESDAY) ANNOUNCED NEW PROPOSALS AIMED AT RELAXING EXISTING ARRANGEMENTS FOR THE COLLECTION OF DONATIONS IN PUBLIC PLACES.

AT PRESENT, ARRANGEMENTS UNDER THE SUMMARY OFFENCES ORDINANCE DO NOT PROVIDE FOR FUND-RAISING ACTIVITIES FOR POLITICAL PURPOSES IN PUBLIC PLACES.

/THE SUMMARY

THE SUMMARY OFFENCES (AMENDMENT) BILL 1991, TO BE INTRODUCED INTO THE LEGISLATIVE COUNCIL NEXT WEDNESDAY (APRIL 24), WILL ENABLE SUCH ACTIVITIES TO TAKE PLACE IN CERTAIN PUBLIC PLACES.

EXPLAINING THE BACKGROUND TO THE PROPOSALS, A GOVERNMENT SPOKESMAN SAID RECENT DEVELOPMENTS IN THE TERRITORY'S SYSTEM OF REPRESENTATIVE GOVERNMENT, PARTICULARLY THE INTRODUCTION OF DIRECT ELECTIONS TO THE LEGISLATIVE COUNCIL, HAD STIMULATED THE DEVELOPMENT OF POLITICAL GROUPS AND GIVEN RISE TO ORGANISED ELECTION CAMPAIGNS, LEADING TO THE NEED FOR FUNDS WHICH HAD TO COME MAINLY FROM DONATIONS.

SEEN FROM THIS PERSPECTIVE, PUBLIC FUND-RAISING FOR THESE PURPOSES WAS A LEGITIMATE AND INEVITABLE CONSEQUENCE OF POLITICAL DEVELOPMENT IN HONG KONG AND ACCEPTABLE OUTLETS HAD TO BE PROVIDED FOR THEM, THE SPOKESMAN SAID.

"A WIDE VARIETY OF SUCH OUTLETS ALREADY EXIST," THE SPOKESMAN CONTINUED.

"POLITICAL GROUPS ARE FREE, FOR INSTANCE, TO RAISE FUNDS IN PRIVATELY OWNED PREMISES AND THROUGH THE MAIL AND NEWSPAPERS. THE PROPOSALS SEEK TO PROVIDE ADDITIONAL OUTLETS IN SUITABLE PUBLIC PLACES FOR FUND-RAISING FOR POLITICAL PURPOSES.

"IN SO DOING, HOWEVER, REGARD MUST BE GIVEN TO THE CROWDED CONDITIONS OF HONG KONG'S STREETS AND THOROUGHFARES, AND TO THE NEED TO AVOID COMPETITION WITH CHARITABLE FUND-RAISING WHICH HAS STRONG PUBLIC SUPPORT AND IS HIGHLY DEPENDENT ON INCOME FROM STREET COLLECTION SUCH AS ON FLAG DAYS," HE SAID.

IN THIS CONTEXT, THE GOVERNMENT CONSIDERED THAT THE BEST ARRANGEMENT IS FOR POLITICAL FUND-RAISING TO BE ALLOWED IN SUCH PLACES AS STADIA, CIVIC CENTRES, AND COMMUNITY CENTRES, WHERE ATTENDANCE WOULD NOT BE INCIDENTAL BUT WOULD BE FOR A SPECIFIC PURPOSE, THE SPOKESMAN SAID.

THE AMENDMENT BILL CREATES A NEW AUTHORITY IN THE OFFICE OF THE SECRETARY FOR HOME AFFAIRS FOR THE ISSUE OF PERMITS RELATING TO THE COLLECTION OF MONEY IN PUBLIC PLACES FOR NON-CHARITABLE PURPOSES.

IT IS PROPOSED THAT FUND-RAISING ACTIVITIES FOR CHARITY WOULD REMAIN THE RESPONSIBILITY OF THE DIRECTOR OF SOCIAL WELFARE.

THE SECRETARY FOR HOME AFFAIRS WILL CONSIDER APPLICATIONS IN ACCORDANCE WITH A NEW SET OF GUIDELINES GOVERNING FUND-RAISING ACTIVITIES FOR NON-CHARITABLE PURPOSES.

THE SPOKESMAN SAID A PERMIT WOULD ONLY BE ISSUED UNDER NORMAL CONDITION IF THE SECRETARY FOR HOME AFFAIRS WAS SATISFIED THAT THE FUNDS RAISED WOULD BE USED IN WAYS WHICH CONTRIBUTED DIRECTLY TO THE DEVELOPMENT OF REPRESENTATIVE GOVERNMENT IN HONG KONG, AND THAT THE FUND-RAISING ACTIVITIES WERE TO BE HELD IN SUCH PLACES AS STADIA, CIVIC CENTRES AND COMMUNITY CENTRES.

"THE PERMIT WILL INCLUDE SUITABLE CONDITIONS SUCH AS THE REQUIREMENT FOR APPLICANTS TO SUBMIT AUDITED ACCOUNTS OF THE MONEY COLLECTED AND HOW IT WAS USED, AND FOR THE ACCOUNTS TO BE OPEN TO PUBLIC INSPECTION.

"THE SECRETARY FOR HOME AFFAIRS WILL HAVE THE DISCRETION TO IMPOSE ADDITIONAL CONDITIONS WHERE APPROPRIATE OR, EXCEPTIONALLY WHERE IT IS IN THE PUBLIC INTEREST, TO WAIVE CERTAIN CONDITIONS," HE EXPLAINED.

NOTE TO EDITORS:

THE ENGLISH VERSION OF THE GUIDELINES GOVERNING FUND-RAISING ACTIVITIES FOR NON-CHARITABLE PURPOSES WILL BE SENT BY FACSIMILE.

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DTC REGISTRATION REVOKED

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THE COMMISSIONER OF BANKING ANNOUNCED THAT THE REGISTRATION OF TAI SANG FINANCE LIMITED AS A DEPOSIT-TAKING COMPANY HAS BEEN REVOKED AS AT THE CLOSE OF BUSINESS TODAY (WEDNESDAY) AT ITS OWN REQUEST UNDER SECTION 31(2) OF THE BANKING ORDINANCE.

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SIGNIFICANT CHANGES TAKE PLACE IN LANGUAGE ROLES
IN FORMAL EDUCATION SYSTEM

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SIGNIFICANT CHANGES ARE NOW TAKING PLACE IN HONG KONG IN THE ROLES OF LANGUAGES IN THE FORMAL EDUCATION SYSTEM AND ALSO IN THE WIDER SOCIETY, THE DIRECTOR OF EDUCATION, MR LI YUET-TING, SAID TODAY (WEDNESDAY).

MR LI SAID THE CHANGES THAT WERE PERTINENT TO EACH OF THEM WOULD ALSO AFFECT THE OTHERS.

SPEAKING AT THE INTERNATIONAL CONFERENCE ON TEACHER EDUCATION IN SECOND LANGUAGE TEACHING ORGANISED BY THE DEPARTMENT OF ENGLISH, CITY POLYTECHNIC, HE SAID: "AS MANY OF YOU ARE WELL AWARE, CHINESE (CANTONESE AND THE WRITTEN FORM OF MODERN STANDARD CHINESE) IS THE MEDIUM OF INSTRUCTION IN MOST OF OUR PRIMARY SCHOOLS AND, IN FUTURE, WE ANTICIPATE THAT IT WILL BE USED MORE WIDELY AS THE MEDIUM IN OUR SECONDARY SCHOOLS."

/HE POINTED

HE POINTED OUT, HOWEVER, THAT SCHOOLS WOULD STILL CONTINUE TO MAKE THEIR OWN DECISIONS AS TO WHICH MEDIUM TO EMPLOY, WHETHER ENGLISH OR CHINESE.

"BUT THE TEACHING AND THE LEARNING REALLY MUST BE IN ENGLISH OR REALLY MUST BE IN CHINESE. WE WANT TO REDUCE THE USE OF SO-CALLED 'MIXED CODE' IN FAVOUR OF THE CLEAR AND CONSISTENT USE IN EACH CLASS OF CHINESE OR ENGLISH, IN RESPECT OF TEACHING, TEXTBOOKS AND EXAMINATIONS."

THOUGH THE WIDER USE OF CHINESE WAS BEING ENCOURAGED AS A MEDIUM OF INSTRUCTION IN SECONDARY SCHOOLS, MR LI STRESSED THAT THERE WAS NO PROPOSAL TO DOWNGRADE ENGLISH.

THE AIM, HE SAID, WAS NOT TO CAUSE ONE LANGUAGE TO PROSPER AT THE EXPENSE OF THE OTHER.

"WHAT WE ARE TRYING TO DO, ALBEIT WITH SOME DIFFICULTY, PERHAPS, IS TO BUILD A BILINGUAL SOCIETY IN WHICH THERE IS RESPECT FOR THE MOTHER TONGUE, CHINESE, AS WELL AS THE SECOND OR FOREIGN LANGUAGE, ENGLISH, AND IN WHICH, INCREASINGLY, THERE WILL BE COMPETENT USERS OF BOTH LANGUAGES," THE DIRECTOR SAID.

MR LI SAID THE PLACE OF CHINESE WAS OBVIOUS - CANTONESE IS USED WIDELY IN DAILY LIFE AS THE LANGUAGE OF EVERYDAY COMMUNICATION OF THE GREAT MAJORITY OF PEOPLE, AND AS THE LINGUA FRANCA OF MEMBERS OF THE CHINESE COMMUNITY, WHO MAY ALSO SPEAK OTHER DIALECTS.

BUT, HE ADDED, ENGLISH ALSO HAD A MOST IMPORTANT ROLE TO PLAY IN MAINTAINING HONG KONG'S INTERNATIONAL POSITION AND IN THE ECONOMIC LIFE OF THE COMMUNITY.

SPEAKING ON TEACHER EDUCATION, MR LI SAID: "TEACHER EDUCATORS ARE, OF COURSE TEACHERS THEMSELVES.

"EACH WILL, FIRST AND FOREMOST, BE AN INDIVIDUAL, WITH PARTICULAR STRENGTHS AND WEAKNESSES AND PERSONAL QUIRKS AND ENTHUSIASMS THAT AT ONE LEVEL DEFY GENERALISATION. EACH WILL NEED TO HAVE ASPECTS OF PERSONALITY WHICH ARE NEEDED TO GAIN THE RESPECT OF THE STUDENTS."

HE EXPLAINED THAT THE SUCCESSFUL TEACHER EDUCATOR, AS THE SUCCESSFUL TEACHER, WOULD BE ABLE TO:

- * ESTABLISH A QUIET BUT PURPOSEFUL WORKING ATMOSPHERE;
- * ORGANISE THE TEACHING AND LEARNING SO THAT THE WORK MATCHES THE DIFFERENT APTITUDES AND ABILITIES OF THE STUDENTS; AND
- * RELATE AND ADAPT HIS OR HER METHODS TO THE NEEDS AND CIRCUMSTANCES OF THE MOMENT.

THIS, HE ADDED, WOULD ENTAIL SETTING HIGH EXPECTATIONS, WITH STUDENTS EXTENDED TO THEIR FULL CAPACITY.

THE BEST TEACHER EDUCATORS, AND THE BEST SCHOOL TEACHERS, WOULD BE WELL INFORMED ABOUT INDIVIDUAL STUDENTS AND DISCERNING IN THE IDENTIFICATION OF THEIR NEEDS, MR LI SAID.

"THEY WILL USE A VARIETY OF TECHNIQUES TO ENCOURAGE AND ASSESS PROGRESS, INCLUDING CAREFUL AND INFORMED OBSERVATION, PERCEPTIVE AND CONSTRUCTIVE COMMENT, AND A VARIETY OF MORE FORMAL MEASURES," HE ADDED.

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS

HKEF

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	DATE	\$ MILLION
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CLOSING BALANCE IN THE ACCOUNT ON	16.4.91	480
EFFECT OF FORWARDS TO BE SETTLED ON	17.4.91	+110
EFFECT OF OPERATIONS THIS MORNING		-110
EFFECT OF OPERATIONS THIS AFTERNOON		NEUTRAL
TRADE WEIGHTED INDEX 111.1 *+0.0* 17.4.91		

HONG KONG GOVERNMENT EXCHANGE FUND
91-DAY EXCHANGE FUND BILLS

HKEI

ISSUE NUMBER	MATURING ON	OUTSTANDING \$ MILLION	
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Q115	10.7.91	390	+90
Q116	17.7.91	400	+80
Q104	24.4.91	675	-195
Q105	1.5.91	700	-220
Q106	8.5.91	643.5	-163.5
Q107	15.5.91	541	-61
Q108	22.5.91	440	+40
Q109	29.5.91	470	+10
Q110	5.6.91	340	+140
Q111	12.6.91	500	-20
Q112	19.6.91	530	-50
Q113	26.6.91	550	-70
Q114	3.7.91	470	+10

/HONG KONG

HONG KONG GOVERNMENT EXCHANGE FUND
182-DAY EXCHANGE FUND BILLS

HKEJ

ISSUE NUMBER -----	MATURING ON -----	OUTSTANDING \$ MILLION -----	
H001	1.5.91	180	+80
H002	15.5.91	237.5	+22.5
H003	29.5.91	240	+20
H004	12.6.91	250	+10
H005	26.6.91	230	+30
H101	10.7.91	133	+127
H156	24.7.91	140	+120
H157	7.8.91	191	+69
H158	21.8.91	110	+150
H159	4.9.91	10	+250
H160	18.9.91	170	+90
H161	2.10.91	60	+200
H162	17.10.91	200	+60

HONG KONG GOVERNMENT EXCHANGE FUND
364-DAY EXCHANGE FUND BILLS

HKEK

ISSUE NUMBER -----	MATURING ON -----	OUTSTANDING \$ MILLION -----	
Y187	26.2.92	180	+80
Y188	25.3.92	190	+70

AVERAGE DAILY TRANSFER FOR WEEK ENDING 12.4.91 WAS 3,201 MN

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TWO GOVT LOTS TO LET BY TENDER

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THE BUILDINGS AND LANDS DEPARTMENT IS INVITING TENDERS FOR THE SHORT TERM TENANCY OF TWO PIECES OF GOVERNMENT LAND LOCATED AT SIU SAI WAN RECLAMATION IN CHAI WAN.

BOTH SITES HAVE AN AREA OF ABOUT 3,000 SQUARE METRES EACH.

THEY ARE INTENDED FOR:

- * CONCRETE BATCHING AND/OR ASPHALT BATCHING INCLUDING THE STORAGE, DISTRIBUTION AND SALE OF SAND, AGGREGATE, CEMENT AND STEEL REINFORCEMENT BARS BUT EXCLUDING ROCK-CRUSHING; AND/OR

/* OPEN STORAGE

- * OPEN STORAGE, EXCLUDING CONTAINERS, CONTAINER VEHICLES AND TRAILERS; AND/OR
- * CARGO HANDLING; AND/OR
- * BARGE LOADING AND UNLOADING POINTS; AND/OR
- * WASTE PAPER COLLECTING AND SORTING; AND/OR
- * PUBLIC FEE-PAYING VEHICLE PARK FOR LICENSED MOTOR VEHICLES.

THE TENANCIES ARE FOR FIVE YEARS, RENEWABLE QUARTERLY AFTERWARDS.

DEADLINE FOR SUBMISSION OF TENDERS IS NOON ON MAY 3.

FORMS OF TENDER, TENDER NOTICES AND CONDITIONS MAY BE OBTAINED FROM AND TENDER PLANS INSPECTED AT, THE DISTRICT LANDS OFFICE, HONG KONG EAST, THE BUILDINGS AND LANDS DEPARTMENT, 14TH FLOOR, MURRAY BUILDING, GARDEN ROAD, HONG KONG AND THE DISTRICT LANDS OFFICES KOWLOON, 10TH FLOOR, YAU MA TEI CARPARK BUILDING, 250 SHANGHAI STREET, KOWLOON.

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YAU TSIM AND TSUEN WAN DB CHAIRMEN ELECTED
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MR YIP WAH AND MR CHAU HOW-CHEN WERE RE-ELECTED CHAIRMEN OF THE NEW TERM YAU TSIM AND TSUEN WAN DISTRICT BOARDS RESPECTIVELY AT SEPARATE MEETINGS TODAY (WEDNESDAY).

BOTH OF THEM WERE RETURNED UNCONTESTED.

MEANWHILE, THE CHAIRMEN OF THE YAU TSIM DISTRICT BOARD'S THREE WORKING COMMITTEES WERE ALSO ELECTED AT TODAY'S MEETING. THEY ARE:

COMMUNITY BUILDING COMMITTEE : MR NG KIN-SUN

ENVIRONMENT COMMITTEE : MR LAI WING-TAK

TRAFFIC AND TRANSPORT COMMITTEE : MR IP KWOK-CHUNG

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