



DAILY INFORMATION BULLETIN

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MARKETABILITY OF EXCHANGE FUND'S ASSETS QUESTIONED

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THE SENIOR UNOFFICIAL MEMBER, THE HON LYDIA DUNN, TODAY QUESTIONED WHETHER THE EXCHANGE FUND'S ASSETS WERE STILL OF GOOD MARKETABILITY AND SOUGHT MORE INFORMATION ON THE POSITION.

SPEAKING IN THE RESUMED BUDGET DEBATE, SHE SAID THAT WHEREAS THE FUND'S ASSETS WERE APPARENTLY ALMOST ENTIRELY IN THE FORM OF BANK DEPOSITS AND FINANCIAL INSTRUMENTS OF GOOD MARKETABILITY IN 1983, IT NOW HOLDS THE GOVERNMENT'S SHARES IN THE CROSS HARBOUR TUNNEL, THE HONG KONG BUILDING AND LOAN AGENCY AND HONG KONG AIR CARGO TERMINAL.

+ITS COMMITMENT TO TWO INSOLVENT BANKS IS ... SIGNIFICANTLY LESS IF AT ALL MARKETABLE,+ SHE SAID.

SHE SAID IT WAS STRETCHING IT A BIT TO USE THE FUND TO BAIL OUT DEPOSITORS IN CERTAIN FINANCIAL INSTITUTIONS EVEN IF IT COULD BE ARGUED THAT THEIR COLLAPSE MIGHT HAVE TEMPORARILY AFFECTED THE EXCHANGE VALUE OF THE CURRENCY.

+WE MUST ALSO TAKE INTO ACCOUNT WHEN CONSIDERING THE EXCHANGE FUND THAT 14 BILLION DOLLARS OF ITS ASSETS ARE IN FACT THE MAJOR PORTION, 90 PER CENT AS AT MARCH 31, 1985, OF THE GENERAL REVENUE BALANCE, THAT IS TO SAY, THE GOVERNMENT'S LIQUID RESERVES,+ SHE SAID.

+UNLESS THE EXCHANGE FUND HAS EASILY REALISABLE ASSETS WORTH 14 BILLION DOLLARS, THE GOVERNMENT'S 'FREE FISCAL RESERVES' ARE NOT ACTUALLY AVAILABLE TO MEET UNFORESEEN BUDGETARY DEFICITS,+ SHE WARNED.

EARLIER, MISS DUNN WELCOMED THE FACT THAT THE FINANCIAL SECRETARY HAD ACCEPTED THREE FUNDAMENTAL POINTS WHICH SHE HAD CALLED FOR LAST YEAR. THEY WERE THE NEED TO SET THE BUDGET IN THE CONTEXT OF A LONGER TERM FORECAST; THE NEED TO BASE BUDGETARY STRATEGY ON REVENUE RATHER THAN EXPENDITURE; AND THE NEED TO ACHIEVE A BALANCE BETWEEN REVENUE AND EXPENDITURE.

THE NEW FORECAST PROVIDED A USEFUL INDICATOR OF A LONGER TERM TREND, SHE SAID, BUT IT WAS CLEAR THAT IT INDICATES THAT THE TREND IN RESPECT OF INFLATION, PUBLIC SECTOR EXPENDITURE AND THE STATE OF OUR RESERVES REQUIRES CAREFUL EXAMINATION AND DEBATE.

MISS DUNN SAID ALTHOUGH IT WAS WISE AT THIS STAGE TO ASSUME A RELATIVELY LOW RATE OF GDP GROWTH AND PRICE INFLATION OF FIVE PER CENT, THE INFLATION RATE HAD TO BE BROUGHT DOWN FURTHER. THE GOVERNMENT COULD INFLUENCE IT BY REDUCING THE GROWTH RATE OF CONSOLIDATED EXPENDITURE.

/SHE SAID

SHE SAID THAT WE OUGHT TO BE CONCERNED TO SEE THAT THE GROWTH RATE OF CONSOLIDATED ACCOUNT EXPENDITURE HAD STARTED CLIMBING AGAIN SINCE 1984-85 AND THAT THE FORECAST RISE IN THE CONSUMER PRICE INDEX (A) FOR 1986 AT 5 PER CENT WAS HIGHER THAN THE INCREASE IN 1985.

+THE LATTER IS ALSO HIGHER THAN THE AVERAGE FORECAST FOR THE OECD, WHICH INCLUDES ALL OUR MAJOR MARKETS EXCEPT CHINA, AND, IN PARTICULAR, IT IS HIGHER THAN THE FORECAST FOR OUR PRINCIPAL MARKET FOR DOMESTIC EXPORTS.

+WHEN THE US STILL TAKES, AS IT DID IN 1985, 44 PER CENT BY VALUE OF OUR DOMESTIC EXPORTS, WE CANNOT BE COMPLACENT ABOUT AN INFLATION FORECAST IN HONG KONG OF 5 PER CENT, WHEN AMERICA'S IS ONLY 3.3 PER CENT,+ SHE SAID.

TURNING TO THE SPECIFIC BUDGET ASSUMPTIONS OF THE FORECAST, SHE SUGGESTED THE GUIDELINES SHOULD BE NOT TO LET THE GROWTH IN PUBLIC EXPENDITURE EXCEED THAT OF GDP AND THAT WE MUST GO FOR BUDGET SURPLUSES IF WE ARE TO HAVE ADEQUATE RESERVES. IT WAS NOT ENOUGH TO HAVE A CASH FLOW BALANCE, SHE STRESSED.

+IF WE ARE TO ADD TO HONG KONG'S RESERVES IN ORDER TO MAINTAIN THEIR REAL VALUE, THAT OPERATING SURPLUS MUST BE BIG ENOUGH TO ENSURE THAT WE HAVE AN OVERALL CASH FLOW SURPLUS SINCE CAPITAL REVENUE IS NOT EXPECTED TO BE SUFFICIENT TO MEET CAPITAL EXPENDITURE.

+ALTERNATIVELY, WE WOULD HAVE TO SCALE DOWN OUR FORECAST OF CAPITAL EXPENDITURE,+ SHE SAID.

HOWEVER, SHE NOTED THAT THE FIVE-YEAR FORECAST ANTICIPATED THAT WE WOULD FAIL TO ACHIEVE THIS AS THE CONSOLIDATED EXPENDITURE WAS FORECAST TO RISE BY 42 PER CENT DURING THE PERIOD WHILE THE RESERVE BALANCES BY 2.28 PER CENT ONLY.

IT WAS CLEAR THAT THE CURRENT FIVE-YEAR FORECAST INDICATED THAT THE TREND IN RESPECT OF INFLATION, PUBLIC SECTOR EXPENDITURE AND THE STATE OF OUR RESERVES REQUIRED CAREFUL EXAMINATION AND DEBATE, MISS DUNN SAID.

ON THE SIZE OF THE PUBLIC SECTOR, MISS DUNN REITERATED HER CONCERN ABOUT THE RELATIONSHIP BETWEEN THE SIZE OF THE PUBLIC SECTOR AND THE GDP AND THE NEED FOR A MORE ACCURATE DEFINITION OF THE PUBLIC SECTOR.

SHE MAINTAINED THAT IT WAS NOT JUST AN ARID STATISTICAL RELATIONSHIP BUT WAS FUNDAMENTAL FOR THE HEALTHY GROWTH OF OUR ECONOMY.

+IF THE PUBLIC SECTOR IS ALLOWED TO PRE-EMPT A GROWING SHARE OF THE ECONOMY, THIS MEANS THAT RESOURCES OF ALL KINDS ARE BEING DRAWN AWAY FROM THE WEALTH-CREATING ECONOMIC ACTIVITY.

+AND IT IS THAT ON WHICH OUR PROSPERITY, AND HENCE OUR ABILITY TO FINANCE THE PUBLIC SECTOR, DEPENDS,+ SHE SAID.

MISS DUNN AGAIN QUERIED GOVERNMENT'S DEFINITION OF PUBLIC SECTOR EXPENDITURE.

SHE SAID IT WAS +CLEARLY MISLEADING+ AND +ABSURD+ TO SAY THAT THE GOVERNMENT HAD +ONLY AN EQUITY POSITION+ IN THE MASS TRANSIT RAILWAY CORPORATION WHEN IT WAS THE SOLE SHAREHOLDER AND GUARANTOR OF LOANS.

IT WAS EQUALLY MISLEADING TO SAY THAT SUCH A CORPORATION WAS PART OF THE PRIVATE SECTOR, SHE ADDED.

POINTING OUT THAT THE FINANCIAL SECRETARY HAD DEFENDED THE GOVERNMENT'S CONTINUED EXCLUSION OF THE MTRC AND THE KCR FROM THE SCOPE OF CONSOLIDATED ACCOUNT EXPENDITURE, SHE SAID WE MUST NOT PRETEND ANY LONGER THAT CONSOLIDATED ACCOUNT EXPENDITURE MEASURES THE SIZE OF THE PUBLIC SECTOR.

SHE NOTED THAT BOTH THE NATIONAL ACCOUNTS AND THE CONSOLIDATED ACCOUNT DEFINITIONS OF THE PUBLIC SECTOR WERE USED.

SHE SAID THE IMPORTANT THING WAS THAT THE TWO DIFFERENT METHODS OF CALCULATING THE SIZE OF THE PUBLIC SECTOR DID NOT MERELY PRODUCE DIFFERENT RESULTS BUT THAT THEIR RESULTS WERE MOVING FURTHER APART.

+ACCORDING TO ONE METHOD, THE RELATIVE SIZE OF THE PUBLIC SECTOR HAS BEEN GROWING VERY SLIGHTLY SINCE THE BEGINNING OF 1984 WHILE THE OTHER METHOD HAS IT SHRINKING, AND A LITTLE FASTER.

+WE SHOULD HAVE ONE CLEAR, COMPREHENSIVE AND DEFENSIBLE DEFINITION OF THE PUBLIC SECTOR, NOT TWO DEFINITIONS, BOTH OF WHICH ARE MANIFESTLY UNSATISFACTORY,+ SHE STRESSED.

IN CONCLUSION, MISS DUNN SAID THE FINANCIAL SECRETARY WOULD SEE HIS GREATEST REWARD FOR HIS FIVE YEARS HARD LABOUR IN THE FACT THAT, BARRING UNFORESEEN DEVELOPMENTS BETWEEN NOW AND NEXT JUNE, HE WOULD LEAVE HONG KONG WITH A SOUND AND STILL GROWING ECONOMY, WITH A POPULATION WHOSE PROSPERITY WOULD CONTINUE TO INCREASE AND WITH THE PUBLIC FINANCES BACK ON AN EVEN KEEL.

+IN SHORT, HE WILL LEAVE A HONG KONG THAT CAN STILL FACE THE FUTURE WITH CONFIDENCE,+ SHE SAID.

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ADDITIONAL RESOURCES NEEDED FOR MANUFACTURING

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THE GOVERNMENT SHOULD GIVE SPECIAL ATTENTION TO THE MANUFACTURING INDUSTRY TO FACILITATE ITS CONTINUING DEVELOPMENT, THE HON WONG PO-YAN SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR WONG SAID THAT IN FUTURE BUDGETS THE GOVERNMENT SHOULD, IN ADDITION TO BEING RECEPTIVE TO THE ASPIRATIONS OF VARIOUS SECTORS, ACTIVELY CONSIDER PROVIDING ADDITIONAL RESOURCES TO THE MANUFACTURING INDUSTRY.

HE SAID MANUFACTURING WAS NOW IN A RATHER CRITICAL POSITION AND IT COULD NOT BE EXPECTED TO DEVELOP AS IT HAD DONE OVER THE PAST 20 YEARS, ESPECIALLY UNDER THE POSITIVE NON-INTERVENTION POLICY, BECAUSE THE ECONOMIC SCENE HAD CHANGED RAPIDLY.

THE CHANGES INCLUDED THE EMERGENCE OF STRONG COMPETITORS AND THE SPREAD OF PROTECTIONISM. IN ADDITION, THE STANDARD OF LIVING IN HONG KONG HAD IMPROVED.

MR WONG NOTED THAT ACCORDING TO A SURVEY COVERING 1977-1983, PRODUCTION COSTS IN HONG KONG HAD INCREASED BY OVER 4.4 PER CENT AS A RESULT OF LABOUR LEGISLATION ENACTED DURING THAT PERIOD.

+THE GOVERNMENT SHOULD SEE TO IT THAT THE INDUSTRY GETS THE NEEDED NOURISHMENT AND SHOULD ALSO PROVIDE FOR A SUITABLE ENVIRONMENT FOR ITS EXISTENCE AND GROWTH, PARTICULARLY THE MEDIUM AND SMALL SIZED ESTABLISHMENTS,+ HE SAID.

MR WONG DESCRIBED THE RECENT ALLOCATION OF FUNDS TO PROMOTE PRODUCT DESIGN AS AN ENCOURAGING START.

AS A FURTHER INCENTIVE TO INDUSTRIAL INVESTMENT, HE SAID THE GOVERNMENT SHOULD SET THE DEPRECIATION RATE FOR CAPITAL EQUIPMENT, PLANT AND MACHINERY OTHER THAN THAT ON LEASE TERMS AT 100 PER CENT FOR THE FIRST YEAR ALONE.

INDUSTRIES WOULD ALSO BENEFIT IF THE GOVERNMENT TOOK POSITIVE STEPS TO ASSIST THEM IN DEVELOPING HIGH TECHNOLOGY.

TURNING TO MONETARY ISSUES, MR WONG URGED THE GOVERNMENT TO CONSIDER IN-DEPTH THE MAINTENANCE OF THE US DOLLAR LINK.

HE SAID HE COULD NOT AGREE THAT THE MAINTENANCE OF THE LINK SHOULD BE TAKEN FOR GRANTED AS THE SITUATION IN HONG KONG NOW WAS QUITE DIFFERENT FROM OCTOBER 17, 1983, WHEN THE LINK WAS ESTABLISHED.

/+IT HAS

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+IT HAS SERVED HONG KONG WELL SO FAR, BUT NOT NECESSARILY FOREVER,+ HE SAID, AND WENT ON TO GIVE A NUMBER OF REASONS.

AFTER THE SIGNING OF THE JOINT DECLARATION AND GIVEN THE EXPERIENCE IN THE DEVELOPMENT OF POLITICAL AFFAIRS SINCE, MANY PEOPLE HAD REGAINED THEIR CONFIDENCE.

SECOND, HE SAID, THE US DOLLAR HAD FOR VARIOUS REASONS DEPRECIATED CONSIDERABLY OVER THE PAST FEW MONTHS AGAINST MAJOR CURRENCIES, DRAGGING DOWN THE HONG KONG DOLLAR.

+I AM CONVINCED THAT WE SHOULD NOT FOLLOW THE US DOLLAR ANY FURTHER, TAKING INTO CONSIDERATION THE FUNDAMENTAL FACT THAT THE ECONOMY OF HONG KONG IS DIFFERENT FROM THAT OF THE UNITED STATES IN MANY ASPECTS,+ HE SAID.

MR WONG ALSO NOTED THAT THE NORMAL BENEFIT OF EXPORT COMPETITIVENESS BEING ENHANCED BY A WEAKER CURRENCY COULD NOT BE REALISED IN FULL BECAUSE THE UNITED STATES WAS HONG KONG'S LARGEST EXPORT MARKET.

FURTHERMORE, HE SAID, THE ARTIFICIAL WEAKNESS OF THE HONG KONG DOLLAR MIGHT HAVE ADVERSELY AFFECTED DECISIONS BY FOREIGN COMPANIES ON WHETHER TO INVEST IN HONG KONG AND IT WOULD ALSO CONTRIBUTE TO INFLATIONARY PRESSURES.

TO LET THE DOLLAR FLOAT AGAIN MIGHT RESULT IN SOME INITIAL SPECULATION, BUT HE WAS SURE THAT MARKET FORCES WOULD SOON FIND A REASONABLE LEVEL FOR THE CURRENCY AND THE ECONOMY WOULD THEN DEVELOP NORMALLY.

REFERRING TO PUBLIC EXPENDITURE, MR WONG BELIEVED THERE WAS A NEED TO CONTAIN ITS GROWTH.

+BY SETTING THE PUBLIC EXPENDITURE GROWTH AT 75 PER CENT OF THE GDP GROWTH, THE RESULTANT PUBLIC EXPENDITURE GROWTH RATE SHOULD BE ABOUT 8.2 PER CENT IN MONEY TERMS, A MORE COMFORTABLE FIGURE IN CONSIDERING OUR LONG-TERM INTEREST,+ HE SAID.

HE ALSO CONSIDERED THAT THE GROWTH OF THE CIVIL SERVICE AT BETWEEN TWO AND TWO AND A HALF PER CENT AS SUGGESTED BY THE FINANCIAL SECRETARY COULD BE FURTHER CONSTRAINED IF A MORE RESTRICTIVE CRITERION WAS APPLIED, CONFINING STAFF INCREASES TO ONLY THE ESSENTIAL SERVICES.

COMMENTING ON THE BUDGET AS A WHOLE, MR WONG SAID THE MEDIUM-RANGE FORECAST WAS A USEFUL PLANNING TOOL INsofar AS IT PROVIDED INDICATORS FOR FUTURE BUDGETS.

HOWEVER, IT WAS FELT THAT THE FORECAST OF A FOUR PER CENT GROWTH RATE IN RE-EXPORTS MIGHT BE A LITTLE CONSERVATIVE IN VIEW OF THE CONTINUING GROWTH IN THE CHINA MARKET, HE SAID.

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CALL TO 'INTERVENE POSITIVELY'
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THE GOVERNMENT SHOULD STOP USING THE TERM 'POSITIVE NON-INTERVENTION', THE HON ALLEN LEE SUGGESTED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) DURING THE BUDGET DEBATE.

MR LEE SAID IT OCCURRED TO HIM THAT ANY GOVERNMENT MUST INTERVENE FOR POLITICAL, SOCIAL OR ECONOMIC REASONS AND HE CITED EXAMPLES HAPPENING IN HONG KONG IN THE BANKING SECTOR, SUCH AS THE ACQUISITION OF THE HANG LUNG BANK AND THE OVERSEAS TRUST BANK, AND MORE RECENTLY IN THE CASE OF KA WAH BANK.

'I CANNOT IMAGINE USING ANY OTHER TERM BUT INTERVENTION DIRECTLY AND TOTALLY,' HE SAID.

'I AM NOT AGAINST THESE INTERVENTIONS,' MR LEE SAID, 'I HAVE MY DOUBTS IN THE WAY THESE MATTERS ARE HANDLED, AND I AM AGAINST GOVERNMENT USING 'POSITIVE NON-INTERVENTION' TO SHRUG OFF ITS OTHER RESPONSIBILITIES.'

MR LEE QUESTIONED HOW MUCH THE GOVERNMENT HAD SPENT IN TERMS OF MONEY AND MANPOWER ON INDUSTRY AND INDUSTRIAL DEVELOPMENT.

'I AM VERY CONCERNED ABOUT OUR ECONOMY. THEREFORE, I URGE THE GOVERNMENT TO INTERVENE POSITIVELY IN OUR INDUSTRIAL DEVELOPMENT,' HE SAID.

HE SUGGESTED THAT THE INDUSTRY DEVELOPMENT BOARD SHOULD HAVE AN UNOFFICIAL CHAIRMAN TO LOOK INTO A WIDE SCOPE OF INDUSTRIAL DEVELOPMENT IN THE LONG TERM.

'IT IS ONLY THROUGH THIS TYPE OF ACTION THAT WE WILL BE ABLE TO LOOK INTO THE 1990S AND CONTINUE TO COMPETE WITH OUR MAJOR COMPETITORS IN THIS PART OF THE WORLD,' HE SAID.

'ALLOW ME TO PLEAD THAT GOVERNMENT SHOULD HAVE A HEART BIG ENOUGH TO REMEDY THE MISTAKES OF THE PAST THUS ENABLING US TO HAVE A BETTER CHANCE TO LOOK FORWARD TO A BRIGHTER FUTURE,' HE SAID.

MR LEE ALSO SAID HE WAS DISAPPOINTED TO NOTICE THAT PERSONNEL INVOLVED IN INDUSTRIAL INVESTMENT PROMOTION IN OVERSEAS OFFICES WERE SO FEW.

'WE MUST STRENGTHEN OUR INDUSTRIAL INVESTMENT PROMOTION ACTIVITIES, STRESSING THE NEED TO UPGRADE OUR PRODUCTS AND TECHNOLOGY TRANSFER,' HE EMPHASISED.

HE CALLED ON THE GOVERNMENT TO SPEND MONEY WISELY IN THESE AREAS WHICH REPRESENTED A LONG-TERM FUTURE FOR HONG KONG.

MR LEE

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MR LEE SAID HE WAS IN FAVOUR OF THE SUGGESTION THAT A RESEARCH COUNCIL BE ESTABLISHED IN HONG KONG.

HE ALSO URGED THE GOVERNMENT TO SET UP A WORKING PARTY ON INFORMATION TECHNOLOGY WITH REPRESENTATIVES FROM INDUSTRY, COMMERCE, GOVERNMENT, UNIVERSITIES AND POLYTECHNICS.

HE SAID PEOPLE IN INDUSTRIAL AND ACADEMIC CIRCLES WERE FRUSTRATED BECAUSE OF THE GOVERNMENT'S FAILURE TO SEE THE IMPACT OF INFORMATION TECHNOLOGY, WHICH HE DESCRIBED AS ONE OF THE FASTEST GROWING INDUSTRIES IN THE WORLD AND OF GREAT IMPORTANCE TO THE OVERALL DEVELOPMENT OF HONG KONG'S ECONOMY IN THE FUTURE.

REGARDING THE TRADING POSITION OF HONG KONG, MR LEE COMMENDED THE TRADE DEVELOPMENT COUNCIL FOR PLAYING AN IMPORTANT ROLE IN PROMOTING AND ENHANCING HONG KONG'S TRADE AROUND THE WORLD.

ALTHOUGH HONG KONG WAS THE 16TH LARGEST TRADING ECONOMY IN THE WORLD, HE HASTENED TO SAY THAT THE GOVERNMENT SHOULD NOT CUT THE RE-EXPORT TRADE LEVY FROM THE COUNCIL.

HE ALSO STRESSED THE IMPORTANCE OF STEPPING UP TRADE PROMOTION ACTIVITIES, ESPECIALLY AT A TIME WHEN PROTECTIONIST PRESSURE WAS GROWING AROUND THE WORLD.

+I AM IMPRESSED WITH THE ACTIVITIES OF THE TRADE DEVELOPMENT COUNCIL, PARTICULARLY WHEN WE SHOW THE WORLD WHAT HONG KONG HAS TO OFFER TO OUR TRADING PARTNERS.

+THE COUNCIL MUST BE GIVEN ADEQUATE RESOURCES TO OPERATE EFFECTIVELY IN THE PROMOTION OF OUR TRADE,+ HE SAID.

EARLIER, MR LEE PAID TRIBUTE TO THE FINANCIAL SECRETARY FOR MAKING A QUICK AND SOUND DECISION IN 1983 TO PEG THE HONG KONG DOLLAR TO THE US DOLLAR IN THE FACE OF A CRISIS IN THE MONEY MARKET.

HE NOTED THAT THE JOB OF THE FINANCIAL SECRETARY WAS NOT EASY IN RECENT YEARS AND HE SAID SIR JOHN BREMIDGE HAD INDEED SERVED HONG KONG WELL BY PRODUCING A BALANCED BUDGET WITH A SMALL SURPLUS AFTER THREE YEARS OF HEFTY DEFICITS.

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ECONOMIC GROWTH MUST BE FIRST PRIORITY

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HONG KONG MUST ALWAYS STRIVE FIRST TO MAINTAIN PROGRESS IN ITS ECONOMIC PERFORMANCE FOR THIS IS THE ONLY SOLID FOUNDATION UPON WHICH OUR FUTURE IS BASED, THE HON STEPHEN CHEONG SAID TODAY (WEDNESDAY).

SPEAKING AT THE ANNUAL BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, HE SAID CONSTITUTIONAL REFORMS MIGHT BE VERY DEAR AND EXCITING TO SOME PEOPLE IN THE COMMUNITY BUT IN THEMSELVES WERE NO PANACEA FOR PROBLEMS AND CERTAINLY NO GUARANTEE FOR HONG KONG'S FUTURE STABILITY AND PROSPERITY.

+WHATEVER THE ADMINISTRATION MAY DECIDE IN FUTURE WITH RESPECT TO OUR CONSTITUTIONAL REFORMS, IT MUST NEVER ALLOW SUCH REFORMS TO PLACE AT RISK OUR ECONOMY AND PROSPECTS FOR ECONOMIC GROWTH,+ HE SAID.

HE WORNEED THAT TO DO OTHERWISE WOULD SPELL THE BEGINNING OF THE END FOR ALL IN HONG KONG.

ACCORDINGLY HE REAFFIRMED HIS TOTAL SUPPORT TO THE PRUDENT AND FRUGAL APPROACH ADVOCATED AND ADOPTED BY THE FINANCIAL SECRETARY IN HIS MANAGEMENT OF PUBLIC FINANCES.

HE SAID PUBLIC SECTOR RECURRENT EXPENDITURE MUST CONTINUE TO BE KEPT UNDER TIGHT CONTROL AND FISCAL RESERVES SHOULD, FOR THE NEXT FIVE YEARS, CONSCIOUSLY AND CONSCIENTIOUSLY STRIVE TO INCREASE HONG KONG'S SURPLUSES WITH A VIEW TO RESTORING FISCAL RESERVES TO A LEVEL NOT LESS THAN \$10 BILLION, WHICH WOULD BE 25 PER CENT OF PROJECTED RECURRENT EXPENDITURE IN THE YEAR 1989-90.

ON THE ECONOMIC PROSPECTS FOR 1986, HE SAID HE AGREED WITH THE FINANCIAL SECRETARY THAT GROWTH THIS YEAR WOULD BE EXPORT-LED. HOWEVER, HE SAID HE WOULD NOT BE SURPRISED TO SEE DOUBLE DIGIT EXPORT GROWTH IN 1986 IF THE CURRENT ORDER TREND CONTINUED INTO THE THIRD AND FOURTH QUARTERS OF THIS YEAR.

HE NOTED THAT THE CONTINUED VIABILITY OF THE MANUFACTURING-FOR-EXPORT SECTOR MUST BE ENCOURAGED AT ALL TIMES, ADDING THAT THE ADMINISTRATION OUGHT TO DO MUCH MORE IN PROVIDING THE NECESSARY SUPPORT FOR THE TRADING AND INDUSTRIAL INFRASTRUCTURE.

ON A MICRO-LEVEL, MR CHEONG SAID HE SUPPORTED THE UNDERLYING PRINCIPLE THAT ALL MAJOR CHARGES AND TAX RATES SHOULD BE KEPT UP TO DATE AND THAT THEIR YIELD SHOULD BE MAINTAINED IN REAL TERMS.

GOVERNMENT SHOULD MAKE CLEAR TO OUR CITIZENS THAT ALL THE SERVICES RENDERED COST MONEY AND THAT MONEY HAD TO COME FROM SOMEWHERE, HE SAID.

/+THE GOVERNMENT

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+THE GOVERNMENT IS RIGHT TO ADOPT A POLICY OF CASTING A SAFETY NET TO OFFER HELP TO THOSE WHO ARE IN THE GREATEST NEED BUT THE GOVERNMENT CERTAINLY MUST NOT ASSUME THE SUICIDAL ROLE OF BEING THE ULTIMATE PROVIDER TO OUR CITIZENS FROM CRADLE TO GRAVE,+ HE ADDED.

MR CHEONG ALSO VOICED HIS GENERAL SUPPORT FOR THE POLICY OF NON-INTERVENTIONISM, STRESSING THAT WE MUST NOT SEEK ARTIFICIALLY TO IMPROVE THE COMPETITIVENESS OF OUR MANUFACTURING INDUSTRIES THROUGH SUBSIDIES.

NEVERTHELESS, HE SAID, THE GOVERNMENT SHOULD RECOGNISE CONSCIOUSLY THE NEED TO HAVE A HEALTHY INDUSTRIAL SECTOR.

IN THIS CONNECTION, HE SAID HE SAW THE NEED TO ASSESS THE CUMULATIVE IMPACT ON THE COMPETITIVENESS OF OUR MANUFACTURING INDUSTRIES OF VARIOUS LABOUR, EMPLOYMENT AND ENVIRONMENTAL PROTECTION SOCIAL LEGISLATION, AND ALSO FOR THE FINDINGS OF THIS ASSESSMENT TO BE MADE PUBLIC WHEN AVAILABLE.

IT IS BECAUSE AN ASSESSMENT OF THE CUMULATIVE COST OF ALL SUCH LEGISLATIONS ON MANUFACTURING INDUSTRIES WOULD HELP TO ESTABLISH A CLEARER BASE FOR DECIDING WHETHER THE COST OF ADDITIONAL LEGISLATION COULD BE SUSTAINED BY THE MANUFACTURING COMMUNITY, HE SAID.

FINALLY, MR CHEONG POINTED OUT THE TIME MIGHT HAVE COME FOR RE-APPRAISAL OF OUR STRATEGY FOR DIVERSIFYING THE ECONOMY.

HE SUGGESTED THE GOVERNMENT SHOULD CONSIDER SETTING UP IN THE SHORTEST POSSIBLE TIME A HIGH-POWERED COMMITTEE, CHAIRED EITHER BY THE FINANCIAL SECRETARY OR THE HON SIR S.Y. CHUNG, TO TAKE UP THIS TASK.

HE SAID THE COMMITTEE SHOULD REVIEW AND ASSESS IN DEPTH THE DEVELOPMENTS SINCE THE PUBLICATION OF THE REPORT OF THE ADVISORY COMMITTEE ON DIVERSIFICATION IN 1979; THE EFFECTS OF ACTIONS TAKEN BY THE GOVERNMENT ON OUR MANUFACTURING SECTOR IN PARTICULAR= AND THE ACTIONS NEEDED TO ENHANCE THE PROSPECT OF HONG KONG'S FURTHER ECONOMIC GRIWTH.

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SENSIBLE BUDGETARY PHILOSOPHY AND GUIDELINES

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THE BUDGETARY PHILOSOPHY AND GUIDELINES, WHICH ARE BASED ON THE PARAMOUNT OBJECTIVE OF MAINTAINING STABILITY AND PROSPERITY, ARE EXTREMELY SENSIBLE, THE HON PETER POON SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR POON NOTED THAT AS HONG KONG HAD TO DEPEND ENTIRELY ON EXTERNAL TRADE, AN ENVIRONMENT ATTRACTIVE TO ENTREPRENEURS AND CONDUCIVE TO ECONOMIC GROWTH MUST BE MAINTAINED.

+THIS INCLUDES EFFICIENT GOVERNMENT AND SERVICES, STABLE CURRENCY, LOW TAXATION AND FREEDOM FROM UNNECESSARY GOVERNMENT INTERVENTION,+ HE SAID.

ECHOING THE FINANCIAL SECRETARY'S VIEW THAT WE MUST NOT BE COMPLACENT AND THAT ONE YEAR'S RESULT COULD BE ILLUSIVE, HE SAID THE GROWTH OF PUBLIC EXPENDITURE SHOULD NOT EXCEED THE GROWTH IN THE GDP.

MR POON DESCRIBED THE FIVE-YEAR MEDIUM RANGE FINANCIAL FORECAST AS TIMELY, SAYING LOCAL AND OVERSEAS BUSINESSMEN NEEDED TO HAVE SOME INDICATIONS OF FUTURE ECONOMIC TRENDS FOR THEIR OWN CORPORATE PLANNING.

CONCERNING THE ASSUMPTION THERE WOULD BE A 4.5 PER CENT GROWTH IN THE GDP, WHICH MIGHT BE CONSIDERED BY SOME TO BE CONSERVATIVE, HE SAID HONG KONG ALREADY HAD QUITE A DEVELOPED ECONOMY AND CONTINUING HIGH GROWTH RATES ON THE PREVIOUS SCALE SHOULD NOT ALWAYS BE EXPECTED.

HE ALSO SAID HONG KONG HAD TO BE FRUGAL AND BUILD UP COMFORTABLE RESERVES IN VIEW OF THE CURRENT UNPREDICTABLE ECONOMIC CLIMATE.

MR POON SAID REVENUE SHOULD BE HELPED BY THE EXPECTED IMPROVEMENT IN EXPORT PERFORMANCE.

HE BELIEVED THAT THE INLAND REVENUE (AMENDMENT) ORDINANCE RECENTLY ENACTED SHOULD PREVENT ANY LARGE-SCALE LOSS OF REVENUE THROUGH SUCH MEANS AS TAX-BASED LEASING AND BLATANT TAX-AVOIDANCE SCHEMES.

+THE PROPOSED REPEAL OF THE SECTIONS OF THE INLAND REVENUE (AMENDMENT) ORDINANCE 1984 RELATING TO OFFSHORE INTEREST EARNED BY PERSONS OR COMPANIES CARRYING ON BUSINESS IN HONG KONG WILL ALLEVIATE THE CONCERNS OF MANY THAT SUCH LEGISLATION HAS CREATED UNCERTAINTY OVER HONG KONG'S LONG-ESTABLISHED 'TERRITORIAL SOURCE' TAX CONCEPT,+ MR POON SAID.

ON PUBLIC SECTOR EXPENDITURE, MR POON ADVOCATED THAT VALUE-FOR-MONEY STUDIES BE INTENSIFIED.

/HE ALSO

HE ALSO SAID THERE SHOULD BE A PERIODIC REALISTIC REVIEW OF CIVIL SERVICE EMOLUMENTS AT BOTH DIRECTORATE AND NON-DIRECTORATE SCALE.

+I SIMPLY WISH TO SEE FACTS AND FIGURES TO SHOW WHETHER OUR LOYAL CIVIL SERVICE IS FAIRLY AND PROPERLY REMUNERATED FOR THEIR CONTRIBUTION TO THE GROWTH AND SUCCESS OF HONG KONG,+ HE SAID.

SUCH INFORMATION WOULD CLARIFY ANY MISUNDERSTANDING OVER THE PRESENT CIVIL SERVICE PAY STRUCTURE AND ASSIST IN SETTling ANY GRIEVANCES OR INEQUITIES, MR POON ADDED.

MR POON ALSO REFERRED TO LEGISLATION INTRODUCED DURING THE PAST FEW YEARS TO IMPROVE HONG KONG'S IMAGE AS A FINANCIAL CENTRE AND ITS PRUDENTIAL SUPERVISION OF FINANCIAL INSTITUTIONS.

+THE AMENDMENTS TO THE COMPANIES ORDINANCE REQUIRING DISCLOSURE OF LOANS TO DIRECTORS HAVE UNCOVERED MANY INHERENT PROBLEM AREAS WHICH, IF ALLOWED TO CONTINUE, WILL SERIOUSLY DAMAGE HONG KONG'S REPUTATION.

+THE AMENDMENTS TO THE SECURITIES AND COMMODITY TRADING ORDINANCES ALSO UPDATE THE MUCH NEEDED ADDITIONAL REQUIREMENTS TO CONTROL SUCH SECTORS,+ HE SAID.

THE PROPOSED NEW BANKING BILL WOULD BE ANOTHER BIG STEP IN THIS DIRECTION, MR POON ADDED.

+THE SOPHISTICATION OF BUSINESS, ESPECIALLY IN THE FINANCIAL SERVICES SECTOR, IS DEVELOPING SO FAST THAT THE RELEVANT LEGISLATION MUST ENDEAVOUR TO KEEP PACE WITH IT,+ HE STRESSED.

LASTLY, MR POON PAID TRIBUTE TO THE FINANCIAL SECRETARY FOR HAVING STEERED HONG KONG THROUGH TURBULENT WATERS DURING THE PAST FIVE YEARS, SAYING THAT HIS PROPOSALS WERE SOUND AND IT WOULD BE WISE TO ADHERE TO THEM.

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PRIVATISATION AS A TEST OF EFFICIENCY

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THE GOVERNMENT SHOULD BE PREPARED TO DIVEST ITSELF OF ANY ACTIVITIES WHICH THE PRIVATE SECTOR COULD OFFER AT A LOWER COST, DR THE HON KIM CHAM SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE BUDGET DEBATE, DR CHAM SAID IT WAS IMPERATIVE THE PUBLIC SECTOR SHOULD NOT BECOME INFLATED TO SUCH AN UNWARRANTED PROPORTION AS TO BECOME VULNERABLE TO THE ILLS OF +BIG GOVERNMENTS+ THAT HAD PLAGUED A NUMBER OF WESTERN INDUSTRIAL ECONOMIES.

+IT IS ALSO CLEAR THAT OUR FISCAL POLICY SHOULD ADDRESS ITSELF TO THE STRATEGY OF FOSTERING THE CAPABILITIES OF THE PRIVATE SECTOR, AND NOT TO CONTAIN OR CURB, IN A RATHER MECHANICAL MANNER, THE SIZE OF THE PUBLIC SECTOR,+ HE SAID.

HE MAINTAINED THAT GOVERNMENT SERVICES MUST BE PROVIDED CHEAPLY, OR , MORE PRECISELY, AT COMPETITIVE RATES WITH THE PRIVATE SECTOR AT ALL TIMES.

+TO PUT GOVERNMENT EFFICIENCY TO THE TEST, INTERNATIONAL INTEREST HAS BEEN FOCUSED ON PRIVATISATION,+ HE SAID.

DR CHAM PROPOSED THAT THE GOVERNMENT SHOULD BEGIN THE SAME PROCESS BY DIVESTING ITSELF OF ANY ACTIVITIES WHICH THE PRIVATE SECTOR COULD OFFER AT A LOWER COST.

+EVEN IF THE RELEVANT DEPARTMENT WANTS TO MAINTAIN EXISTING SERVICE, IT MUST FIRST BE SUBJECTED TO A COMPETITIVE BIDDING PROCESS AGAINST PRIVATE CONTRACTORS.

+THIS PROCESS, WHICH I WOULD CALL 'PRIVATISATION SCREENING', WILL PROVIDE A CONSTANT CHECK ON THE DANGEROUS BREEDING OF INERTIA, RED TAPE AND LETHARGY WITHIN OUR GOVERNMENT MACHINERY,+ HE SAID.

HE BELIEVED THAT BY INSTILLING THE ELEMENT OF +PRIVATISATION SCREENING+ AS THE PRINCIPAL IMPERATIVE, GOVERNMENTAL ACTIVITIES COULD CLEARLY BE VITALISED IN BOTH QUALITY AND QUANTITY.

AS PROFIT-ORIENTED ENTREPRENEURS AND MANAGERS WERE ALWAYS MOTIVATED TO PERFORM BETTER, THEY WOULD RESPOND TO TENDERS COMPETITIVELY, HE SAID.

HE ADDED THAT THE TENDERING PROCESS MUST BE ACCOMPANIED BY EFFICACIOUS MEASURES OF CONTROL IN THAT A REGULATORY MECHANISM HAD TO BE DEvised TO SAFEGUARD THE PROPER FUNCTIONING OF SERVICES UNDER PRIVATE ENTERPRISE, QUALITY HAD TO BE MONITORED, PRICING HAD TO BE COMPETITIVE AND THE CONTINUITY OF SERVICE HAD TO BE GUARANTEED.

DR CHAM SUGGESTED THAT PUBLIC HOUSING ESTATE MANAGEMENT WAS A PROSPECTIVE AREA TO WHICH THE PRIVATISATION SCREENING PROGRAMME COULD BE PROFITABLY AND IMAGINATIVELY APPLIED.

SUCH A SCHEME, HE SAID WOULD NOT ONLY HELP TO REDUCE COSTS BUT ALSO INVITE THE INVOLVEMENT OF RESIDENTS IN FOSTERING THEIR SENSE OF BELONGING AND PARTICIPATION.

HE EXPECTED THERE WOULD BE STRONG OPPOSITION TO SPECIFIC PROPOSALS FOR CERTAIN SERVICES TO BE SUBJECT TO PRIVATISATION SCREENING BUT HE BELIEVE THE COUNCIL SHOULD RESOLVE TO ADHERE TO THIS AS A PRINCIPLE.

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'HELP INDUSTRIES DEVELOP HI-TECH'
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THE GOVERNMENT SHOULD ASSIST AND ENCOURAGE INDUSTRIALISTS TO DEVELOP HIGH TECHNOLOGY SO AS TO IMPROVE LOCAL EXPORT PRODUCTS, THE HON JACKIE CHAN SAID TODAY (WEDNESDAY).

SPEAKING AT THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR CHAN POINTED OUT THAT AS HONG KONG'S ECONOMY WAS ALWAYS VULNERABLE TO EXTERNAL FACTORS AND ITS PRODUCTION FACILITIES REMAINED TRADITIONAL WITH THE WORKFORCE BEING PAID HIGHER THAN ITS COUNTERPARTS, THE EXPORT OF HONG KONG'S PRODUCTS WAS ADVERSELY AFFECTED.

HE SAID THE GOVERNMENT WAS DUTY-BOUND TO HELP INDUSTRIALISTS PROMOTE THEIR INDUSTRIES AND REGRETTED THAT THE GOVERNMENT HAD IN THE PAST NEGLECTED THE IMPORTANCE OF ENHANCING INDUSTRIAL DEVELOPMENT BY ADOPTING AN UNDULY RESERVED ATTITUDE.

+IT IS MY SUBMISSION THAT THE GOVERNMENT SHOULD TAKE AN ABOUT-TURN IN ITS POLICY AND ACT WITHOUT DELAY BUT WITH FLEXIBILITY TO PREVENT THE SITUATION FROM FURTHER DETERIORATING.+

MR CHAN SAID THE TIME HAD COME FOR GOVERNMENT TO ASSIST AND ENCOURAGE INDUSTRIALISTS IN DEVELOPING HIGH TECHNOLOGY WHICH WAS THE MOST EFFECTIVE WAY TO IMPROVE EXPORT PRODUCTS.

HE SAID THERE WERE A NUMBER OF WAYS THROUGH WHICH THE GOVERNMENT COULD ASSIST IN THE DEVELOPMENT OF HIGH TECHNOLOGY, INCLUDING THE OPENING UP OF INDUSTRIAL ESTATES, RELAXATION OF TERMS AND CONDITIONS, ENCOURAGEMENT IN THE ESTABLISHMENT OF FACTORIES, AND GRANTING INTERESTED INDUSTRIALISTS SPECIAL CONCESSIONS IN DEPRECIATION ALLOWANCES.

MR CHAN ALSO SUGGESTED THE SETTING UP OF A +HIGH TECHNOLOGY AND PROMOTION RESEARCH CENTRE+ TO STUDY PRODUCTION TECHNOLOGY AND TECHNIQUES IN ADVANCED COUNTRIES.

THE CENTRE SHOULD ALSO GATHER INFORMATION ON THE NEW TREND OF PRODUCTS MOST SOUGHT AFTER BY OVERSEAS MARKETS, ASSIST MANUFACTURERS IN THE USE OF SOPHISTICATED TECHNOLOGY, IMPROVE THE QUALITY OF PRODUCTS, INCREASE PRODUCTIVITY AND FOSTER DIVERSIFICATION AND PUBLICITY, HE SAID.

MR CHAN STRESSED THAT IN PERFORMING THE ABOVE ROLES, THE GOVERNMENT WOULD BE INDIRECTLY ASSISTING INDUSTRY AND NOT DIRECTLY INTERFERING WITH INDUSTRY.

ON THE PROPOSAL TO INCREASE ALLOWANCES FOR SALARY TAX, HE SAID THE PROPOSED INCREASES WERE TOO MEAN AND WERE OF LITTLE HELP IN ALLEVIATING THE PUBLIC'S BURDEN.

+I HOPE THAT GOVERNMENT WOULD RECONSIDER IT WITH A VIEW TO RAISING THE LEVEL OF THE INCREASES,+ HE SAID.

/HE SUGGESTED

HE SUGGESTED THAT THE REDUCTION IN REVENUE RESULTING FROM THE INCREASE COULD BE REMEDIED BY RAISING THE BETTING TAX RATES.

MR CHAN SAID HE WELCOMED THE FINANCIAL SECRETARY'S MEDIUM TERM FINANCIAL FORECAST FOR THE NEXT FIVE YEARS, SAYING IT WAS ENCOURAGING TO SEE THAT THE GOVERNMENT HAD A LONG-TERM PLAN.

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COMPREHENSIVE ASSESSMENT OF CONTRACTORS NEEDED
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LEGISLATIVE COUNCILLOR THE HON CHENG HON-KWAN TODAY (WEDNESDAY) CALLED FOR A COMPREHENSIVE ASSESSMENT OF CONTRACTORS TENDERING FOR MAJOR PUBLIC BUILDING PROJECTS.

+NOW IS THE RIGHT TIME TO LOOK AGAIN AT THE WAY CONTRACTORS' CAPACITIES ARE ASSESSED BEFORE THEY ARE ALLOWED TO TENDER FOR SUCH PROJECTS,+ MR CHENG SAID DURING THE BUDGET DEBATE IN THE COUNCIL.

+IT IS ALSO HIGH TIME TO LOOK AGAIN AT THE WAY IN WHICH TENDERS THEMSELVES ARE ASSESSED.+

HE REFERRED TO A RECENT REPORT THAT A BUILDING CONTRACTOR ENGAGED ON THREE PUBLIC HOUSING CONTRACTS HAD DISAPPEARED, LEAVING BEHIND UNFINISHED CONTRACTS.

+APART FROM THE IMPACT ON MORE THAN A THOUSAND WORKERS WHO FIND THEMSELVES SUDDENLY OUT OF A JOB, THE COST IS LIKELY TO BE CONSIDERABLE,+ SAID MR CHENG, ADDING THAT RE-TENDERING MIGHT BE NECESSARY.

HE NOTED THAT THERE WERE PRESCRIBED MINIMUM LEVELS (IN TERMS OF ASSETS, EQUIPMENT AND RESOURCES) FOR CONTRACTORS SEEKING ADMISSION TO THE RECOGNISED CATEGORIES OF TENDERERS= AND IT WAS THE GOVERNMENT'S POLICY THAT THE LOWEST BID SHOULD NORMALLY BE ACCEPTED.

MR CHENG SAID THIS WAS NOT ENOUGH. +QUANTITATIVE COMPLIANCE WITH TECHNICAL REQUIREMENTS IS NEVER ENOUGH ON ITS OWN. QUALITATIVE JUDGEMENT IS NEEDED ALSO,+ HE STRESSED.

HE SAID A CONTRACTOR'S CAPACITY TO TENDER FOR A MAJOR PUBLIC PROJECT MUST BE JUDGED COMPREHENSIVELY AND THAT, IF NECESSARY, HIS CAPACITY AND FITNESS TO HANDLE MORE THAN ONE SUCH CONTRACT SIMULTANEOUSLY MUST BE JUDGED ALIKE.

+ACCEPTANCE OF THE LOWEST TENDER MUST NOT ALWAYS COME TO BE REGARDED AS A SACRED PRINCIPLE,+ HE SAID.

COMMENTING ON A PERCEPTIBLE INCREASE IN CONSTRUCTION ACTIVITY IN 1986-87 MENTIONED BY THE FINANCIAL SECRETARY, MR CHENG SAID HE AGREED THAT NEW PROJECTS SUCH AS THE ADDITIONAL CONTAINER TERMINALS, THE EASTERN HARBOUR CROSSING, THE ROUTE 5 HIGHWAY AND THE TUEN MUN LIGHT RAIL TRANSIT SYSTEM DID GIVE SOME PROMISE OF A NEW IMPETUS IN THE INDUSTRY.

HOWEVER, HE BELIEVED THAT QUANTITATIVE GROWTH, JUST LIKE QUANTITATIVE COMPLIANCE WITH TECHNICAL REQUIREMENTS, WAS NOT ENOUGH ON ITS OWN.

+FOR GROWTH TO BE REAL, THERE HAS TO BE IMPROVED QUALITY TO MAKE IT SO.

+QUALITY IS PARAMOUNT; AND IT FOLLOWS THAT A REAL EFFORT TO IMPROVE OUR TRAINING RESOURCES AND METHODS IS VITALLY NECESSARY, PARTICULARLY DURING THE PROCESS OF LOCALISATION,+ HE SAID.

MR CHENG SAID TRAINING MUST COVER ALL SECTORS OF INDUSTRY AND GOVERNMENT, AND AT ALL LEVELS; AND THE AIM MUST BE TO FILL ALL RANKS WITH ELITE WORKERS WHO WERE ENCOURAGED TO WORK SKILFULLY, CREATIVELY AND EFFICIENTLY.

+MOST IMPORTANT, WORK ASSIGNMENTS AND POSTINGS SHOULD BE THOUGHTFULLY MANAGED, SO AS TO FOSTER THE EXPERIENCE AND EXPERTISE THAT TRANSLATE TRAINING INTO REAL PRODUCTIVITY,+ HE SAID.

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RESEARCH ON LOW ECONOMIC GROWTH RATE NECESSARY

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THE GOVERNMENT SHOULD, IN THE YEARS TO COME, CONDUCT ANALYSIS AND STUDIES INTO THE REASONS FOR THE LOW GROWTH RATE OF THE ECONOMY AND WORK OUT CORRESPONDING MEASURES TO MAINTAIN ECONOMIC DEVELOPMENT, THE HON LAU WONG-FAT SAID TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR LAU SAID THE INVESTMENT DESIRE AND CONFIDENCE OF INVESTORS SHOULD BE ENHANCED AT THE SAME TIME.

+THE ENTREPRENEURS SHOULD BE ENCOURAGED TO MAKE IMPROVEMENTS TO THEIR OLD FACTORIES AND PLANTS AND ALSO TO BRING IN NEW TECHNOLOGIES.

+THE GOVERNMENT SHOULD ALSO REVIEW ITS TAXATION SYSTEM AS WELL AS OTHER ECONOMIC AND LABOUR POLICIES WITH A VIEW TO INDIRECTLY ASSISTING IN THE DEVELOPMENT AND COMPETITIVENESS OF LOCAL INDUSTRY,+ MR LAU SAID.

IT WAS HOPED, HE ADDED, THAT THE CURRENT ADVERSE SITUATION OF ECONOMIC LOW GROWTH COULD BE BROUGHT AROUND.

/NOTING THAT

NOTING THAT THE GDP HAD SIGNIFICANTLY BEEN REDUCED SINCE LAST YEAR AND FIGURES AS INDICATED IN THE FIVE-YEAR FORECAST, MR LAU SAID HONG KONG'S ECONOMY HAD GONE INTO A STAGE OF LOW ECONOMIC GROWTH.

GOVERNMENT'S REVENUE WOULD DEFINITELY BE AFFECTED UNDER THESE CIRCUMSTANCES AND IF THE VARIOUS ITEMS OF CURRENT DEVELOPMENT PROJECTS WERE TO BE MAINTAINED AND CONTINUED, +WE HAVE TO ENSURE THAT GOVERNMENT HAS ADEQUATE SOURCES OF REVENUE BEFORE A BALANCE ON THE TWO ENDS CAN BE ACHIEVED,+ HE STRESSED.

MR LAU OBSERVED THAT FUTURE PUBLIC REVENUE WOULD OBVIOUSLY HAVE TO RELY ON EXPORT OF INDUSTRIAL PRODUCTS.

HE SAID HE DOUBTED WHETHER THE GROWTH RATE OF 4.5 PER CENT COULD BE ATTAINED IN VIEW OF THE ECONOMIC PROTECTIONISM OF THE UNITED STATES AND EUROPE, THE CONSTRAINT POLICY IN FOREIGN EXCHANGE OF CHINA, INTERNATIONAL ECONOMIC RECESSION AND A GROWING SENSE OF SUSPICION ABOUT HONG KONG'S FUTURE OUTLOOK AMONG LOCAL INDUSTRIALISTS AND INVESTORS.

ON DEVELOPMENT IN THE NEW TERRITORIES, MR LAU SAID THE SUCCESS IN THE DEVELOPMENT OF NEW TOWNS BY THE GOVERNMENT WAS EASILY RECOGNISABLE AND THIS HAD GREATLY ELEVATED THE QUALITY OF LIFE OF NEW TOWN RESIDENTS.

+HOWEVER, IT IS A PITY THAT THERE ARE STILL MANY DISTRICTS AND VILLAGES OUTSIDE THE BOUNDARIES OF NEW TOWNS IN THE NEW TERRITORIES THAT ARE UNABLE TO ENJOY THOSE ADVANTAGES AND BENEFITS BROUGHT ABOUT BY NEW TERRITORIES DEVELOPMENT,+ HE SAID.

LOOKING AT THE PROVISION SET ASIDE FOR MINOR VILLAGE WORKS BY THE GOVERNMENT IN THE PAST THREE YEARS, MR LAU SAID THERE WAS NO INCREASE IN THE PROVISION WHATSOEVER EXCEPT TO COVER INFLATION.

IN ORDER TO IMPROVE THE QUALITY OF LIFE OF THE PEOPLE DWELLING IN THESE AREAS, HE CONSIDERED THERE WAS THE NEED FOR THE GOVERNMENT TO INCREASE SIGNIFICANTLY THE PROVISION FOR LOCAL PUBLIC WORKS.

+IN THE LONG TERM, THE GOVERNMENT ALSO HAS TO CONDUCT FULL INVESTIGATIONS AND STUDIES IN ORDER TO FORMULATE A COMPREHENSIVE PROGRAMME TO IMPROVE BY STAGES THE FACILITIES OF VILLAGES AND DISTRICTS LYING OUTSIDE THE BOUNDARIES OF NEW TOWNS SO AS TO BRING THEM UP TO THE PRESENT LEVEL OF OUR COMMUNITY,+ HE SAID.

FINALLY, MR LAU SAID HE REGRETTED THAT THE LEGISLATIVE COUNCIL HAD NOT BEEN GIVEN ANY PRIOR NOTIFICATION ABOUT THE KA WAH BANK INCIDENT AND CONSIDERED THAT THERE WERE DEFECTS ON THE PART OF THE ADMINISTRATION CONCERNING THE PROCEDURAL ARRANGEMENTS IN HANDLING THE MATTER REGARDLESS OF WHATEVER INTENTION IT HAD.

UNFAIR TO SINGLE OUT FINANCIAL SECTOR

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THE FINANCIAL COMMUNITY QUESTIONS THE UNDERLYING RATIONALE OF PERIODIC INCREASES IN LICENCE FEES FOR BANKS AND DEPOSIT-TAKING COMPANIES, THE HON DAVID K.P. LI SAID DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

COMMENTING ON THE BUDGET AS A WHOLE, MR LI SAID HE WAS PLEASED TO HEAR THAT A SMALL SURPLUS WOULD BE ACHIEVED THIS FISCAL YEAR AND THE NEXT AFTER THREE CONSECUTIVE YEARS OF DEFICITS.

HOWEVER, HE SAID HE COULD NOT HONESTLY SAY THE 20 PER CENT INCREASE IN BANK LICENCE FEES AND THE 13 PER CENT INCREASE IN DEPOSIT-TAKING COMPANIES' LICENCE FEES WERE UNIVERSALLY WELCOMED BY THE FINANCIAL COMMUNITY.

HE SAID THAT WITH 149 BANKS AND 310 DTCS COMPETING FIERCELY FOR BUSINESS IN HONG KONG, THE FINANCIAL BUSINESS WAS MUCH MORE OPEN TO OUTSIDE COMPETITION AND YET IT ALONE ENJOYED THE +DUBIOUS HONOUR OF REGULAR AND INCREASING PAYMENTS TO THE EXCHEQUER.+

+IT SEEMS LESS THAN FAIR TO SINGLE OUT THE FINANCIAL SECTOR FOR SUCH ROYALTY-LOADED PAYMENT,+ HE SAID.

HOWEVER, MR LI SAID THE FINANCIAL SECTOR WARMLY WELCOMED THE ABOLITION OF STAMP DUTY ON HONG KONG BEARER INSTRUMENTS IN RESPECT OF LOAN CAPITAL, AND THE REPEAL OF PROFITS TAX ON INTEREST INCOME EARNED ON OFFSHORE DEPOSITS.

HE SAID BOTH HAD IMPORTANT IMPLICATIONS FOR HONG KONG'S FURTHER DEVELOPMENT AS AN INTERNATIONAL FINANCIAL CENTRE.

HE OBSERVED THAT HONG KONG'S CAPITAL MARKET HAD LONG EXHIBITED A LOPSIDED DEVELOPMENT, WITH THE BOND MARKET SEGMENT VIRTUALLY DORMANT COMPARED WITH ITS EQUITY COUNTERPART.

+HOPEFULLY THE ABOLITION OF THIS STAMP DUTY WILL ENCOURAGE THE ISSUE AND TRADING OF CORPORATE DEBT INSTRUMENTS IN HONG KONG AND RAISE THE DEVELOPMENT OF THE CAPITAL MARKET TO A LEVEL MORE IN KEEPING WITH OUR STATUS AS AN INTERNATIONAL FINANCIAL CENTRE,+ HE SAID.

MR LI ALSO NOTED THAT MANUFACTURING INDUSTRIES IN HONG KONG HAD MADE RELATIVELY LITTLE USE OF THE CAPITAL MARKET FOR RAISING LONG-TERM CAPITAL BUT HAD RELIED PRINCIPALLY ON BANK CREDIT INSTEAD.

HE COMMENTED THAT THE INABILITY OF THE CAPITAL MARKET TO FULFIL ITS CAPITAL-RAISING FUNCTION HAD UNFAVOURABLE IMPLICATIONS FOR THE LIQUIDITY AND SAFETY OF THE BANKING INDUSTRY, A SITUATION WHICH THE GOVERNMENT DID NOT SEEM TO SUFFICIENTLY APPRECIATE.

/HE SAID

HE SAID CAREFUL AND CLOSE CO-OPERATION AMONG ALL PARTIES CONCERNED WAS REQUIRED TO IMPROVE THE SITUATION.

ON THE REPEAL OF THE TAX ON INTEREST INCOME EARNED FROM OFFSHORE DEPOSITS, MR LI SAID THE FINANCIAL SECRETARY'S DECISION WAS TO BE HIGHLY COMMENDED.

HE SAID THE FINANCIAL COMMUNITY HELD THAT THE TAX VIOLATED THE +TERRITORIAL SOURCE+ PRINCIPLE ON WHICH HONG KONG'S TAX SYSTEM WAS BASED.

MR LI THEN TURNED TO OTHER DEVELOPMENTS IN THE FINANCIAL SECTOR WHICH IN THIS VIEW CAUSED CONCERN AND REQUIRED COMMENT.

HE NOTED THAT IN THE PAST DECADE, THE MAJOR FINANCIAL CENTRES OF THE WORLD, INCLUDING HONG KONG, HAD BEEN FLOODED WITH FINANCIAL INNOVATIONS OF ALL KINDS.

ONE OF THEM, MR LI SAID, WAS +SECURITISATION+ WHICH WAS THE GRANTING OF LOANS AND ADVANCES IN THE FORM OF MARKETABLE SECURITIES.

HE POINTED OUT THAT ONE IMPORTANT CONSEQUENCE OF THIS DEVELOPMENT WAS THAT THE TRADITIONAL DIFFERENCES BETWEEN LOANS AND SECURITIES HAD BECOME MUCH MORE BLURRED.

+THE IMPLICATION FOR PRUDENTIAL REGULATION IS THAT THERE IS NO LONGER ANY CLEAR-CUT DEMARCATION BETWEEN THE JURISDICTIONS OF THE BANKING COMMISSION AND THE SECURITIES COMMISSION,+ HE SAID.

NOTING THAT THERE SHOULD BE GREATER CO-ORDINATION BETWEEN THE TWO BODIES FOR SUPERVISORY AND MONITORING PURPOSES, MR LI SUGGESTED THAT IT MIGHT EVEN BE WORTHWHILE TO STUDY THE CASE OF MERGING THE TWO TO FORM A MORE COMPREHENSIVE AND EFFECTIVE SUPERVISORY AUTHORITY UNDER THE SECRETARY FOR MONETARY AFFAIRS.

MR LI SAID ANOTHER RECENT DEVELOPMENT REQUIRING COMMENT WAS THE SIGNIFICANT SHIFT IN THE HONG KONG DOLLAR AND FOREIGN CURRENCY COMPONENTS IN THE MONETARY AGGREGATES.

HE OBSERVED THAT THERE HAD BEEN A STEADY EROSION OF THE HONG KONG DOLLAR COMPONENT OF THE MONEY SUPPLY, WHICH WAS NOT GOOD FOR MONETARY STABILITY.

HE WAS CONCERNED ABOUT THE MEASURES THAT COULD BE ADOPTED TO PREVENT THE FURTHER EROSION OF THE HONG KONG DOLLAR DEPOSIT BASE AND STRESSED THIS WAS AN ISSUE WHICH SHOULD BE CLOSELY MONITORED AND CAREFULLY STUDIED.

LASTLY, MR LI PAID TRIBUTE TO THE FINANCIAL SECRETARY'S ACHIEVEMENTS, SAYING HE HAD PRESIDED WITH HONESTY AND INTEGRITY OVER HONG KONG'S ECONOMIC AND FINANCIAL SYSTEM DURING ONE OF THE MOST TRYING AND STORMY PERIODS IN ITS HISTORY.

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CALL TO ELIMINATE TRADE BARRIERS
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A CONCERTED EFFORT SHOULD BE MADE TO ELIMINATE TRADE BARRIERS AND TO PROMOTE FURTHER DEVELOPMENT OF HONG KONG'S MANUFACTURING INDUSTRY, THE HON NGAI SHIU-KIT SAID TODAY (WEDNESDAY).

SPEAKING AT THE LEGISLATIVE COUNCIL DEBATE ON THE APPROPRIATION BILL 1986, MR NGAI SAID DUE TO THE ENDLESS VARIETY OF TRADING RESTRICTIONS IMPOSED BY EXPORT MARKETS, HONG KONG WAS OFTEN PLACED IN A DEFENSIVE POSITION.

+PROTECTIONISM, WHETHER VIEWED IN THE LONG-TERM OR SHORT-TERM PERSPECTIVE, IS IN FACT A SELF-DESTRUCTIVE ECONOMIC POLICY,+ HE SAID.

+THOSE WHO ADVOCATE TRADE RESTRICTIONS AND CARE FOR IMMEDIATE BENEFITS HAVE IGNORED COMPLETELY THE RIGHT OF FREE CHOICE BY LOCAL IMPORTERS, RETAILERS AND CONSUMERS.

+THEREFORE, IT WILL SURELY ENCOUNTER AN OPPOSING FORCE, AND HONG KONG SHOULD TAKE THIS OPPORTUNITY TO MANIPULATE SUCH A FORCE TO FIGHT PROTECTIONISM,+ HE ADDED.

IN FACT, MR NGAI SAID, EVERY ENTREPRENEUR HAD THE DUTY TO MAKE FULL USE OF EVERY CHANCE TO ENHANCE THE RIGHTS AND INTERESTS OF THE DOMESTIC EXPORT INDUSTRY BY PARTICIPATING IN ALL KINDS OF LOBBYING ACTIVITIES, BE THEY LONG-TERM OR SHORT-TERM, EVERYWHERE AND ON ALL OCCASIONS, SO AS TO PROMOTE HONG KONG'S IMAGE IN THE WORLD, PARTICULARLY IN THE NEW SITUATION AFTER THE SIGNING OF THE SINO-BRITISH DECLARATION.

MR NGAI SUGGESTED THAT THE GOVERNMENT SHOULD MAKE USE OF EXISTING RESOURCES TO SET UP STANDING LOBBYING GROUPS THROUGH THE TRADE DEPARTMENT OR OVERSEAS OFFICES.

IF NECESSARY, HE SAID, THESE GROUPS COULD STATION IN HONG KONG'S MAJOR EXPORT COUNTRIES AND THE RESPONSIBLE OFFICERS COULD KEEP IN CLOSE CONTACT WITH AND LOBBY LOCAL PEOPLE OPPOSED TO TRADE BARRIER POLICIES, INCLUDING IMPORTERS, WHOLESALERS, MEMBERS OF THE CONSUMER BODIES AND THE LEGISLATURE, IN ORDER TO STOP THE ONGOING EXPANSION OF TRADE BARRIER MOVEMENT.

HE ALSO FELT IT WAS UNDERSTANDABLE AND ACCEPTABLE IF THE TRADE DEPARTMENT REQUIRED MORE GOVERNMENT RESOURCES TO CARRY OUT THESE UNDERTAKINGS.

IN ORDER TO FURTHER ENHANCE THE TECHNOLOGY AND QUALITY LEVEL OF HONG KONG'S MANUFACTURING INDUSTRY, MR NGAI SUGGESTED THAT THE INDUSTRY DEPARTMENT SHOULD STEP UP ITS EFFORTS TO ATTRACT OVERSEAS INDUSTRIAL INVESTMENT BY ORGANISING MORE SEMINARS, EXHIBITIONS AND OVERSEAS VISITS.

HE SAID HE REGRETTED THAT THE FUND ALLOCATED IN THIS DIRECTION MIGHT NOT BE SUFFICIENT AND HAD NOT TAKEN INTO CONSIDERATION A LARGE-SCALE PROMOTION PROGRAMME.

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TIME FOR APPROPRIATE ASSISTANCE

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THE GOVERNMENT SHOULD REVIEW ITS PRESENT POLICY ON NON-INTERVENTION IN TRADE AND INDUSTRY, THE HON POON CHI-FAI SAID TODAY (WEDNESDAY) DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL.

MR POON SAID HONG KONG NOW FACED WORLD-WIDE TRADE PROTECTIONISM, GLOBAL DEPRESSION, A LACK OF BUSINESS CONFIDENCE IN LONG-TERM INVESTMENT AND A DRASTIC DECREASE IN INDUSTRIAL INVESTMENTS, ALL RESULTING IN INCREASED PRODUCTION COSTS.

ON THE OTHER HAND, HE SAID, CHINA HAD STRENGTHENED CONTROL OF ITS FOREIGN EXCHANGE, REGULATION OF ITS BALANCE OF TRADE, AND HAD BEEN ENGAGED OVER THE PAST FEW YEARS IN INTRODUCING MODERN TECHNOLOGY TO BOOST ITS COMPETITIVENESS.

+TOGETHER WITH LOWER SALARY LEVELS IN NEIGHBOURING COUNTRIES WHOSE GOVERNMENTS HAVE ASSISTED IN THE PROMOTION OF INDUSTRIES, WE CANNOT HELP WORRYING THAT IF HONG KONG DID NOT HAVE THE BENEFIT OF GOVERNMENT SUPPORT CAN WE SURVIVE ALONE?+ HE ASKED.

REFERRING TO RECENT CRISES IN THE BANKING INDUSTRY, MR POON SAID THESE HAD DEMONSTRATED THAT IF INDUSTRY LOST ITS COMPETITIVE EDGE IT WOULD BE DIFFICULT FOR THE GOVERNMENT TO REMAIN ALOOF.

+IF GOVERNMENT COULD EXEMPT PROFIT TAX ON OFFSHORE INTEREST AND STAMP DUTIES TO ENHANCE THE DEVELOPMENT OF THE FINANCIAL SECTOR, TAKE UNPRECEDENTED ACTION TO TAKE OVER THE HANG LUNG, OVERSEAS TRUST AND HONG KONG INDUSTRIAL AND COMMERCIAL BANKS, AND USE THE EXCHANGE FUND TO GUARANTEE THE BAD DEBTS OF KA WAH BANK, I FAIL TO SEE WHY GOVERNMENT CANNOT ACCORD APPROPRIATE AND LIMITED ASSISTANCE TO THE INVESTMENT AND DEVELOPMENT OF HONG KONG INDUSTRIES,+ HE SAID.

+TO SUM UP, THE 'NON-INTERVENTION' POLICY ON INDUSTRY ADOPTED BY GOVERNMENT DEFINITELY WARRANTS A REVIEW,+ HE STRESSED.

ON STRENGTHENING MONETARY SUPERVISION, MR POON SUGGESTED THAT THE GOVERNMENT SHOULD SET UP AN EFFECTIVE AND COMPREHENSIVE SYSTEM OF MONETARY SUPERVISION AS A MATTER OF URGENCY.

HE WELCOMED RECENT MEASURES PROPOSED BY THE GOVERNMENT. BUT HE SAID IF THE MINIMUM CAPITAL TO RISK ASSETS RATIO IN THE NEW BANKING BILL WAS TO BE ENFORCED STRICTLY IT WOULD INCREASE PRESSURE ON SMALL AND MEDIUM-SIZED BANKS AND FINANCE COMPANIES WHICH HAD RELATIVELY WEAK CAPITAL-RAISING POWER. HE THEREFORE CALLED FOR CAREFUL ATTENTION TO BE PAID TO THIS AREA.

ON TAXATION, MR POON SAID THE INCREASE IN THE PERSONAL TAX ALLOWANCE, EASING THE BURDEN ON MIDDLE AND LOWER INCOME GROUPS, WAS TO BE WELCOMED.

/HOWEVER, HE

HOWEVER, HE FELT THAT IT WAS UNFAIR TO THOSE WHO HAD TO BRING UP CHILDREN THAT THERE WAS NO INCREASE IN THE CHILD ALLOWANCE.

HE SUGGESTED THAT WHEN THE ECONOMY IMPROVED, PERSONAL AND CHILD ALLOWANCE SHOULD BE PROPERLY ADJUSTED.

MR POON ALSO SAID THAT WITH THE APPROACH OF 1997, THE USE OF THE CHINESE LANGUAGE WOULD GROW WHILE, AT THE SAME TIME, THE PACE OF LOCALISATION IN THE CIVIL SERVICE WOULD ACCELERATE.

HE THEREFORE URGED THE GOVERNMENT TO STRENGTHEN ITS PLANS FOR TRAINING LOCAL CIVIL SERVANTS.

FINALLY, MR POON SAID CONTROL OF CIVIL SERVICE GROWTH SHOULD NOT LEAD TO AN OVER-RELIANCE ON THE SERVICE OF CONSULTANT FIRMS. OTHERWISE, THE POLICY OF CONTROLLING CIVIL SERVICE GROWTH WOULD NOT ONLY BECOME MEANINGLESS, BUT WOULD ALSO REDUCE THE EMPLOYMENT OPPORTUNITIES FOR LOCAL ENGINEERS AND OTHER PROFESSIONALS, AND INCREASE THE COST OF GOVERNMENT PROJECTS, HE SAID.

HE URGED THAT WHILE BRINGING THE GROWTH OF CIVIL SERVICE UNDER CONTROL GOVERNMENT DEPARTMENTS SHOULD BE PROVIDED WITH ADEQUATE STAFF TO STUDY, PLAN AND SUPERVISE PUBLIC PROJECTS INTERNALLY.

MR POON ALSO CALLED ON THE GOVERNMENT TO REVIEW AND RECTIFY WHAT HE TERMED THE PRESENT POOR CO-ORDINATION AND MISUNDERSTANDING AMONG SOME GOVERNMENT DEPARTMENTS WHICH HAD LED TO UNNECESSARY WASTAGE.

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SLOW INVESTMENT RATE A MATTER OF CONCERN
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A MATTER OF CONCERN TO THE FUTURE ECONOMIC GROWTH OF HONG KONG IS THE RELATIVELY SLOW INVESTMENT RATE BY LOCAL INDUSTRIALISTS IN NEW PLANT EQUIPMENT ESPECIALLY RELATING TO THE EXPORT FIELD, THE HON HILTON CHEONG-LEEN SAID AT THE DEBATE ON THE BUDGET TODAY (WEDNESDAY).

MR CHEONG-LEEN SAID THAT FACTORIES WERE APPARENTLY STEPPING UP THEIR PRODUCTIVITY ON EXISTING EQUIPMENT OR REPLACING OLD WITH NEW EQUIPMENT ONLY WHEN ABSOLUTELY NECESSARY WITHOUT WANTING TO INVEST FOR LONG-TERM GROWTH BY WAY OF NEW CAPITAL INVESTMENT.

+GOVERNMENT SHOULD THEREFORE AGAIN REVIEW THE CURRENT LEVEL OF INCENTIVES FOR LOCAL INDUSTRIALISTS TO BE WILLING TO PUT MORE MONEY INTO MEDIUM AND LONG-TERM CAPITAL INVESTMENT,+ HE URGED.

WHETHER THIS SHOULD BE DONE BY WAY OF MORE SUBSTANTIAL DEPRECIATION ALLOWANCE FOR THE MORE SIZABLE INVESTMENT WOULD BE A MATTER FOR MORE DETAILED STUDY BY THE ADMINISTRATION, HE SAID.

MR CHEONG-LEEN ADDED THAT WHAT COULD ALSO BE REVIEWED WAS WHETHER THE COST OF LAND WAS AN INHIBITING FACTOR FOR LOCAL INVESTORS FOR LONG-TERM INVESTMENT IN INDUSTRY.

NOTING THAT THE INTRODUCTION OF THE BANKING BILL MIGHT MEAN LESS FLEXIBILITY FOR MEDIUM-SIZE BANKS TO ASSIST SMALL FACTORIES, HE CALLED ON GOVERNMENT TO LOOK AT THE FEASIBILITY OF SOME FORM OF LONG-TERM CREDIT INSTITUTION WITH PARTICIPATION BY INTERESTED BANKS AND BACKING BY GOVERNMENT TO PROVIDE MEDIUM-TERM OR LONG-TERM VENTURE CAPITAL TO INDUSTRIALISTS FOR PLANT EXPANSION OR NEW TYPES OF INDUSTRY.

ON PUBLIC HOUSING, MR CHEONG-LEEN SAID HE CONSIDERED THAT THE TIME HAD COME TO REVIEW THE DIRECTION IN WHICH THE HOUSING AUTHORITY WOULD BE MOVING IN THE NEXT TEN YEARS.

+A CONSCIOUS DECISION SHOULD NOW BE TAKEN BY GOVERNMENT AND THE HOUSING AUTHORITY TO AIM FOR AT LEAST 50 PER CENT OF ALL NEW PUBLIC HOUSING TO BE MADE AVAILABLE PARTLY UNDER THE GOVERNMENT HOME OWNERSHIP AND MORE UNDER THE PRIVATE SECTOR PARTICIPATION SCHEME OVER THE NEXT FIVE OR SIX YEARS, AND FOR THE PROPORTION OF HOME OWNERSHIP COMPARED TO RENTAL ACCOMMODATION TO INCREASE TO 70 PER CENT TEN YEARS FROM NOW,+ HE SAID.

HE ALSO CONSIDERED THAT MANAGEMENT SHOULD NOT BE THE PERMANENT RESPONSIBILITY OF HOUSING DEPARTMENT STAFF, BUT SHOULD BE TAKEN OVER BY THE HOME OWNERS THEMSELVES WITHIN FIVE YEARS OF POSSESSION OF THEIR HOMES.

MR CHEONG-LEEN SUGGESTED THAT A JOINT STUDY GROUP BE SET UP BY THE GOVERNMENT AND THE HOUSING AUTHORITY TO EXAMINE WHETHER AN ESTATE TOWN COUNCIL TYPE OF ORGANISATION WITH DEFINED MANAGEMENT RESPONSIBILITIES COULD BE TRIED OUT IN HONG KONG.

HE SAID THAT WITHIN FIVE OR SIX YEARS, THE HOUSING AUTHORITY WITH ITS CURRENT \$34 000 MILLION ASSET BASE SHOULD HAVE ENOUGH CASH FLOW SO THAT THE ENORMOUS PUBLIC HOUSING PROGRAMME COULD BE SELF-SUSTAINING, PROVIDING LAND WOULD BE MADE FREELY AVAILABLE AND THERE WOULD BE MORE EMPHASIS ON EXPANDING THE HOME OWNERSHIP SECTOR IN THE COMING YEARS.

MR CHEONG-LEEN THEN TURNED TO THE NEED FOR EXPANDING THE +VALUE FOR MONEY STUDIES GROUP+ SYSTEM TO SCRUTINISE THE WORK OF MAJOR GOVERNMENT DEPARTMENTS TO MAKE THEM MORE EFFICIENT AND COST CONSCIOUS.

+WITH THE NEW LOOK OF LEGISLATIVE COUNCIL AND THE TREND TOWARDS A MORE OPEN GOVERNMENT, THE ADMINISTRATION SHOULD NOW HAVE THE POLITICAL WILL TO EXPAND THIS APPROACH TO ALL OTHER MAJOR DEPARTMENTS APART FROM THE EXISTING FIVE DEPARTMENTS,+ HE SAID.

MR CHEONG-LEEN FINALLY URGED THE FINANCIAL SECRETARY TO CONSIDER REDUCING THE TAX ON SOFT DRINKS WHICH WAS IMPOSED LAST YEAR AND TO MAKE UP FOR WHATEVER WOULD BE LOST IN THE COMING FINANCIAL YEAR BY RAISING THE DUTY ON LIQUOR AND CIGARETTES.

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RIPE TIME FOR DETAILED ECONOMIC STUDY
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IT IS NOW TIME FOR A DETAILED ECONOMIC STUDY TO BE COMMISSIONED TO EXAMINE THE TRENDS OF ECONOMIC, TRADE AND INDUSTRIAL DEVELOPMENT IN HONG KONG DURING THE LAST SEVEN YEARS AND TO CONSIDER THE LIKELY TRENDS AND OPPORTUNITIES DURING THE NEXT FIVE TO 10 YEARS.

THIS CALL CAME FROM THE HON THOMAS CLYDESDALE TODAY (WEDNESDAY) WHEN HE SPOKE IN SUPPORT OF THE APPROPRIATION BILL 1986 DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL.

SUCH A STUDY WOULD ENCOURAGE AND SUPPORT FORWARD PLANNING AND AID PRIVATE SECTOR INVESTORS TO REACH SENSIBLE DECISIONS, HE SAID.

IT MIGHT ALSO INDICATE AREAS FOR NEW INITIATIVES IN BOTH THE PUBLIC AND PRIVATE SECTORS, HE ADDED.

MR CLYDESDALE SAID: +A STUDY OF THIS NATURE COULD REQUIRE CONSIDERABLE FUNDING AND MIGHT INVOLVE INTERNATIONAL PROFESSIONAL ORGANISATIONS WORKING WITH OUR OWN INSTITUTIONS AND ABOVE ALL OUR OWN BUSINESS PEOPLE.

+IT WOULD BE ESSENTIALLY ECONOMIC IN CHARACTER BUT WOULD OF COURSE HAVE TO TAKE INTO ACCOUNT THE POLITICAL AND CONSTITUTIONAL CHANGES WHICH WILL AFFECT US DURING THE NEXT DECADE.+

BUT, HE STRESSED THAT IT COULD BE TIME AND MONEY VERY WELL SPENT.

MR CLYDESDALE POINTED OUT THAT HONG KONG'S ECONOMY WAS UNDERGOING SUBSTANTIAL CHANGE, PARTLY RESULTING FROM FUNDAMENTAL SHIFTS IN CHINA'S ECONOMIC POLICIES DURING THE LAST FEW YEARS AND PARTLY THROUGH THE NATURAL RESPONSE OF BUSINESSMEN TO THE STIMULUS OF CHANGING EXTERNAL OPPORTUNITIES.

+WE ARE AWARE OF SOME OF THESE CHANGES IN THE MACRO-ECONOMIC SENSE AND WE CAN ANTICIPATE OTHERS BY EXAMINING TRENDS AND POSSIBILITIES.

+HOWEVER, IT IS INCREASINGLY NECESSARY FOR US IN FUTURE TO THINK FURTHER AHEAD THAN EVER BEFORE GIVEN THE VERY LARGE STAKES INVOLVED AND THE NEED TO USE OUR RESOURCES EFFECTIVELY,+ HE SAID.

HE REFERRED TO THE 1979 REPORT ON INDUSTRIAL DIVERSIFICATION WHICH PROVIDED A DETAILED ANALYSIS OF THE STRENGTHS, WEAKNESSES AND NEEDS OF AN INDUSTRIAL ECONOMY POISED FOR FURTHER SUBSTANTIAL GROWTH, AND SAID IT HAD SINCE GREATLY BENEFITTED HONG KONG INDUSTRY AND THE ECONOMY.

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FOR THE GOOD OF HONG KONG PEOPLE IN THE FUTURE, MR CLYDESDALE SUGGESTED POSITIVE ACTION SHOULD BE TAKEN TO INVIGORATE THE ECONOMY BY A WELL CONSIDERED PROGRAMME OF TAX CUTS.

HE SAID IN ORDER TO PROVIDE CONTINUED ENCOURAGEMENT TO THE BUSINESS SECTOR TO INVEST, EXPAND, INNOVATE AND EMPLOY, HONG KONG COULD BEGIN BY REMOVING THE ILLOGICAL SURCHARGE OF 1.5 PER CENT APPLYING TO CORPORATIONS, THUS TAXING THEIR PROFITS AT THE STANDARD RATE OF 17 PER CENT INSTEAD OF THE PRESENT 18.5 PER CENT.

+BUSINESS IS WIDELY ACKNOWLEDGED AS THE ENGINE OF THE ECONOMY AND IT IS ALSO QUITE CLEAR THAT THE LEVEL OF BUSINESS CONFIDENCE WILL DETERMINE OUR FUTURE ECONOMIC VIABILITY.

+A DEMONSTRATION OF HONG KONG'S COMMITMENT TO THE MAINTENANCE OF SIMPLE AND LOW TAXES ON BUSINESS AND PEOPLE WOULD ACT AS A MOST EFFECTIVE STIMULANT TO INVESTMENT AND AN ENCOURAGEMENT TO THE RETENTION OF BUSINESS CONFIDENCE, ON WHICH THE ENTIRE ECONOMY DEPENDS,+ HE SAID.

HE POINTED OUT THAT THE COST OF THAT PROPOSAL, BASED ON THE FINANCIAL SECRETARY'S RECENT ASSESSMENT, WOULD AT A GUESS PROBABLY BE ABOUT \$300 MILLION A YEAR, LIKELY TO BE WELL WITHIN HONG KONG'S CAPABILITY DURING THE NEXT ONE OR TWO YEARS, AND IT COULD WELL +COST+ NOTHING IN THE LONGER TERM.

MR CLYDESDALE FURTHER SUGGESTED THE OPPORTUNITY BE TAKEN TO REMOVE THE TAXES APPLIED LAST YEAR ON COSMETICS AND SOFT DRINKS, WHICH HE TERMED AS +DISCRIMINATORY AND HOPEFULLY TEMPORARY TAXES+.

+THE MAIN BENEFICIARIES WOULD BE WOMEN AND CHILDREN WHO AS WE ALL KNOW USUALLY COME FIRST,+ HE SAID.

HE ALSO ASKED THAT A MORE GENEROUS ALLOCATION OF FUNDS BE MADE TOWARDS THE WORK OF ORGANISATIONS WHICH SUPPORTED THE DEVELOPMENT OF HONG KONG'S TRADE AND INDUSTRY.

HE SAID THOSE ORGANISATIONS INCLUDED THE HONG KONG MANAGEMENT ASSOCIATION, THE HONG KONG PRODUCTIVITY COUNCIL, THE HONG KONG TRADE FACILITATION COUNCIL AND THE HONG KONG STANDARDS AND TESTING CENTRE, WHICH PROVIDED AN INCREASINGLY ESSENTIAL SERVICE TO HONG KONG'S COMMERCIAL AND INDUSTRIAL SECTORS, A SERVICE WHICH TRADE AND INDUSTRY COULD NOT PROVIDE FOR ITSELF.

+AS WE MOVE UP THE TECHNOLOGICAL LADDER AND AS OUR ECONOMY BECOMES MORE AND MORE SOPHISTICATED WE MUST EXPECT TO SPEND MORE ON THE SYSTEMS WHICH PROVIDE THE STANDARDS OF EXCELLENCE REQUIRED,+ HE ADDED.

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INDUSTRY MUST BE GIVEN FULL RECOGNITION

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THE BUDGET SHOULD TAKE INTO FULL ACCOUNT HONG KONG'S INDUSTRY AND ITS CONTRIBUTION TOWARDS THE TERRITORY'S SOCIO-ECONOMY, THE HON RICHARD LAI SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR LAI SAID THE MANUFACTURING SECTOR STILL EMPLOYED ABOUT ONE MILLION PEOPLE, DIRECTLY AND INDIRECTLY CONTRIBUTING UP TO 40 PER CENT OF THE GROSS DOMESTIC PRODUCT (GDP).

HE SAID THAT UNLESS INDUSTRY HAD SUFFICIENT COMPETITIVE POWER TO SHARE OVERSEAS MARKETS, IT WOULD BE DIFFICULT TO PROVIDE SUFFICIENT EMPLOYMENT OPPORTUNITIES BOTH TO COPE WITH THE CONTINUOUSLY GROWING LABOUR FORCE AND TO MAINTAIN THE VALUE OF THE CURRENCY.

+MOREOVER, HONG KONG'S STABILITY AND PROSPERITY WILL BE ADVERSELY AFFECTED,+ HE SAID.

MR LAI SAID THE FINANCIAL SECRETARY HAD NOT MENTIONED HOW THE GOVERNMENT WOULD ASSIST IN PROMOTING EXPORTS, BUT INSTEAD HAD EMPHASISED THE MAINTENANCE OF A +NON-INTERVENTION+ POLICY AND OPTIMISTICALLY FORECAST A GROWTH IN EXPORT TRADE AND IN THE ECONOMY.

+HONG KONG'S EXPORT OF INDUSTRIAL PRODUCTS IS BESET WITH VARIOUS INTERNAL AND EXTERNAL PROBLEMS. I CANNOT SEE WHAT GROUNDS THERE ARE FOR OPTIMISTIC FORECASTS,+ HE SAID.

MR LAI SAID IT WAS NOW HIGH TIME FOR THE GOVERNMENT TO REVIEW THE EFFECTIVENESS OF ITS +NON-INTERVENTION+ POLICY.

A +NON-INTERVENTION+ POLICY DID NOT MEAN THAT THE GOVERNMENT SHOULD NOT ASSIST OR SUPPORT THE DEVELOPMENT OF INDUSTRY, HE SAID.

+THE GOVERNMENT SHOULD LEND A HELPING HAND TO INDUSTRY IN ORDER TO ENSURE A STEADY DEVELOPMENT OF THE SOCIO-ECONOMY, AND IT SHOULD PAY SPECIAL ATTENTION TO THE MORE INFLUENTIAL MANUFACTURING INDUSTRIES,+ HE SAID.

+IF THE GOVERNMENT CAN TAKE INTO ACCOUNT AND COME TO UNDERSTAND THE PROBLEMS FACING INDUSTRY, THEN PROPER ASSISTANCE CAN BE PROVIDED TO STRENGTHEN ITS COMPETITIVE POWER,+ HE ADDED.

MR LAI NOTED THAT IN ORDER TO INCREASE THE COMPETITIVE POWER OF LOCAL INDUSTRY, THE GOVERNMENT COULD ASSIST BY PROVIDING COMPREHENSIVE SUPPORTIVE SERVICES USING CENTRALISED RESOURCES THROUGH THE PRODUCTIVITY COUNCIL, WITH THE AID OF ADVANCED TECHNOLOGY.

/+THE GOVERNMENT

+THE GOVERNMENT CAN ENCOURAGE THE COUNCIL TO PROCEED WITH RESEARCH DEVELOPMENT. THEN BY USING THE RESULTS OF RESEARCH DEVELOPMENT WE CAN GUIDE INVESTORS INTO DEVELOPING NEW INDUSTRIES THAT HAVE POTENTIAL,+ HE SAID.

HE ALSO HOPED THAT THE PRODUCTIVITY COUNCIL WOULD STRENGTHEN ITS CO-OPERATION WITH THE TRADE DEVELOPMENT COUNCIL, SUCH AS ARRANGING FOR STAFF OF THE TWO COUNCILS TO MEET MORE REGULARLY TO EXCHANGE IDEAS AND INFORMATION.

TURNING TO THE PROSPECTS FOR THE ECONOMY IN 1986, MR LAI HAD RESERVATIONS ABOUT THE 4.5 PER CENT GDP GROWTH RATE PREDICTED BY THE FINANCIAL SECRETARY.

HE SAID: +THE HONG KONG DOLLAR IS LINKED TO THE US DOLLAR, AND ANY FALL IN THE VALUE OF THE US DOLLAR WOULD MEAN AN INCREASE IN THE PRICE OF RAW MATERIALS WE HAVE TO IMPORT.

+THUS HONG KONG MAY NOT NECESSARILY BENEFIT FROM THE FALL IN VALUE OF THE US DOLLAR. BESIDES, FLUCTUATION OF THE WORLD MONETARY SYSTEM BROUGHT ABOUT BY THE FALL IN OIL PRICES MAY WELL AFFECT HONG KONG, WHILE PROTECTIONISM WILL CONTINUE TO HAVE AN EFFECT ON HONG KONG'S EXPORTS.+

+HOW MUCH CHINA'S CONTROL OF THE USE OF FOREIGN EXCHANGE RESERVES WILL AFFECT HONG KONG'S EXPORTS AND RE-EXPORTS IS INCREASINGLY DIFFICULT TO ESTIMATE,+ HE ADDED.

ON THE SUBJECT OF REVENUE, MR LAI SAID THE DECLINE IN THE REVENUE FROM LAND SALES WOULD CONTINUE, AND UNDER THE PRESENT CIRCUMSTANCES HE PROPOSED THAT THE FINANCIAL SECRETARY SHOULD CONDUCT AN OVERALL REVIEW OF THE TAXATION SYSTEM, FOR EXAMPLE BY USING PRINCIPLES OF FAIRNESS AND SENSIBILITY TO ARRIVE AT A RATIO BETWEEN DIRECT AND INDIRECT TAXES.

+THESE WILL SERVE AS GUIDELINES FOR PUBLIC REVENUE BEFORE 1997,+ HE POINTED OUT.

HE ALSO SUGGESTED THAT THE GOVERNMENT SHOULD RECONSIDER ABOLISHING THE INDIRECT TAX ON +NON-ALCOHOLIC BEVERAGES+, THE CONSUMERS OF WHICH, AFTER ALL, WERE MOSTLY YOUNG PEOPLE WHO HAD NO EARNING POWER.

+THE REVENUE LOST CAN BE MADE UP BY INCREASING INDIRECT TAXES ON NON-ESSENTIAL LUXURY COMMODITIES,+ HE SAID.

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SUPPORT FOR EMPHASIS ON THRIFTINESS
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LEGISLATIVE COUNCILLOR THE HON PANG CHUN-HOI TODAY (WEDNESDAY) VOICED SUPPORT TO THE FINANCIAL SECRETARY'S EMPHASIS ON +THRIFTINESS+ BUT OBSERVED THAT QUITE A NUMBER OF DEPARTMENTS WERE WASTING PUBLIC FUNDS.

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, HE CITED AS AN EXAMPLE THE \$7 463 000 REQUIRED BY THE MEDICAL AND HEALTH DEPARTMENT IN THE YEAR 1986-87 ON PAYMENT OF TRAVELLING EXPENSES TO ITS STAFF, AN INCREASE OF 18.5 PER CENT OVER THE PREVIOUS YEAR.

THE INCREASE, MR PANG SAID, HAD BEEN ATTRIBUTED TO THE PAYMENT OF HOME TO OFFICE TRAVELLING EXPENSES TO STAFF OF THE PRINCE OF WALES HOSPITAL IN SHA TIN, AND HE NOTED THAT THE HOSPITAL WAS PROVIDED WITH STAFF QUARTERS BUT NO REASON BEEN GIVEN WHY IT WAS NOT FULLY UTILISED.

MR PANG ALSO ASKED WHY THERE WAS A NEED TO EMPLOY CONSULTANT FIRMS FROM OUTSIDE TO CONDUCT RESEARCHES OR STUDIES.

HE SAID HE FIRMLY BELIEVED THAT MUCH EXPENDITURE IN THIS AREA COULD BE SAVED IF DEPARTMENTS WOULD CEASE TO EMPLOY OUTSIDE FIRMS, ADDING THAT THE FINDINGS WOULD BE MUCH MORE PRAGMATIC IF STUDIES WERE CONDUCTED IN-HOUSE.

HOWEVER, MR PANG EXPRESSED CONCERN THAT THE AMOUNT OF FUNDS ALLOCATED TO THE LABOUR DEPARTMENT HAD BEEN LIMITED TO 0.3 PER CENT OF THE TOTAL CONSOLIDATED ACCOUNT EXPENDITURE DESPITE THE INCREASE IN DEMANDS FOR ITS WIDE RANGE OF SERVICES WITH THE DEVELOPMENT OF NEW TOWNS.

+THIS HAS SERIOUSLY AFFECTED THE ACTUAL AMOUNT OF WORK REQUIRED, ESPECIALLY IN THE AREA OF INDUSTRIAL SAFETY, WHERE APPROPRIATE PREVENTIVE MEASURES MUST BE TAKEN AND MORE FREQUENT INSPECTIONS MUST BE MADE,+ HE SAID.

THE ESTABLISHMENT OF FACTORY INSPECTORS THEREFORE SHOULD NOT REMAIN FROZEN ALL THE TIME, HE STRESSED.

MR PANG SAID HE WAS ALSO CONCERNED THAT THERE HAD BEEN NO GROWTH IN THE REAL WAGE OF LOCAL MANUFACTURING WORKERS FOR SEVERAL YEARS.

TURNING TO REVENUE PROPOSALS, HE COMMENTED THAT HUSBANDS AND WIVES SHOULD BE SEPARATELY ASSESSED FOR SALARIES TAX.

HE FURTHER PROPOSED THAT THE TAX ON NON-ALCOHOLIC DRINKS SHOULD BE EITHER RESCINDED OR REDUCED SINCE CONSUMERS OF SUCH DRINKS WERE NORMALLY FROM THE LOWER CLASS AND STUDENTS.

/AS FOR

AS FOR HIGH INCOME EARNERS OR ORGANISATIONS WITH ENORMOUS PROFITS, HE SAID HE BELIEVED CONSIDERATION SHOULD BE GIVEN TO RAISING THE AMOUNT OF TAX PAID BY THEM AS APPROPRIATE.

ON THE KA WAH BANK INCIDENT, HE SAID HE COULD NOT AGREE WITH THE FINANCIAL SECRETARY ON USING THE EXCHANGE FUND AS A GUARANTEE.

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LONG-TERM PLAN COULD ENSURE CONTINUED PROSPERITY

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HONG KONG SHOULD HAVE A LONG-TERM PLAN TO PROMOTE AND MAINTAIN ITS ECONOMIC PROSPERITY, PROFESSOR THE HON POON CHUNG-KWONG TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE ANNUAL BUDGET DEBATE, PROF. POON SAID GOVERNMENT'S NON-INTERVENTION IN INDUSTRY POLICY SHOULD NOT BE USED AS A VEIL FOR INACTION OR ACTIONS DEVOID OF PRAGMATISM.

GOVERNMENT MUST ADOPT A MORE POSITIVE ROLE IN TRADE AND INDUSTRY BY CLEARLY DISTINGUISHING BETWEEN NON-INTERVENTION AND CONSTRUCTIVE PARTICIPATION, HE SAID.

HE POINTED OUT THAT MANY ASIAN GOVERNMENTS WERE DEVOTING EVER INCREASING EFFORTS TO HELPING THEIR INDUSTRIES ON THE ONE HAND, AND THE TIDE OF INTERNATIONAL PROTECTIONISM EVER SURGING ON THE OTHER, HONG KONG'S COMPETITIVENESS IN OVERSEAS MARKETS WOULD BE DIMINISHING, IF GOVERNMENT PERSISTED IN UPHOLDING ITS NON-INTERVENTION POLICY.

PROF. POON URGED THE GOVERNMENT TO INVEST IN SETTING UP FACILITIES THAT WOULD ACTIVELY AID INDUSTRY.

HE CITED AS AN EXAMPLE THE HONG KONG PRODUCTIVITY COUNCIL'S HEAT TREATMENT UNIT, IN WHICH THE INITIAL SUM INVESTED WAS ABOUT \$1 MILLION.

BECAUSE OF THE INCREASING NUMBER OF MANUFACTURERS USING THE SERVICE TO IMPROVE THE QUALITY OF THEIR PRODUCTS, THE INCOME FROM FEES CHARGED BY THE UNIT NOW ALMOST BALANCED THE OPERATIONAL COSTS, HE SAID.

+THE UNIT HAS DEMONSTRATED CONVINCINGLY HOW AN INITIAL INVESTMENT BY GOVERNMENT ON A USEFUL FACILITY OF THIS KIND CAN GO A LONG WAY IN PROMOTING INDUSTRIAL DEVELOPMENT.

+IT WAS NOT A MERE TRANSFER OF TAXPAYERS' MONEY TO ASSIST AN INDUSTRY. REVENUE GENERATED INCLUDES DIRECT INCOME FROM USERS' FEES AND INDIRECT INCOME FROM TAXES THROUGH INCREASED INDUSTRIAL INVESTMENTS AND EMPLOYMENT OPPORTUNITIES, + HE SAID.

IN THE SAME WAY, PROF. POON SUGGESTED THE GOVERNMENT SET UP A STERILISATION PLANT, WHICH MIGHT COST ABOUT \$8 MILLION.

HE SAID THE FACILITY WOULD STIMULATE INDUSTRIAL INVESTMENT IN THE MANUFACTURE OF STERILISED MEDICAL PLASTICS FOR LOCAL CONSUMPTION OR FOR EXPORT AND ALSO PRODUCE SIGNIFICANT SAVINGS IN RECURRENT GOVERNMENT EXPENDITURE IN MEDICAL AND HEALTH CARE IN THE LONG RUN.

IN ADDITION, THE FACILITY COULD BE EXPANDED TO ENABLE THE FOOD INDUSTRY TO USE IT FOR KEEPING FRESH FOOD PRODUCTS IMPORTED FROM CHINA FOR RE-EXPORT, HE ADDED.

+THERE HAVE BEEN POSITIVE INDICATIONS FROM OVERSEAS MANUFACTURERS THAT THEY WOULD ALSO LIKE TO MAKE USE OF THE FACILITY IF THERE IS ONE IN HONG KONG,+ HE SAID.

PROF. POON ALSO REITERATED HIS EARLIER SUGGESTION TO GOVERNMENT FOR ESTABLISHING A TRADE AND INDUSTRY COMMISSION TO ENSURE BETTER CO-ORDINATION AND PROVIDE IMPETUS TO THE INDUSTRIAL SECTOR TO ACQUIRE NEW TECHNOLOGICAL EXPERTISE.

HE SAID THE COMMISSION MUST HAVE A CO-ORDINATING AND COMPREHENSIVE ROLE IN THE AREA OF TRADE AND INDUSTRY AND FOR FORMULATING LONG-TERM PLANS FOR THE ECONOMIC PROSPERITY OF HONG KONG.

THE COMMISSION SHOULD COMPRISE MAINLY UNOFFICIALS, WHICH SHOULD INCLUDE INDUSTRIALISTS, MANUFACTURERS AND ACADEMICS= AND THE CHAIRMAN SHOULD BE AN UNOFFICIAL, HE SAID.

+THIS KIND OF COMPOSITION WOULD ENSURE THAT THE COMMISSION COULD OPERATE SMOOTHLY AND FLEXIBLY AND WOULD LOOK OBJECTIVELY AT GOVERNMENT'S POLICIES WHICH AFFECT TRADE AND INDUSTRY,+ HE NOTED.

HE ALSO SUGGESTED THAT THE COMMISSION MIGHT SET UP A SCIENCE AND TECHNOLOGY RESEARCH COUNCIL TO PROMOTE THE USE OF HI-TECH IN LOCAL INDUSTRIES, THEREBY SECURING THE ROLE OF HONG KONG'S INDUSTRY AND TRADE IN THE 1990S.

+THE ISSUES OF TECHNOLOGY TRANSFER AND HI-TECH DEVELOPMENT AND RESEARCH ARE OF GREAT IMPORTANCE. THE SHAPE OF OUR FUTURE WILL DEPEND ON THE RESULTS OF OUR EFFORTS PLUS GOVERNMENT'S WILLINGNESS TO UNDERTAKE RESPONSIBILITIES,+ HE SAID.

BETTER ASSESSMENT OF LONG-TERM EFFECTS
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THE INCLUSION IN THE BUDGET FOR THE FIRST TIME OF A MEDIUM-TERM FORECAST FOR GOVERNMENT FINANCES WAS WELCOMED BY THE HON HELMUT SOHMEN IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR SOHMEN SAID THAT IN ADDITION TO PROVIDING AN ACCURATE GUIDE FOR HONG KONG'S FUTURE FINANCIAL PERFORMANCE, THE FORECAST WOULD ALSO HELP THE DEBATE ON THE VALIDITY OF THE GENERAL ECONOMIC AND SPECIFIC BUDGET ASSUMPTIONS MADE AND PRODUCE A BETTER ASSESSMENT OF THE POSSIBLE LONGER-TERM EFFECTS OF CURRENT ACTIONS.

HE BELIEVED THAT IMPROVEMENT AS WELL AS CONSTANT CORRECTIONS AND REFINEMENTS TO THE FORECAST WOULD, OVER TIME, ENHANCE ITS VALUE AS A FINANCIAL PLANNING INSTRUMENT.

MR SOHMEN DESCRIBED AS MOST REASSURING THE EXISTENCE OF SUBSTANTIAL FISCAL RESERVES BECAUSE HONG KONG WAS DEPENDENT ON WHAT HAPPENED IN THE OUTSIDE WORLD, AND ALWAYS EXPOSED TO SUDDEN AND UNFORESEEN ECONOMIC AND POLITICAL SHOCKS BEYOND ITS CONTROL, AS WELL AS TO THE OCCASIONAL ATTACK OF NERVES AT HOME.

+ATTACKS ON THE POLICY OF ACCUMULATING SUCH SURPLUSES AS REFLECTING 'HAMSTER TENDENCIES', AND CAPABLE OF ADVERSELY AFFECTING OVERALL ECONOMIC GROWTH OR THE EXPANSION OF SOCIAL PROGRAMMES ARE IN MY VIEW SHORTSIGHTED, AS ARE COMPLAINTS THAT THE TRANSFER OF SURPLUSES FROM GENERAL REVENUE ACCOUNT TO THE VARIOUS FUND ACCOUNTS WILL MAKE IT EVEN MORE DIFFICULT TO IDENTIFY ACTUAL REVENUE AND EXPENDITURE,+ HE SAID.

THOUGH THE LATTER WAS OBJECTIVELY TRUE, HE SAID IT SEEMED IMMATURE TO DOWNGRADE THE SUBSTANTIVE BENEFITS DERIVED FROM THESE ARRANGEMENTS FOR THE SAKE ONLY OF BETTER APPEARANCES OR EASIER COMPREHENSION.

THE SAME APPLIED TO CRITICISMS THAT EFFORTS TO REDUCE RECURRENT EXPENDITURE, WHICH HAD BEEN SUCCESSFUL IN PARTICULAR IN ACHIEVING THE ZERO-GROWTH TARGETS IN THE CIVIL SERVICE ESTABLISHMENT AND IN REDUCTIONS IN DEPARTMENTAL EXPENSES, SHOULD BE SUSPECT BECAUSE THEY RESULTED IN A BUILD-UP OF SUCH SURPLUSES, HE ADDED.

+THE MAINTENANCE OF BALANCED BUDGETS OVER THE LONGER TERM, DESPITE THE INEVITABLE CYCLICAL FLUCTUATION IN REVENUE, ALSO ASSURES A FUTURE ABILITY TO HOLD OVERALL TAXATION AT CURRENT LEVELS AND MAKES THE CREATION OF SUCH SURPLUSES IN THE SHORT TERM MORE DESIRABLE,+ HE SAID.

MR SOHMEN SAID THE GOVERNMENT SHOULD GIVE CONTINUING CONSIDERATION TO MAKING THE RELATIVE SIZE OF THE PUBLIC SECTOR SMALLER, AND TO TRANSFER ANY FUNCTIONS TO THE PRIVATE SECTOR WHEREVER POSSIBILITIES EXISTED TO DO THIS.

COMMENTING ON PUBLIC HOUSING, MR SOHMEN SAID IT WAS WORTH CONSIDERING THE IDEA THAT THE GOVERNMENT SHOULD NOW ALSO ALLOW THOSE TENANTS INVOLVED IN THE HOUSING AUTHORITY'S RENTAL PROGRAMME TO PURCHASE THEIR FLATS, WHILE PUTTING ALL NEW PUBLIC HOUSING INTO THE HOME OWNERSHIP SCHEME.

NOTING THE CONSIDERABLE DEBATE THAT HAD ARISEN ON PROPOSALS IN THE GREEN PAPER ON HOUSING SUBSIDIES TO TENANTS OF PUBLIC HOUSING, HE BELIEVED THE FOREGOING ALTERNATIVE MIGHT PROVE MORE ACCEPTABLE TO MANY OF THE 2.7 MILLION PEOPLE NOW ACCOMMODATED IN PUBLIC HOUSING, AND WOULD ADD FURTHER TO SOCIAL STABILITY AND THE POLITICAL COMMITMENT TO HONG KONG BY THIS PART OF THE POPULATION.

TURNING TO HONG KONG'S INFRASTRUCTURE, MR SOHMEN SAID IMPROVEMENTS HERE SHOULD INVOLVE PHYSICAL FACILITIES AS WELL AS HUMAN RESOURCES. +THE PROVISION OF THE BEST POSSIBLE EDUCATIONAL SYSTEM, INVOLVING BOTH SECONDARY AND POST-SECONDARY INSTITUTIONS, AND VOCATIONAL SCHOOLS AND INDUSTRIAL TRAINING ESTABLISHMENTS, IS REQUIRED NOT ONLY BECAUSE OF THE INCREASINGLY IMPORTANT CONTRIBUTION OF THE SERVICE SECTOR TO HONG KONG'S ECONOMY, BUT ALSO IN VIEW OF THE TOUGHER COMPETITION WE FACE FROM ABROAD IN THE MANUFACTURING INDUSTRIES+, HE SAID.

THE PRESENCE OF BETTER EDUCATED AND BETTER SKILLED MANPOWER WAS BECOMING YEARLY MORE ESSENTIAL FOR THE TERRITORY'S CONTINUED SUCCESS AS AN EXPORT-DEPENDENT ECONOMY, HE SAID.

HONG KONG MUST STRIVE TO MAINTAIN AT LEAST SUFFICIENT THEORETICAL AND PRACTICAL EXPERTISE TO HOLD ITS PLACE AGAINST COMPETITION, OR BE ABLE TO QUICKLY STEP INTO THE SHOES OF THE MORE ADVANCED COUNTRIES 'SHOULD THEY DECIDE TO MOVE UP THE ESCALATOR OF MANUFACTURING SOPHISTICATION'.

+QUITE OBVIOUSLY THE POTENTIAL FOR HONG KONG IN HELPING TO MEET THE NEEDS OF CHINA IN THAT COUNTRY'S QUEST FOR MODERNISATION WILL ALSO DEPEND LARGELY ON OUR ONGOING ABILITY TO FIELD TRAINED PERSONNEL,+ HE SAID.

IN CONNECTION WITH MANPOWER, MR SOHMEN VOICED WHAT HE DESCRIBED AS THE CONTINUING CONCERN FELT BY MANY BUSINESSMEN ABOUT CIVIL SERVICE EMOLUMENTS MOVING AHEAD OF WAGES AND SALARIES IN THE PRIVATE SECTOR.

HE SAID THAT PAY LEVELS IN SMALLER LOCAL MANUFACTURING FIRMS OFTEN COMPARED UNFAVOURABLY, EVEN FOR UNIVERSITY GRADUATES, WITH THEIR COUNTERPARTS IN THE CIVIL SERVICE.

+WHILE WE HAVE PRACTICALLY FULL EMPLOYMENT IN HONG KONG, IN ITSELF OF COURSE A HEALTHY SIGN, AND SEE A SIGNIFICANTLY REDUCED RATE OF INFLATION, WE MUST BE PARTICULARLY ATTUNED TO THE RISKS ARISING FROM THE POSSIBLE SEESAW EFFECTS OF THE CALLS FOR PAY PARITY,+ HE SAID.

MR SOHMEN APPLAUDED THE FINANCIAL SECRETARY EFFORTS TO HELP POLISH HONG KONG'S IMAGE AS A FINANCIAL CENTRE, INCLUDING THE REPEAL OF THE 1984 AMENDMENTS REGARDING PROFITS TAX ON INTEREST EARNED ON OFFSHORE DEPOSITS, THE WAIVER OF THE ONE PER CENT STAMP DUTY CHARGE ON HONG KONG BEARER INSTRUMENT RELATING TO LOAN CAPITAL AND THE RECENT INTRODUCTION OF THE BANKING BILL.

ON THE FORECASTS FOR THE GDP, DOMESTIC EXPORT AND RE-EXPORT GROWTH FIGURES, HE SAID HONG KONG MUST NOT BECOME COMPLACENT OVER THE MORE ENCOURAGING GDP GROWTH ESTIMATE BASED ON GREATER COMPETITIVENESS ARISING MAINLY FROM THE RELATIVE WEAKNESS OF THE CURRENCY.

THE VOLATILITY OF THE FOREIGN EXCHANGE MARKETS HAD TO BE ACCEPTED AS A FACT OF MODERN LIFE, AND ANY APPRECIABLE RETURN IN THE STRENGTH OF THE US DOLLAR, WHICH COULD OCCUR AT ANY TIME AS A POSSIBLE RESULT OF UNFORESEEN POLITICAL DEVELOPMENTS, COULD VERY QUICKLY ALTER THE PICTURE AND PUT MORE STEAM BEHIND PROTECTIONIST PRESSURES IN THE UNITED STATES, OUR MAJOR MARKET.

+DIFFICULT INTERNATIONAL TRADE NEGOTIATIONS STILL LIE AHEAD OF US IN 1986, AND WHILE ANXIETIES ABOUT THEM WERE TEMPERED SLIGHTLY BY THE RELIEF THAT THE TERRITORY WILL NOW BE ALLOWED TO BECOME A MEMBER OF GATT, WE SHOULD BE PREPARED FOR ALL EVENTUALITIES AND MAKE DEDICATED EFFORTS TO RETAIN OR REGAIN OUR SHARE OF EXPORT MARKETS BY INDIVIDUAL AND COLLECTIVE MARKETING ACTION ON ALL FRONTS, AND IN NEW ARENAS AS WELL,+ HE SAID.

MR SOHMEN COMMENTED THAT THE BUDGET HAD AGAIN DEMONSTRATED THE RESILIENCE OF HONG KONG'S ECONOMIC SYSTEM IN THE FACE OF AN UNEXPECTEDLY POORER SHOWING AND 'WE MUST ENDEAVOUR TO KEEP THE SYSTEM STRONG EVEN AS, OR PARTICULARLY WHEN WE HAVE TO IMPROVE THE REGULATORY FRAMEWORK.'

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PROVIDENT FUND SCHEME ADVOCATED

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THE GOVERNMENT SHOULD INITIATE THE ESTABLISHMENT OF A PROVIDENT FUND SCHEME AND THE PROVISION OF ASSISTANCE FOR INDUSTRIAL DEVELOPMENT, THE HON TAM YIU-CHUNG SAID DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

HE SAID ENACTMENT OF LEGISLATION TO IMPLEMENT A PROVIDENT FUND SCHEME OF A 'PROMOTIVE' AND 'COMPULSORY' NATURE MIGHT PROBABLY CONSTITUTE AN INTERIM GOAL IN IMPLEMENTING A TERRITORY-WIDE CENTRAL PROVIDENT FUND SCHEME.

HE EXPLAINED THAT A CENTRAL PROVIDENT FUND HAD MANY ADVANTAGES.

/+IT IS

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+IT IS A COMPREHENSIVE AND STABLE SOCIAL SECURITY SYSTEM WHICH CARRIES NO RISKS WHEN INDIVIDUAL ENTERPRISES WIND UP= AND WORKERS CAN CONTINUE TO ENJOY THE SECURITY WHEN CHANGING TO ANOTHER JOB,+ HE SAID.

MR TAM SAID THAT OF THOSE PEOPLE WHO WERE AGED OVER 60, SOME 40 000 RELIED ON PUBLIC ASSISTANCE AND SOME 220 000 RECEIVED AN OLD AGE ALLOWANCE.

IT WAS PREDICTED THAT BY THE YEAR 2000 AS MANY AS 900 000 PEOPLE, OR ABOUT 14 PER CENT OF THE POPULATION, WOULD BE AGED OVER 60, HE SAID.

+WE CANNOT TAKE THIS LIGHTLY,+ HE STRESSED.

IN ADDITION, HE SAID 80 PER CENT OF GOVERNMENT EXPENDITURE ON SOCIAL SECURITY IN THE NEXT FINANCIAL YEAR WOULD BE SPENT ON THE OLD AGE ALLOWANCE AND PUBLIC ASSISTANCE, AND AS MANY AS 63 PER CENT OF THE CASES RECEIVING PUBLIC ASSISTANCE INVOLVED OLD PEOPLE.

MR TAM POINTED OUT THAT IN THE ABSENCE OF A COMPREHENSIVE RETIREMENT SECURITY SYSTEM, THE GOVERNMENT WAS SHOULDERING AN INCREASINGLY HEAVY FINANCIAL BURDEN IN LOOKING AFTER THE ELDERLY.

THEREFORE, HE SUGGESTED THE GOVERNMENT SHOULD TAKE ACTION NOW, OTHERWISE TAXES OR FEES WOULD HAVE TO BE INCREASED ON A LARGE SCALE IN ORDER TO PAY FOR FINANCIAL COMMITMENTS IN SOCIAL SECURITY.

+THE ESTABLISHMENT OF A PROVIDENT FUND SCHEME WILL ENABLE EMPLOYERS AND EMPLOYEES TO JOINTLY SHARE THE BURDEN OF FINANCING THE LIVELIHOOD OF EMPLOYEES AFTER RETIREMENT.

+THE EMPLOYEE'S INCOME WILL THUS BE REDISTRIBUTED AT VARIOUS STAGES OF HIS LIFE AND IT WILL GIVE THE EMPLOYEE A STRONGER SENSE OF BELONGING,+ HE SAID.

ON THE SUBJECT OF PROVIDING ASSISTANCE FOR INDUSTRIAL DEVELOPMENT, MR TAM SAID THE GOVERNMENT SHOULD HELP INDUSTRY BY PROVIDING A BETTER INFRASTRUCTURE COVERING IMPORTANT ELEMENTS: EXPERTISE, TECHNOLOGY AND CAPITAL.

HE BELIEVED THAT IF THE GOVERNMENT COULD MOBILISE MORE RESOURCES FOR STUDY AND FOR LAUNCHING PROGRAMMES IN THESE THREE AREAS, IT WOULD CERTAINLY BENEFIT INDUSTRIAL DEVELOPMENT AND THUS THE PROSPERITY OF HONG KONG.

MR TAM NOTED THAT INDUSTRY AT PRESENT FACED KEEN COMPETITION AND IMMENSE PRESSURE FROM NEIGHBOURING REGIONS, AND HE DOUBTED THAT THE GOVERNMENT'S POLICY OF NON-INTERVENTION IN INDUSTRY WAS STILL APPROPRIATE.

/+THIS APPROACH

+THIS APPROACH MAY HAVE SUITED HONG KONG'S DEVELOPMENT IN THE PAST WHEN ITS INDUSTRY WAS IN ITS DEVELOPING STAGE,+ HE SAID. BUT HE QUESTIONED WHETHER THIS POLICY WAS VALID NOW.

TURNING TO TAXATION, MR TAM SAID IN RECENT YEARS INCREASES HAD CONCENTRATED ON INDIRECT TAXES, WHICH WERE IN FACT SHARED BY THE GENERAL PUBLIC.

+HENCE, IN ACCORDANCE WITH THE PRINCIPLE OF FAIRNESS, THE GOVERNMENT SHOULD STUDY IN MORE DETAIL THE PROPORTION BETWEEN DIRECT AND INDIRECT TAXATION,+ HE SAID.

ON CONCESSIONS, MR TAM SAID THE INCREASE IN PERSONAL TAX ALLOWANCES WAS ONLY SUFFICIENT TO MAKE UP FOR INFLATION, AND WAGE-EARNERS DID NOT ENJOY MUCH REAL BENEFIT.

THEREFORE, HE SUGGESTED THAT WHEN THE FINANCIAL SITUATION PERMITTED FURTHER CONCESSIONS SHOULD BE CONSIDERED.

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UNOFFICIALS SUPPORT POLICY ON IMPORTED LABOUR

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UNOFFICIAL MEMBERS OF THE LEGISLATIVE COUNCIL SUPPORTED HONG KONG'S LONG STANDING IMMIGRATION POLICY ON THE IMPORTATION OF LABOUR, THE HON PETER C. WONG SAID DURING THE BUDGET DEBATE TODAY (WEDNESDAY).

HE SAID THE POLICY WAS BASED ON THE IMPORTANT PRINCIPLE THAT HONG KONG LABOUR SHOULD NOT BE SUBJECT TO COMPETITION FROM IMPORTED LABOUR.

THE POLICY PROVIDED THAT AN APPLICANT SHOULD POSSESS A SPECIAL SKILL, KNOWLEDGE OR EXPERIENCE OF VALUE TO AND NOT READILY AVAILABLE IN HONG KONG OR MUST BE IN A POSITION TO MAKE A SUBSTANTIAL CONTRIBUTION TO THE ECONOMY, HE EXPLAINED.

WHILE APPRECIATING THAT THE ADMISSION OF FILIPINO MAIDS MAY NOT BE IN STRICT ACCORDANCE WITH THE STATED POLICY, MR WONG POINTED OUT THAT THE UMELCO SECURITY PANEL HAD RECOMMENDED THAT THE POLICY BE REVIEWED AGAIN AS SOON AS POSSIBLE.

THIS WAS TO ENSURE THAT A REASONABLE BALANCE WAS MAINTAINED BETWEEN ADHERING TO THE STATED POLICY ON THE ONE HAND AND EXERCISING DISCRETION IN FAVOUR OF FLEXIBILITY AND EXPEDIENCY ON THE OTHER, HE SAID.

THE PANEL ALSO RECOMMENDED THAT EFFORTS BE DIRECTED TOWARDS REDUCING OR MINIMISING THE IMPACT OR PROBLEMS, IF ANY, CREATED BY THE PRESENCE OF SOME 25 000 FILIPINO MAIDS HERE, HE ADDED.

MR WONG IS THE CONVENER OF BOTH THE UMELO SECURITY PANEL AND THE LEGCO INTERNAL WORKING GROUP TO EXAMINE THE ESTIMATES FOR SECURITY SERVICES.

TURNING TO IMPROVEMENTS IN IMMIGRATION FACILITIES AT BORDER CROSSING POINTS BETWEEN HONG KONG AND CHINA, MR WONG SAID A NEW PERMANENT TERMINAL WOULD OPEN AT LO WU IN JANUARY 1987, 207 NEW POSTS IN IMMIGRATION CONTROL WERE PROPOSED FOR 1986-87, AND A NEW COMPUTER SYSTEM WOULD BE INTRODUCED LATER IN 1987.

MR WONG NOTED THAT EXPENDITURE ON IMMIGRATION CONTROL FOR 1986-87 WAS ESTIMATED TO BE \$73 MILLION OR 42 PER CENT MORE THAN THE APPROVED EXPENDITURE FOR THE YEAR 1985-86.

+THE PRINCIPLE OF RECOVERING ADMINISTRATIVE COSTS IS WELL ESTABLISHED IN THE CHARGING OF FEES FOR LICENCES, PASSPORTS, EXAMINATIONS, AND OTHER SERVICES.

+IT IS NOT REVENUE-RAISING FOR ITS OWN SAKE, BUT A MEANS OF ENSURING THAT AT LEAST SOME OF THE COSTS OF ADMINISTERING SERVICES ARE MET BY THOSE WHO CHOOSE TO USE THEM, AND NOT BY THE GENERAL TAXPAYER.

+THERE IS, I BELIEVE, EVERY JUSTIFICATION FOR EXTENDING THIS PRINCIPLE TO OUR IMMIGRATION FACILITIES, AND I RECOMMEND THAT THE GOVERNMENT GIVE THE PROPOSAL SERIOUS CONSIDERATION,+ MR WONG SAID.

ON THE SUBJECT OF LEGAL AID, MR WONG SAID HE AGREED WITH THE HON MARTIN LEE THAT THE TIME HAD COME FOR IT TO BE INDEPENDENTLY ADMINISTERED BY THE LEGAL PROFESSION.

MR WONG NOTED THAT THE DRAFT ESTIMATES SHOWED ENORMOUS INCREASES IN EXPENDITURE ON LEGAL AND IMMIGRATION SERVICES, AND SUBSTANTIAL INCREASES IN EXPENDITURE ON ALMOST ALL OTHER SECURITY SERVICES.

+THEIR AIM IS TO FOSTER A SAFE AND PEACEFUL SOCIETY, TO PROTECT THE INNOCENT AND BRING THE GUILTY TO JUSTICE.

+STABILITY IS ONE OF THE TWIN PILLARS SUPPORTING HONG KONG NOW AND IN THE YEARS TO COME, AND WITHOUT IT PROSPERITY CANNOT EXIST,+ HE SAID.

+THE NEED FOR SPENDING MORE ON SECURITY SERVICES IS WELL RECOGNISED, BUT, AS WITH EVERY OTHER SERVICE, IT IS ESSENTIAL TO KEEP THE EXPENDITURE WITHIN REASONABLE LIMITS,+ HE CAUTIONED.

EARLIER IN HIS SPEECH, MR WONG PRAISED THE RETIRING FINANCIAL SECRETARY FOR HIS +TOUGH CONTROL OF PUBLIC EXPENDITURE WITHOUT COMPROMISING THE QUALITY OF SERVICES PROVIDED+.

+IT IS TO THE FINANCIAL SECRETARY'S CREDIT THAT HE HAS BEEN ABLE TO ENFORCE THE 'ZERO GROWTH' POLICY DURING HIS TERM OF OFFICE AND IT IS MAINLY DUE TO THE SUCCESS OF THIS POLICY THAT WE HAVE BEEN ABLE TO CONTAIN THE RAPID EXPANSION OF OUR PUBLIC EXPENDITURE, THEREBY OBTAINING THE NEED TO RESORT TO SIZEABLE INCREASES IN TAXATION,+ HE ADDED.

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BUDGET REASSURES PUBLIC CONFIDENCE

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THE HON YEUNG PO-KWAN SAID TODAY (WEDNESDAY) HE HOPED THAT IN YEARS TO COME HONG KONG'S BASIC FINANCIAL POLICY, WHICH WAS CURRENTLY TAKING THE RIGHT PATH, MIGHT BE MODIFIED IN ACCORDANCE WITH SOCIAL CHANGES AND NEEDS OF THE TIMES IN ORDER TO STRENGTHEN ITS FINANCE.

SPEAKING DURING THE BUDGET DEBATE IN THE LEGISLATIVE COUNCIL, MR YEUNG DESCRIBED THE BUDGET AS BALANCED AND CONSERVATIVE. +NONETHELESS, IT HAS ACHIEVED THE EFFECT OF REASSURING PUBLIC CONFIDENCE,+ HE SAID.

+ALTHOUGH THE BUDGET APPEARS TO BE LACKING IN PROGRESSIVENESS AND ORIGINALITY, IT IS ENCOURAGING TO NOTE THAT GROWTH IN GOVERNMENT EXPENDITURE HAS BEEN SUCCESSFULLY KEPT UNDER CONTROL AND THAT THE DEFICIT HAS BEEN TURNED INTO A SURPLUS,+ HE ADDED.

MR YEUNG SAID IT TOOK STAMINA, CONFIDENCE, COURAGE, WILLPOWER AND A SPIRIT OF PRAGMATISM TO OVERCOME FINANCIAL DIFFICULTIES.

HE OBSERVED THAT A STRONG AND WEALTHY GOVERNMENT REFLECTED SOCIAL PROSPERITY WHILE STABILITY DEPENDED ON GOOD LAW AND ORDER.

NOTING THAT A MAJOR TASK WAS TO COMBAT CRIME AND MAINTAIN LAW AND ORDER, HE SAID THE INCREASE OF 11.7 PER CENT IN EXPENDITURE ON SECURITY SERVICES INDICATED THAT THE GOVERNMENT HAD ATTACHED IMPORTANCE TO IT.

CONCERNING THE INCREASING NUMBER OF TRAVELLERS PASSING THROUGH THE VARIOUS CHECKPOINTS OF THE IMMIGRATION DEPARTMENT, MR YEUNG SAID ADEQUATE MANPOWER SHOULD BE PROVIDED IN ORDER TO MAKE FULL USE OF THE FACILITIES AND ALSO TO FACILITATE THE MOVEMENT OF TRAVELLERS.

+FURTHERMORE, GOVERNMENT MAY CONSIDER COLLECTING FEES FROM ALL TRAVELLERS TO RECOVER ALL OR PART OF THE ADMINISTRATION COSTS IN PROVIDING SUCH SERVICES,+ HE SUGGESTED.

MR YEUNG ALSO COMMENTED ON THE IMPORTANT ROLE PLAYED BY THE AUXILIARY POLICE FORCE AND SAID HE WAS GLAD TO LEARN THAT THE GOVERNMENT HAD DECIDED THAT THE FORCE'S TEMPORARY HEADQUARTERS AND TRAINING CENTRE, AT PRESENT SITUATED AT KOWLOON BAY, SHOULD BE MADE PERMANENT PREMISES.

ON THE QUESTION OF LOCALISING THE JUDICIARY, MR YEUNG SAID THE JUDICIARY, LEGAL DEPARTMENT, LEGAL AID DEPARTMENT AND REGISTRAR GENERAL'S DEPARTMENT ALL REQUIRED ADDITIONAL STAFF. +DUE TO THE RELATIVELY HIGH INCOME IN THE PRIVATE SECTOR, CHINESE LAWYERS ARE RELUCTANT TO JOIN THE CIVIL SERVICE, THUS LOCALISATION OF THE JUDICIARY IS HINDERED SERIOUSLY,+ HE SAID.

/+BESIDES,

+BESIDES, WITH MORE MULTINATIONAL CORPORATIONS BEING SET UP IN HONG KONG, THERE IS A GREAT DEMAND FOR LOCALLY TRAINED COUNSEL, WHICH MAKES IT EVEN HARDER FOR GOVERNMENT TO RECRUIT LOCAL LAWYERS.+

IN ORDER NOT TO HINDER LOCALISATION, THE GOVERNMENT MIGHT CONSIDER, PARTICULARLY, THE SUPPLY AND DEMAND FACTOR WHILE DECIDING THE SALARY LEVELS OF CIVIL SERVANTS. +IT SHOULD INCREASE THE SALARY OF LOCAL COUNSEL TO SUCH A LEVEL THAT THEY FIND IT ATTRACTIVE ENOUGH TO JOIN THE CIVIL SERVICE,+ HE SAID.

+MOREOVER, GOVERNMENT MAY CONSIDER THE IDEA OF DISESTABLISHING THE LEGAL AID SERVICE FROM THE CIVIL SERVICE STRUCTURE AND TRANSFERRING IT TO THE HONG KONG BAR ASSOCIATION AND THE LAW SOCIETY OF HONG KONG SO THAT GOVERNMENT EXPENDITURE IN THIS AREA CAN BE REDUCED.+

TURNING TO BILINGUALISM, MR YEUNG SAID THE PROGRAMME TO TRANSLATE ALL LAWS INTO CHINESE HAD REVEALED THE IMPORTANCE OF TRANSLATORS. ADEQUATE RESOURCES SHOULD BE PROVIDED TO SPEED UP THE IMPLEMENTATION OF BILINGUALISM AS RECOMMENDED BY THE EDUCATION COMMISSION.

FINALLY, MR YEUNG SAID SCHOOL SOCIAL WORKERS PLAYED AN IMPORTANT ROLE IN CIVIC EDUCATION AND POINTED OUT THAT THE TARGET TO LOWER THE PROPORTION OF SCHOOL SOCIAL WORKERS TO STUDENTS FROM ONE TO 4 000 TO ONE TO 2 000 WAS STILL UNATTAINED ALTHOUGH IT WAS PROPOSED FOUR YEARS AGO.

+I EARNESTLY HOPE THAT GOVERNMENT WOULD PLACE EMPHASIS ON THIS SERVICE WHICH HELPS TO IMPROVE THE QUALITY OF SECONDARY SCHOOL EDUCATION AND EASE THE YOUTH PROBLEM,+ HE SAID.

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KA WAH BANK DEAL SETS 'DANGEROUS PRECEDENT'

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THE ADMINISTRATION'S HANDLING OF THE KA WAH BANK MATTER IS A VERY DANGEROUS PRECEDENT FOR SIDESTEPPING THE FINANCE COMMITTEE, WHICH IS SUPPOSED TO SCRUTINISE ALL FINANCIAL TRANSACTIONS INVOLVING PUBLIC EXPENDITURE, THE HON MARTIN LEE SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING DURING THE BUDGET DEBATE, MR LEE SAID HE WOULD NOT SUPPORT THE APPROPRIATION BILL UNTIL THE GOVERNMENT HAD SUPPLIED TO THE COUNCIL ALL THE MATERIAL INFORMATION RELATING TO THE KA WAH BANK DEAL.

HE SAID IT APPEARED THAT \$600 MILLION OR MORE MIGHT HAVE TO BE PAID OUT FROM THE EXCHANGE FUND IN DISCHARGE OF THE GOVERNMENT'S OBLIGATION WITH THE CHINA INTERNATIONAL TRUST AND INVESTMENT CORPORATION AS THE GUARANTOR OF THE MANY CREDITORS OF THE BANK.

+ I AM CONCERNED THAT THE ADMINISTRATION SHOULD HAVE SEEN FIT TO INCUR A LIABILITY OF SUCH A MAGNITUDE WITHOUT THE APPROVAL OF THIS COUNCIL, + MR LEE SAID, STRESSING THAT HE WAS NOT ASKING FOR INFORMATION ABOUT THE EXCHANGE FUND.

HE CALLED FOR THE GOVERNMENT'S REPLIES TO THE FOLLOWING QUESTIONS:

- * WHAT ARE THE TERMS OF THIS AGREEMENT?
- * IS THERE ANY BETTER ALTERNATIVE OPEN TO THE ADMINISTRATION IN DEALING WITH THIS MATTER?
- * WHY WAS THIS MATTER NOT REFERRED TO THE LEGISLATIVE COUNCIL, OR INDEED THE EXECUTIVE COUNCIL, AS IN THE CASE OF THE HANG LUNG BANK AND THE OVERSEAS TRUST BANK?
- * WHAT IS THE ADMINISTRATION'S POLICY IN RELATION TO OTHER BANKS IN FUTURE WHICH MAY FIND THEMSELVES IN A SIMILAR SITUATION?

MR LEE SAID THAT UNTIL ANSWERS WERE PROVIDED TO THESE QUESTIONS, THE LEGISLATIVE COUNCIL WAS NOT IN A POSITION TO JUDGE WHETHER THE AGREEMENT WAS REALLY IN THE INTEREST OF HONG KONG PEOPLE FOR WHOM THE COUNCILLORS WERE RESPONSIBLE.

HE FURTHER FELT THAT THIS RAISED A CONSTITUTIONAL POINT OF FUNDAMENTAL IMPORTANCE AS TO THE POWERS OF THE FINANCIAL SECRETARY UNDER THE EXCHANGE FUND ORDINANCE AND THE MANNER IN WHICH HE HAD SOUGHT TO EXERCISE THOSE POWERS.

EARLIER, MR LEE COMMENTED ON THE LOCALISATION OF THE LEGAL PROFESSION IN THE CIVIL SERVICE AND THE RECENT CIVIL SERVICE PAY RISE.

HE NOTED THAT THE LEGAL DEPARTMENT WAS VERY SHORT OF LOCAL LAWYERS BUT DISPUTED THE ADMINISTRATION'S EXPLANATION THAT IT WAS DUE TO THE MORE LUCRATIVE NATURE OF THE PRIVATE PRACTICE.

HE BELIEVED THE REAL REASONS ACCOUNTING FOR THE DEPARTMENT'S FAILURE TO ATTRACT LOCAL PERSONS WERE THAT TOP POSTS HAD BEEN DENIED TO THE LOCALS AND THAT MORE FAVOURABLE TERMS HAD BEEN OFFERED TO EXPATRIATES. HE THEREFORE CALLED FOR EQUAL TERMS WITHOUT DELAY.

TURNING TO THE JUDICIARY, MR LEE SAID HE APPRECIATED THE DIFFICULTIES ENCOUNTERED BY THE JUDICIAL SERVICE COMMISSION IN ATTRACTING LAWYERS OF GOOD STANDING TO JOIN.

HE SAID ONE OF THE REASONS WAS THAT LOCAL JUDGES AND MAGISTRATES WERE DISCRIMINATED AGAINST IN THEIR TERMS OF EMPLOYMENT AND HE SAID THIS WAS CLEARLY WRONG.

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HE POINTED OUT THAT FOR YEARS THE LEGAL PROFESSION HAD ADVOCATED SEPARATING THE JUDICIARY FROM THE CIVIL SERVICE SO AS TO ENHANCE ITS INDEPENDENCE IN THE EYES OF THE PUBLIC.

+SUCH A MOVE, WHICH MAY RESULT IN BETTER TERMS OF EMPLOYMENT, WILL MAKE IT EASIER TO ATTRACT GOOD LAWYERS TO JOIN THE JUDICIARY,+ HE SAID.

AS FOR THE LEGAL AID DEPARTMENT, MR LEE SAID ONLY 14 OUT OF THE 43 LAWYERS WERE LOCAL OFFICERS AND HE COULD NOT UNDERSTAND HOW IT COULD BE IN THE PUBLIC INTEREST TO EMPLOY SO MANY EXPATRIATES IN THIS DEPARTMENT, PARTICULARLY BEARING IN MIND THE NATURE OF THE WORK INVOLVED.

HE THEREFORE CALLED ON THE GOVERNMENT TO CONDUCT WITHOUT ANY DELAY A FULL REVIEW OF THESE THREE DEPARTMENTS SO AS TO COME UP WITH POSITIVE SUGGESTIONS TO REDUCE THE NUMBER OF EXPATRIATE OFFICERS IN THEM.

MR LEE ALSO SUGGESTED THAT LEGAL AID SHOULD NO LONGER BE ADMINISTERED AS A GOVERNMENT DEPARTMENT, SAYING THE TIME HAD COME FOR IT TO BE ADMINISTERED WITH PUBLIC FUNDS INDEPENDENTLY BY THE LEGAL PROFESSION.

MR LEE EXPLAINED THAT THERE WERE THREE MAIN REASONS FOR DOING SO.

+THE MAIN ONE IS THAT THE ADMINISTRATION OF LEGAL AID WILL NOT ONLY BE INDEPENDENT, BUT WILL ALSO BE PERCEIVED TO BE SO,+ HE SAID.

HE ADDED THAT IT WOULD ALSO ELIMINATE THE POSSIBILITY OF AN UNSCRUPULOUS GOVERNMENT STOPPING ACCESS TO THE COURTS BY CITIZENS WHO HAD A LEGITIMATE GRIEVANCE AGAINST THE GOVERNMENT OR USING THE DISTRIBUTION OF LEGAL AID WORK AS A LEVERAGE ON THE PROFESSION.

SECONDLY, HE FELT ADMINISTRATION OUTSIDE THE GOVERNMENT WOULD LEAD TO A MORE EFFICIENT USE OF PUBLIC FUNDS.

LASTLY, HE SAID THERE HAD FOR SOME TIME BEEN DISQUIET IN THE PROFESSION THAT THE DISTRIBUTION OF WORK WAS NOT EQUITABLE AND HE BELIEVED AN INDEPENDENT ADMINISTRATION WOULD BE ABLE TO TACKLE THE MATTER MORE SATISFACTORILY.

REGARDING INCREASES IN CIVIL SERVICE SALARIES, MR LEE COMMENTED THAT IT WAS UNWISE FOR THE ADMINISTRATION TO DEAL WITH THE MATTER IN TWO STAGES.

HE ALSO FELT THAT THE NON-DIRECTORATE SECTOR HAD MADE OUT A STRONG CASE THAT IT WAS NO LONGER BEING PROPERLY REPRESENTED BY THE PEOPLE RECOGNISED BY THE ADMINISTRATION.

/+THIS MUST

+THIS MUST BE REVIEWED AS SOON AS POSSIBLE SO THAT AN EQUITABLE SOLUTION CAN BE FOUND,+ HE SAID.

FINALLY, MR LEE SAID THE ADMINISTRATION WAS TAKING AN UNNECESSARILY FIRM STAND ON THE 2.7 PER CENT INCREASE NOW OFFERED TO THE NON-DIRECTORATE SECTOR, BY REFUSING TO BACKDATE IT TO AUGUST 1, 1985, THE SAME DATE THAT THE PAY INCREASE FOR THE DIRECTORATE SECTOR TOOK EFFECT.

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POLLUTION CONTROL AUTHORITIES CHANGED
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A RESOLUTION TO EFFECT A CHANGE OF POLLUTION CONTROL AUTHORITIES WAS PASSED IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE RESOLUTION, THE SECRETARY FOR HEALTH AND WELFARE, THE HON JOHN CHAMBERS SAID IT FOLLOWS THE DECISION BY THE GOVERNOR IN COUNCIL IN NOVEMBER LAST YEAR TO CENTRALISE AND RATIONALISE THE GOVERNMENT'S ORGANISATION FOR POLLUTION CONTROL, WITH THE ENVIRONMENTAL PROTECTION AGENCY ASSUMING AN EXECUTIVE AND OPERATIONAL ROLE IN POLLUTION CONTROL FROM APRIL 1 THIS YEAR.

THE AGENCY IS BEING UPGRADED TO A GROUP III DEPARTMENT TO BE RETITLED THE ENVIRONMENTAL PROTECTION DEPARTMENT AND WILL BE HEADED BY A DIRECTOR OF ENVIRONMENTAL PROTECTION.

THE STATUTORY FUNCTIONS OF THE CONTROL AUTHORITIES UNDER THE MAIN POLLUTION CONTROL LEGISLATION WILL BE TRANSFERRED TO THE NEW DEPARTMENT.

MR CHAMBERS SAID: +IN ORDER TO IMPLEMENT THE GOVERNOR IN COUNCIL'S DECISION, THIS RESOLUTION SEEKS TO EFFECT THE TRANSFER OF THE POLLUTION CONTROL AUTHORITIES UNDER THE WASTE DISPOSAL ORDINANCE AND THE WATER POLLUTION CONTROL ORDINANCE.

+THUS, AS REGARDS THE FORMER ORDINANCE, THE DIRECTOR OF ENVIRONMENTAL PROTECTION WILL BECOME THE WASTE DISPOSAL AUTHORITY IN PLACE OF THE DIRECTOR OF ENGINEERING DEVELOPMENT AND THE DIRECTOR OF AGRICULTURE AND FISHERIES.

+SIMILARLY, THE DIRECTOR OF ENVIRONMENTAL PROTECTION WILL REPLACE THE DIRECTOR OF ENGINEERING DEVELOPMENT AS THE AUTHORITY UNDER THE WATER POLLUTION CONTROL ORDINANCE FOR DISCHARGES INTO DRAINS AND SEWERS IN A WATER CONTROL ZONE.

+HE WILL ALSO BE THE AUTHORITY UNDER THE SAME LEGISLATION FOR THE TOLO HARBOUR AND CHANNEL WATER CONTROL ZONE, IN PLACE OF THE DIRECTOR OF ENGINEERING DEVELOPMENT AND THE DIRECTOR OF AGRICULTURE AND FISHERIES+.

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NEW LEASE OF LIFE FOR HK'S URBAN AREAS
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THE EXECUTIVE COUNCIL HAS GIVEN THE GO-AHEAD TO A SCHEME THAT COULD MEAN A NEW LEASE OF LIFE FOR THE TERRITORY'S RUN-DOWN URBAN AREAS.

A LAND DEVELOPMENT CORPORATION IS TO BE SET UP WHICH IS AIMED AT ENCOURAGING PRIVATE ENTERPRISE TO REDEVELOP OLD URBAN AREAS WHILE AT THE SAME TIME PRESERVING THEIR COMMUNITY SPIRIT.

ALTHOUGH SOME OF THESE INNER CITY AREAS ARE POTENTIALLY AMONG THE MOST VALUABLE PIECES OF REAL ESTATE ON EARTH, REDEVELOPMENT HAS BEEN SLOWING DOWN AT THE RATE OF 10 PER CENT A YEAR.

THE LAND DEVELOPMENT CORPORATION (LDC) IS SEEN AS THE BEST WAY OF REVERSING THAT TREND WITH MINIMUM COST TO THE GOVERNMENT AND MAXIMUM PARTICIPATION BY THE PRIVATE SECTOR.

THE DIRECTOR OF LANDS, MR JOHN TODD, EXPLAINED: +THE FUNCTION OF THE CORPORATION WILL BE TO PARTICIPATE IN THE SELECTION OF SUITABLE AREAS FOR DEVELOPMENT AND IN THE PRODUCTION OF PLANNING BRIEFS FOR THOSE AREAS.

+IT WILL ACQUIRE LAND OR PROPERTY THROUGH NEGOTIATION WITH THE OWNERS AND WILL, WHERE NECESSARY, SEEK THE GOVERNMENT'S ASSISTANCE TO RESUME MINORITY INTERESTS.

+ONCE THE DEVELOPMENT PLAN HAS BEEN AGREED AND THE ACQUISITION NEGOTIATED THE LDC WILL SET UP A SUBSIDIARY COMPANY TO DEVELOP THE AREA. THIS SUBSIDIARY COMPANY WILL RAISE ITS OWN FINANCE FROM PRIVATE SOURCES, WILL UNDERTAKE DEVELOPMENT AND DISPOSE OF THE PROPERTY ONCE DEVELOPMENT IS COMPLETED.+

THE LDC IS ALSO SEEN AS THE BEST ANSWER TO THE DEVELOPMENT PROBLEMS BESETTING THE URBAN AREAS WITH THEIR CROWDED TENEMENTS AND NARROW STREETS.

ALTHOUGH THEY ARE POTENTIALLY VALUABLE SITES SEVERAL PROBLEMS HAVE DETERRED WOULD-BE DEVELOPERS FROM MOVING IN.

THE FIRST IS THAT OF ASSEMBLING A LARGE ENOUGH SITE TO MAKE REBUILDING WORTHWHILE. MANY OF THE PROPERTIES HAVE A MULTITUDE OF OWNERS, SOME OF WHOM ARE NO LONGER LIVING IN HONG KONG.

WHERE OWNERS ARE STILL LIVING IN THE PREMISES THEY ARE RELUCTANT TO MOVE. THEY HAVE BUSINESS AND SOCIAL TIES IN THE AREA AND THEIR CHILDREN GO TO SCHOOL IN THE NEIGHBOURHOOD.

THERE IS A STRONG SENSE OF COMMUNITY AND PEOPLE WHO HAVE LIVED IN ONE SPOT FOR YEARS DO NOT WANT TO MOVE TO A NEW HOUSING ESTATE MILES AWAY.

EVEN WHERE THE MAJORITY OF OWNERS ARE WILLING TO SELL THEIR PROPERTY, ONE OR TWO REFUSING TO SELL CAN CAUSE SUCH DELAYS IN ACQUIRING A SITE THAT PROSPECTIVE DEVELOPERS LOOK ELSEWHERE TO INVEST THEIR MONEY.

THE RESULT HAS BEEN THAT SITES THAT HAVE BEEN REDEVELOPED IN INNER URBAN AREAS HAVE BEEN SMALL, RESULTING IN PIECEMEAL PENCIL DEVELOPMENT.

AT THE SAME TIME DEVELOPERS HAVE SHOWN NO INTEREST IN PROVIDING COMMUNITY FACILITIES IN THE NEW BUILDINGS OR IMPROVING ROAD ACCESS IN THE AREAS AS THESE ARE NOT PROFITABLE.

THE CONCEPT OF THE LDC IS TO HELP OVERCOME THE DEVELOPER'S PROBLEMS WHILE MAKING SURE RESIDENTS OF THE AREAS GET A FAIR DEAL AND ARE NOT FORCED TO MOVE.

DETAILS OF AREAS TO BE REDEVELOPED WILL BE PUBLISHED AND THE PUBLIC WILL HAVE THE RIGHT TO OBJECT TO THE PROPOSED SCHEMES.

ONCE APPROVAL IS GIVEN FOR A PROJECT THE LDC WILL BE ASSISTED IN RESUMPTION BY THE GOVERNMENT - THAT IS, IF THE MAJORITY OF OWNERS AGREE TO SELL THEIR PROPERTY THAT OF THE MINORITY CAN BE ACQUIRED UNDER COMPULSORY PURCHASE ORDERS.

TO ENSURE FAIRNESS, OWNERS RELUCTANT TO SELL WILL HAVE A RIGHT OF APPEAL IF THEY ARE NOT SATISFIED WITH THE PRICE OFFERED.

ARMED WITH THESE POWERS THE LDC CAN ASSEMBLE MUCH LARGER SITES, MAKING REDEVELOPMENT A MUCH MORE WORTHWHILE PROPOSITION.

BUT PROPERTY OWNERS WILL NOT JUST BE BOUGHT OUT, THEY WILL BE OFFERED A SHARE OF PROFITS OF THE SUBSIDIARY COMPANY SET UP TO REDEVELOP THEIR AREA AND OWNER OCCUPIERS WILL HAVE PREFERENTIAL RIGHTS TO BUY APARTMENTS IN THE NEW DEVELOPMENTS.

+THESE PROVISIONS WILL, I BELIEVE, MEET THE NEED TO PROTECT THE INTERESTS OF OWNERS AND TENANTS AND TO ALLOW FOR PUBLIC PARTICIPATION IN THE PLANNING PROCESS TO ENSURE THAT COMMUNITY NEEDS ARE NOT OVERLOOKED,+ MR TODD SAID.

+AT THE SAME TIME THE RETENTION OF COMPULSORY POWERS OF ACQUISITION SHOULD HELP TO SPEED UP DEVELOPMENT IN THE SELECTED AREAS, WHILE THE OFFER OF PARTICIPATION SHOULD REDUCE THE NEED TO USE THESE POWERS EXTENSIVELY.+

BUT THE WHOLE THINKING BEHIND THE LDC IS TO ENCOURAGE PRIVATE SECTOR PARTICIPATION IN REDEVELOPMENT AND TO ENSURE A COMMERCIAL APPROACH TO THE PROCESS.

INITIAL FUNDING TO MEET SALARIES FOR THE LDC'S SMALL STAFF AND FOR RECURRENT EXPENSES WILL COME FROM A GOVERNMENT LOAN. AFTER THAT THE LDC WILL BE EXPECTED TO RAISE FUNDS IN THE MARKET FROM PRIVATE SOURCES TO FINANCE PARTICULAR PROJECTS.

THE GOVERNMENT'S CONTRIBUTION WILL BE LIMITED TO PAYING FOR COMMUNITY FACILITIES NEEDED IN THE PROJECTS.

+TO ESTABLISH THE LDC ON A SOUND FINANCIAL BASIS IT WILL BE NECESSARY INITIALLY FOR THE LDC TO UNDERTAKE PROJECTS WHICH ARE POTENTIALLY PROFITABLE. HOWEVER, IN THE LONGER TERM, PROFITS MADE BY THE LDC WILL BE USED TO FUND PROJECTS WHICH WERE NON-PROFITABLE BUT DESIRABLE IN TERMS OF URBAN REDEVELOPMENT,+ MR TODD SAID.

STATUTORY BODIES SUCH AS THE LDC ARE NOT A NEW CONCEPT IN HONG KONG. TWO VERY SUCCESSFUL RECENT EXAMPLES ARE THE MASS TRANSIT RAILWAY CORPORATION AND THE KOWLOON-CANTON RAILWAY CORPORATION WHICH OPERATE ON A PURELY BUSINESS BASIS.

THE LDC WILL BE SIMILAR IN STRUCTURE TO THESE WITH A NON-GOVERNMENT CHAIRMAN AND A MAJORITY OF NON-GOVERNMENT OFFICIALS ON THE BOARD.

ONCE SET UP IT IS HOPED THAT THE LDC CAN MAKE AN EARLY START DEFINING THOSE AREAS WHERE DEVELOPMENT WILL BE A TOP PRIORITY.

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LANDS AND WORKS GROUP RE-ORGANISATION APPROVED
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THE FINANCE COMMITTEE THIS (WEDNESDAY) EVENING APPROVED THE RE-ORGANISATION OF THE LANDS AND WORKS GROUP OF DEPARTMENTS WHICH WILL TAKE EFFECT SOMETIME IN APRIL.

THE CHANGES ARE:

- * THE BUILDINGS ORDINANCE OFFICE OF THE BUILDING DEVELOPMENT DEPARTMENT WILL BE AMALGAMATED WITH THE LANDS DEPARTMENT TO FORM A NEW BUILDINGS AND LANDS DEPARTMENT;
- * THE REMAINING ARCHITECTURAL OFFICE IN THE BUILDING DEVELOPMENT DEPARTMENT WILL BE TRANSFORMED INTO AN INDEPENDENT DEPARTMENT TO BE KNOWN AS THE ARCHITECTURAL SERVICES DEPARTMENT;
- * THE BUILDING DEVELOPMENT DEPARTMENT WILL CEASE TO EXIST; AND
- * THE URBAN AREA DEVELOPMENT ORGANISATION OF THE GOVERNMENT SECRETARIAT'S LANDS AND WORKS BRANCH WILL BE AMALGAMATED WITH THE NEW TERRITORIES DEVELOPMENT DEPARTMENT TO FORM THE TERRITORY DEVELOPMENT DEPARTMENT.

THE WATER SUPPLIES DEPARTMENT AND ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT WILL NOT BE AFFECTED BY THE RE-ORGANISATION.

+THE RE-ORGANISATION IS NECESSARY IN ORDER TO RATIONALISE THE FUNCTIONS AND RESPONSIBILITIES OF THE DEPARTMENTS, TO ACHIEVE A BETTER WORKLOAD BALANCE AND TO RESPOND BETTER TO DISTRICT NEEDS,+ THE SECRETARY FOR LANDS AND WORKS SAID.

+FOR INSTANCE, NOW THAT THE DEVELOPMENT OF THE NEW TOWNS IS WELL ON TRACK MORE EMPHASIS IN THE FUTURE WILL BE GIVEN TO THE URBAN AND HARBOUR AREAS. FOR THAT REASON THE NEW TERRITORIES DEVELOPMENT DEPARTMENT AND THE URBAN AREA DEVELOPMENT ORGANISATION ARE BEING COMBINED TO FORM THE TERRITORY DEVELOPMENT DEPARTMENT.+

THE NEW BUILDINGS AND LANDS DEPARTMENT WILL BE A COMBINATION OF THE PRESENT BUILDINGS ORDINANCE OFFICE OF THE BUILDING DEVELOPMENT DEPARTMENT AND THE EXISTING LANDS DEPARTMENT.

+THE PURPOSE OF THE AMALGAMATION IS TO BRING ALL MATTERS RELATING TO LAND AND BUILDING DEVELOPMENT UNDER ONE AUTHORITY. THE DIRECTOR OF THE DEPARTMENT WILL BE BOTH THE BUILDING AUTHORITY AND THE LAND AUTHORITY,+ A GOVERNMENT SPOKESMAN SAID.

THE DEPARTMENT WILL HAVE FOUR MAIN OFFICES. THE FIRST, TOWN PLANNING, WILL BE RESPONSIBLE FOR THE FORMATION OF PLANNING POLICIES, PLANNING STANDARDS AND GUIDELINES AND PREPARATION OF PLANS AND STUDIES.

THE LANDS ADMINISTRATION OFFICE WILL DISPOSE OF, ACQUIRE AND RESUME LAND AND BE RESPONSIBLE FOR ESTATE MANAGEMENT, LEASE ENFORCEMENT AND LAND CONTROL AND VALUATION.

CONTROL OF PRIVATE BUILDINGS UNDER THE BUILDINGS ORDINANCE WILL BE THE RESPONSIBILITY OF THE BUILDINGS ORDINANCE OFFICE WHILE SURVEYING, MAPPING AND DRAWING OFFICE SERVICES WILL COME UNDER THE SURVEY OFFICE.

THE NEW ARCHITECTURAL SERVICES DEPARTMENT WILL BE RESPONSIBLE FOR PLANNING, DESIGN, CONSTRUCTION, MAINTENANCE, MINOR ALTERATIONS AND IMPROVEMENTS TO GOVERNMENT AND URBAN COUNCIL BUILDINGS AND FACILITIES.

IT WILL ALSO MONITOR AND ADVISE ON ALL GOVERNMENT SUBVENTED PROJECTS, UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE PROJECTS AND JOINT VENTURE BUILDINGS.

IN ADDITION TO MONITORING COMPLETION OF THE NEW TOWN PROGRAMME, THE TERRITORY DEVELOPMENT DEPARTMENT WILL BE RESPONSIBLE FOR PLANNING, PROGRAMMING, CO-ORDINATING AND MONITORING DEVELOPMENT IN THE URBAN AREA.

IT WILL ALSO ACT AS A LINK BETWEEN THE DEPARTMENTS RESPONSIBLE FOR VARIOUS PROJECTS AND DISTRICT ADMINISTRATION AND DISTRICT BOARDS.

+THE SETTING UP OF THE DEPARTMENT WILL FACILITATE DEPLOYMENT OF PROFESSIONAL STAFF AND POOLING OF RESOURCES.

+IT WILL MAKE IT EASIER TO INTRODUCE TO URBAN AREAS THE PROCEDURES WHICH HAVE BEEN DEVELOPED OVER THE YEARS FOR THE NEW TOWNS,+ THE SPOKESMAN SAID.

THIS IS THE FIRST MAJOR RE-ORGANISATION OF THE LANDS AND WORKS GROUP OF DEPARTMENTS SINCE IT WAS FORMED FROM THE PREVIOUS PUBLIC WORKS DEPARTMENT IN APRIL 1982.

AS AN INTEGRAL PART OF THE RE-ORGANISATION, CONSIDERATION IS BEING GIVEN TO MAKING THE HIGHWAYS OFFICE OF THE ENGINEERING DEVELOPMENT DEPARTMENT INTO A SEPARATE HIGHWAYS DEPARTMENT. THE ENGINEERING DEVELOPMENT DEPARTMENT WOULD THEN BE TRANSFORMED INTO A CIVIL ENGINEERING SERVICES DEPARTMENT. AN ANNOUNCEMENT ON THIS WILL BE MADE LATER.

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HOSPITAL, CLINIC CHARGES OF TUNG WAH GROUP
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THE GOVERNMENT ANNOUNCED TODAY (WEDNESDAY) THAT A DECISION HAD BEEN REACHED WITH REGARD TO THE FREE MEDICAL POLICY OF THE TUNG WAH GROUP OF HOSPITALS.

DURING 1985-86 THE TUNG WAH BOARD OF DIRECTORS INTRODUCED FEES IN RESPECT OF AN ADDITIONAL 1 157 THIRD-CLASS HOSPITAL BEDS. APPROXIMATELY 1 600 BEDS IN THE GROUP'S HOSPITALS REMAIN FREE.

A SPOKESMAN SAID THAT AS AN INTERIM ARRANGEMENT, THE GOVERNMENT ACCEPTED THE CONCESSION MADE BY THE GROUP, BUT IT WAS INTENDED TO EXPLORE THE POSSIBILITY WITH FUTURE BOARDS OF TUNG WAH OF FURTHER REDUCTIONS IN THE NUMBER OF FREE BEDS AND OF CHARGES BEING INTRODUCED FOR OUT-PATIENT SERVICES.

IN THE MEANTIME, THE GOVERNMENT SUBVENTION TO THE GROUP WOULD BE ADJUSTED TO TAKE ACCOUNT OF THE INCREASED REVENUE ARISING FROM THE REDUCTION IN THE NUMBER OF FREE BEDS AND THE INCREASES IN CHARGES FOR PRIVATE BEDS, WHICH WERE ALSO INTRODUCED IN THE COURSE OF 1985-86.

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HOW TO MAINTAIN COMPETITIVE EDGE
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HONG KONG'S CLOTHING MANUFACTURERS MUST CONTINUE TO SEEK TO UPGRADE THE QUALITY OF THEIR PRODUCTS, IMPROVE THEIR PRODUCTION AND MARKETING TECHNIQUES AND INCREASE THEIR PRODUCTIVITY IF THEY ARE TO MAINTAIN THEIR COMPETITIVE EDGE, THE SECRETARY FOR TRADE AND INDUSTRY, MR E.P. HO, SAID TODAY (WEDNESDAY).

THESE STEPS ARE NECESSARY IN VIEW OF RISING COSTS, GROWING THREATS OF PROTECTIONIST MEASURES FROM OUR MAJOR MARKETS AND INCREASING COMPETITION FROM OTHER COUNTRIES.

SPEAKING AT THE OPENING OF THE CLOTHING INDUSTRY FAIR, MR HO SAID THE SUCCESS OF THE INDUSTRY REFLECTED THE ENTERPRISE OF MANUFACTURERS, THE INGENUITY OF DESIGNERS AND THE SKILL AND DILIGENCE OF THE WORKFORCE.

FOR ITS PART, MR HO SAID THE GOVERNMENT WOULD CONTINUE TO PROVIDE AN ADEQUATE AND EFFICIENT INFRASTRUCTURE WITHIN WHICH INDUSTRY COULD PROSPER AND GROW.

+ON THE ADVICE OF THE INDUSTRY DEVELOPMENT BOARD, THE GOVERNMENT WILL SHORTLY BE COMMISSIONING A TECHNO-ECONOMIC AND MARKETING RESEARCH STUDY ON THE NEEDS AND REQUIREMENTS OF HONG KONG'S TEXTILES AND CLOTHING INDUSTRY.

+THE STUDY WILL SEEK TO IDENTIFY THE MARKET AND PRODUCT POTENTIAL OF THE INDUSTRY AND ITS FINDINGS SHOULD GREATLY ASSIST APPRAISAL OF POSSIBLE FUTURE DIRECTIONS FOR THE INDUSTRY AND THE FORMULATION OF PLANS FOR IMPROVING INFRASTRUCTURAL SUPPORT,+ HE SAID.

MR HO ALSO PAID TRIBUTE TO THE HONG KONG PRODUCTIVITY COUNCIL WHICH ORGANISED THE FAIR.

+IN RECENT YEARS, THE HONG KONG PRODUCTIVITY COUNCIL HAS EVOLVED FROM AN ORGANISATION PROVIDING TRAINING AND CONSULTANCY TO ONE WHICH PLAYS AN INCREASINGLY ACTIVE ROLE IN THE PROVISION OF INDUSTRIAL SUPPORT FACILITIES TO INDUSTRY.

+THE FAIR TODAY, WHICH IS AN IMPORTANT EVENT FOR THE CLOTHING SECTOR AND AN EXAMPLE OF THE HONG KONG PRODUCTIVITY COUNCIL'S EFFORTS IN ASSISTING HONG KONG INDUSTRIES TO INCREASE PRODUCTIVITY, WILL PROVIDE A CONVENIENT FORUM FOR GARMENT MANUFACTURERS FROM HONG KONG AND ELSEWHERE TO MEET WITH INTERNATIONAL SUPPLIERS OF INDUSTRIAL EQUIPMENT, MATERIAL AND SERVICES.

+THE WIDE VARIETY OF EXHIBITS ON DISPLAY SHOULD ENABLE THE ENTERPRISING MANUFACTURER TO SEE THE LATEST IN CLOTHING TECHNOLOGY, MACHINERY, MATERIALS AND ACCESSORIES AND TO REALISE WHAT BENEFITS THESE CAN BRING TO THEIR OPERATIONS,+ HE SAID.

SAM KA TSUEN ILLEGAL FISH MARKET CLEARED
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A NUMBER OF STRUCTURES USED FOR ILLEGAL FISH TRADING ACTIVITIES AT SAM KA TSUEN IN KWUN TONG WERE CLEARED TODAY (WEDNESDAY) IN A JOINT OPERATION.

CHAIRMAN OF THE KWUN TONG DISTRICT MANAGEMENT COMMITTEE, MR KEVIN MAK, SAID THAT SINCE LAST OCTOBER, THE DMC HAD DISCUSSED WAYS TO ERADICATE ILLEGAL OFF-LOADING AND WHOLESALE OF FRESH MARINE FISH IN THE AREA.

+AS A FIRST STEP, THE POLICE HAVE BEEN TAKING ACTION AGAINST ILLEGAL TRADING ACTIVITIES FROM JANUARY THIS YEAR,+ HE ADDED.

TODAY'S CLEARANCE SAW THE DMC'S RESOLVE TO GET RID OF THE ILLEGAL FISH MARKET ONCE AND FOR ALL, MR MAK SAID.

SITUATED OPPOSITE THE SAM KA TSUEN FERRY PIER, THE STRUCTURES HAD BEEN USED AS AN ILLEGAL MARKET SINCE MID-1970'S.

THE OPERATION WOULD ALSO INVOLVE PULLING DOWN THE PLATFORMS ON WHICH THE STRUCTURES WERE BUILT.

+THE CONSTRUCTION OF A PERMANENT FISH WHOLESALE MARKET UNDER THE MANAGEMENT OF THE FISH MARKETING ORGANISATION WILL START SOON AT NEARBY TUNG YUEN STREET AND IS EXPECTED TO BE COMPLETED NEXT YEAR,+ MR MAK SAID.

THE MONTH-LONG OPERATION WOULD ALSO INVOLVE CLEARING ABOUT 50 ILLEGAL STRUCTURES ON THE EMBANKMENT OF SHUNG SHUN STREET NEXT TO THE ILLEGAL FISH MARKET.

CO-ORDINATED BY THE KWUN TONG DISTRICT MANAGEMENT COMMITTEE AND SUPPORTED BY THE LOCAL DISTRICT BOARD, THE OPERATION WAS PART OF A MAJOR ENVIRONMENTAL IMPROVEMENT PROGRAMME ENTITLED +OPERATION FAR FLING+.

IT WAS ALSO THE LAST OPERATION IN THE DISTRICT FOR THE CURRENT FINANCIAL YEAR.

MAJOR TREE PLANTING SCHEME LAUNCHED

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THE AGRICULTURE AND FISHERIES DEPARTMENT PLACES MUCH IMPORTANCE IN EDUCATING THE PUBLIC TO BE MORE CAREFUL, MORE THOUGHTFUL AND MORE CIVIC-MINDED WHEN VISITING COUNTRY PARKS, THE DIRECTOR OF AGRICULTURE AND FISHERIES, DR LAWRENCE LEE, SAID THIS (WEDNESDAY) MORNING.

+ONLY WITH FULL PUBLIC SUPPORT, CAN WE HOPE TO PREVENT FURTHER FIRE DAMAGES TO OUR VALUABLE PLANTATIONS,+ HE SAID.

DR LEE WAS SPEAKING AT THE LAUNCHING OF THIS YEAR'S COMMUNITY TREE PLANTING SCHEME TOGETHER WITH A PARTY OF DISTINGUISHED GUESTS, AND 1 500 STUDENTS AND YOUTHS AT A FIRE-DEVASTATED SITE INSIDE TAI MO SHAN COUNTRY PARK.

HIGHLIGHT OF THE SCHEME IS A SERIES OF TREE-PLANTING DAYS ORGANISED FOR THE PUBLIC DURING THE EASTER HOLIDAYS AND ON CHING MING FESTIVAL DAY AND EVERY SUNDAY IN APRIL WHEN SEEDLINGS WILL BE AVAILABLE FREE FOR PLANTING AT SIX DESIGNATED COUNTRY PARKS.

THESE SITES ARE NEAR THE TWISK MANAGEMENT CENTRE IN TAI LAM COUNTRY PARK; CHUEN LUNG IN TAI MO SHAN COUNTRY PARK; PAK TAM CHUNG IN SAI KUNG COUNTRY PARK; MUI WO NEAR THE FERRY PIER; POKFULAM COUNTRY PARK NEAR CHI FU FA YUEN; AND AT A PICNIC SITE NEAR MOUNT BUTLER INSIDE QUARRY BAY COUNTRY PARK.

DR LEE SAID THIS YEAR'S EVENT WAS OF PARTICULAR SIGNIFICANCE AS A SERIOUS FIRE IN THE SHING MUN AND TAI MO SHAN COUNTRY PARKS IN EARLY JANUARY DAMAGED A LARGE NUMBER OF TREES.

+THE NEED TO RESTOCK OUR PLANTATION HAS NOW BECOME AN IMMINENT TASK AND THIS IS THE MOST APPROPRIATE TIME FOR US TO REPLANT TREES IN THE BURNT AREAS TO MAKE UP FOR THE LOSSES,+ HE SAID.

AFTER PLANTING, DR LEE ADDED, THE TREES MUST BE WELL LOOKED AFTER.

+IT IS ENCOURAGING TO NOTE THAT EVERY YEAR, THOUSANDS OF YOUNG PEOPLE VOLUNTEER TO TAKE PART IN A WIDE VARIETY OF COUNTRYSIDE CONSERVATION AND MANAGEMENT WORK,+ HE SAID.

DR LEE NOTED THAT TEN SCHOOLS HAD JOINED THE +SCHOOL FOREST PROJECT+ ORGANISED BY THE DEPARTMENT. AMONG THEM SIX HAVE SUCCESSFULLY ESTABLISHED AND MAINTAINED THEIR +FOREST PLOTS+ FOR MORE THAN FIVE YEARS.

HE RECALLED THAT THE FIRST COMMUNITY TREE PLANTING PROGRAMME ORGANISED BY HIS DEPARTMENT DATED BACK TO 1957 AND IN RECENT YEARS HAD BECOME A WIDELY ACCEPTED ANNUAL EVENT FOR THE PUBLIC.

+IN 1982, 1 700 PEOPLE TOOK PART IN PLANTING 3 500 TREES AND LAST YEAR, OVER 6 700 PARTICIPANTS PLANTED SOME 7 000 TREES.

+I LOOK FORWARD TO MORE PUBLIC-SPIRITED CITIZENS JOINING OUR PROGRAMME IN THE NEXT FEW WEEKS,+ DR LEE SAID.

DEPARTMENT STAFF WILL BE ON DUTY FROM 9 AM TO 4 PM ON TREE PLANTING DAYS IN THE DESIGNATED COUNTRY PARKS TO PROVIDE THOSE INTERESTED WITH SEEDLINGS AND TOOLS AND TO ASSIST THEM IN PLANTING TREES.

TODAY'S CEREMONY WAS JOINTLY OFFICIATED BY GENERAL MANAGER OF TELEVISION BROADCASTS LIMITED, MR ROBERT CHAN; MISS HONG KONG 1985, MISS TSE NING; CHAIRMAN OF THE COUNTRY PARKS BOARD PLANNING AND MANAGEMENT COMMITTEE, MR CARLOS CHEUNG; AND ACTING CHAIRMAN OF THE COUNTRY PARKS BOARD PUBLIC RELATIONS COMMITTEE, MR WILLIAM WAN.

THE 1986 COMMUNITY TREE PLANTING SCHEME IS CO-ORGANISED BY TELEVISION BROADCASTS LIMITED.

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SPECIAL TEAMS TO CLEAR RUBBISH * * * *

THE REGIONAL SERVICES DEPARTMENT HAS DEPLOYED A WORK FORCE OF 63 PERSONS, IN NINE SPECIAL TEAMS, TO UNDERTAKE DAILY CLEARANCE OF RUBBISH FROM THE BANKS OF 46 WATERCOURSES IN THE TUEN MUN DISTRICT.

SPEAKING AT A MEETING TODAY (WEDNESDAY) OF THE TUEN MUN DISTRICT COMMITTEE OF THE PROVISIONAL REGIONAL COUNCIL, THE RSD'S DISTRICT HYGIENE SUPERINTENDENT (TUEN MUN), MR FU KAM-HUNG, SAID THIS WAS PART OF THE GOVERNMENT'S OVERALL ACTION PLAN TO DEAL WITH RIVER POLLUTION.

MR FU SAID THE DEPARTMENT ALSO PROVIDED A REGULAR CLEANSING SERVICE IN ALL VILLAGES ALONG RIVERS IN THE DISTRICT TO PREVENT INDISCRIMINATE DUMPING OF REFUSE.

+AND TO ENSURE PROPER DISPOSAL OF HUMAN WASTE FROM THOSE LIVING IN VILLAGE HOUSES NOT PROVIDED WITH WATER-BORNE SANITATION, 46 AQUA-PRIVY TYPE PUBLIC TOILETS ARE PROVIDED AND MAINTAINED BY THE RSD AT SUITABLE LOCATIONS IN THE RIVER BASINS,+ HE ADDED.

REFERRING TO THE PROVISION OF LEISURE SERVICES, THE RSD'S DISTRICT LEISURE MANAGER (TUEN MUN), MR JIMMY CHOW, SAID A TOTAL OF 148 RECREATION AND SPORTS ACTIVITIES WILL BE ORGANISED FOR SOME 6 400 PARTICIPANTS BETWEEN APRIL AND JUNE. THESE ACTIVITIES WILL INCLUDE SWIMMING, TAI CHI AND FITNESS CLASSES, AEROBIC DANCE AND OTHER COURSES.

MR CHOW SAID THE TUEN MUN SWIMMING POOL PROJECT WAS BEING UNDERTAKEN IN TWO PHASES.

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+FOUR SQUASH COURTS IN PHASE I WERE COMPLETED AND OPENED TO THE PUBLIC IN DECEMBER LAST YEAR WHILE OTHER FACILITIES IN THE SAME PHASE, INCLUDING ONE MAIN POOL, ONE CHILDREN'S POOL, ONE PADDLING POOL AND CHANGING ROOMS AND TOILETS FOR SWIMMERS, ARE EXPECTED TO BE COMPLETED IN 1989-90, + HE SAID.

WORK ON PHASE II, CONSISTING OF A SECONDARY POOL, A TRAINING POOL, TWO TEACHING POOLS AND A DIVING POOL, WOULD BEGIN IN 1987-88 AND BE COMPLETED IN 1989-90.

THE MEETING WAS ALSO TOLD THAT THE RSD WOULD ORGANISE A SPECIAL PUBLIC FUN GALA AT THE TUEN MUN TOWN PARK ON APRIL 6. THE ACTIVITIES WILL INCLUDE A VARIETY SHOW AT THE AMPHITHEATRE, TRADITIONAL CHINESE ART AND CRAFT DEMONSTRATIONS, AND GAMES STALLS. BETWEEN 15 000 AND 20 000 RESIDENTS ARE EXPECTED TO TAKE PART.

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TWO PARKING SITES TO LET
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THE LANDS DEPARTMENT IS TO LET BY TENDER TWO SITES IN SHA TIN NEW TOWN FOR USE AS FEE-PAYING VEHICLE PARKS.

ONE OF THE SITES, MEASURING 4 494 SQUARE METRES AT CHE KUNG MIU ROAD, WILL BE RESTRICTED TO THE PARKING OF PRIVATE CARS ONLY.

THE OTHER SITE OF 1 294 SQUARE METRES AT ON LAI STREET CAN BE USED FOR BOTH PRIVATE CARS OR ARTICULATED VEHICLES.

TENANCIES FOR THE SITES ARE FOR THREE YEARS, RENEWABLE QUARTERLY AFTERWARDS.

TENDERS MUST BE SUBMITTED BY NOON ON APRIL 11.

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CLINIC SERVICES FOR HOLIDAY PERIOD
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EIGHT GOVERNMENT OUT-PATIENT CLINICS WILL REMAIN OPEN DURING THE EASTER HOLIDAY PERIOD FROM FRIDAY (MARCH 28) TO MONDAY (MARCH 31) BETWEEN 9 AM TO 1 PM.

THE EIGHT CLINICS ARE VIOLET PEEL POLYCLINIC AND SHAU KEI WAN JOCKEY CLUB CLINIC ON HONG KONG ISLAND; KWUN TONG JOCKEY CLUB HEALTH CENTRE, ROBERT BLACK HEALTH CENTRE AND YAU MA TEI JOCKEY CLUB CLINIC IN KOWLOON; LADY TRENCH POLYCLINIC, YUEN LONG JOCKEY CLUB HEALTH CENTRE AND SHEK WU HUI JOCKEY CLUB CLINIC IN THE NEW TERRITORIES.

OTHER OUT-PATIENT AND EVENING CLINICS WILL BE CLOSED.

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WEDNESDAY, MARCH 26, 1986

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COMMITTEE TO DISCUSS TAXI REVIEW
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MEMBERS OF THE TRAFFIC AND TRANSPORT COMMITTEE OF THE CENTRAL AND WESTERN DISTRICT BOARD WILL DISCUSS A REVIEW ON THE ADEQUACY OF TAXI SERVICES AT THEIR MEETING TOMORROW (THURSDAY) AFTERNOON.

THE TAXI (LIMITATION ON NUMBER) NOTICE IS DUE TO EXPIRE ON JULY 17, 1986 WHEN A NEW ORDER ON TAXI NUMBERS WILL HAVE TO BE MADE.

AN INTER-DEPARTMENTAL WORKING GROUP UNDER THE TRANSPORT DEPARTMENT HAS BEEN SET UP TO REVIEW THE ADEQUACY OF TAXI SERVICES AND TO COLLECT VIEWS FROM THE COMMUNITY BEFORE MAKING RECOMMENDATIONS TO THE EXECUTIVE COUNCIL THROUGH THE TRAFFIC ADVISORY COMMITTEE.

MEMBERS WILL ALSO DISCUSS INFORMATION ON VARIOUS TRAFFIC AND TRANSPORT STUDIES AND A SITUATION REPORT ON THE IMPLEMENTATION OF THE CMB ROAD DEVELOPMENT PROGRAMME FOR CENTRAL AND WESTERN DISTRICT.

THEY WILL ALSO BE BRIEFED ON THE PROGRESS REPORT ON THE RECONSTRUCTION OF DES VOEUX ROAD CENTRAL, THE UPGRADED CONNAUGHT ROAD SCHEME, AND THE PROPOSED RE-ARRANGEMENT OF PUBLIC TRANSPORT SERVICES TO TIE IN WITH THE OPENING OF THE MTR EXTENSION TO SHEUNG WAN.

NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE TRAFFIC AND TRANSPORT COMMITTEE MEETING AT 2.30 PM TOMORROW IN THE CONFERENCE ROOM OF CENTRAL AND WESTERN DISTRICT OFFICE ON THE 14TH FLOOR OF HARBOUR BUILDING, 38 PIER ROAD, CENTRAL.

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DETAILS ON LAND SALE PROGRAMME
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GOVERNMENT LAND AGENT, MR BOB POPE, WILL BE PROVIDING DETAILS ON THE LAND SALE PROGRAMME FOR 1986-87, WHICH WAS AGREED TO BY THE LAND COMMISSION LAST WEEK, AT 3 PM TOMORROW (THURSDAY).

THE BRIEFING WILL BE HELD IN THE CONFERENCE ROOM OF THE LANDS AND WORKS BRANCH, 21ST FLOOR, MURRAY BUILDING.

NOTE TO EDITORS:

YOU ARE INVITED TO ATTEND.

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WEDNESDAY, MARCH 26, 1986

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MEET THE MEDIA
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THE DIRECTOR OF AGRICULTURE AND FISHERIES, DR LAWRENCE LEE, WILL MEET THE MEDIA TOMORROW (THURSDAY) AT 4 PM IN THE GIS PRESS CONFERENCE ROOM, FIFTH FLOOR, BEACONSFIELD HOUSE, CENTRAL.

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NOTE TO EDITORS:

YOU ARE INVITED TO ATTEND.

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CHING MING TRAFFIC PLAN FOR HK ISLAND
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SPECIAL TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED ON HONG KONG ISLAND FOR THE CHING MING FESTIVAL.

THE MEASURE, WHICH WILL BE IN FORCE BETWEEN 7 AM AND 7 PM DAILY ON MARCH 29 (SATURDAY), MARCH 30 (SUNDAY), APRIL 5 (CHING MING), APRIL 6 (SUNDAY) AND APRIL 13 (SUNDAY) UNLESS OTHERWISE SPECIFIED, ARE:

CHAI WAN:

- * CAPE COLLINSON ROAD EAST OF LIN SHING ROAD WILL BE CLOSED TO TRAFFIC, EXCEPT FOR LOCAL ACCESS.
- * THE SLIP ROAD LEADING TO THE GARDEN OF REMEMBRANCE AND CREMATORIUM FROM CAPE COLLINSON ROAD WILL BE RESTRICTED TO HEARSE AND VEHICLES CARRYING PASSENGERS TO SERVICES AT THE CREMATORIUM.
- * THE SLIP ROAD LEADING TO CHAI WAN CHINESE PERMANENT CEMETERY WILL BE CLOSED TO TRAFFIC.
- * CAPE COLLINSON ROAD MAY BE CLOSED WITHOUT NOTICE, DEPENDING ON TRAFFIC CONDITIONS.
- * CAPE COLLINSON ROAD BETWEEN LIN SHING ROAD AND SHEK O ROAD WILL BECOME ONE-WAY WESTBOUND.

/* LIN SHING

- * LIN SHING ROAD BETWEEN WAN TSUI ROAD AND CAPE COLLINSON ROAD WILL BECOME ONE-WAY SOUTHBOUND.
- * WAN TSUI ROAD WILL BE RE-ROUTED ONE-WAY CLOCKWISE.
- * NO PARKING WILL BE PERMITTED ALONG CAPE COLLINSON ROAD, LIN SHING ROAD, WAH HA STREET AND THE SECTION OF SHEK O ROAD BETWEEN CAPE COLLINSON TRAINING CENTRE AND TAI TAM ROAD. VEHICLES PARKED ILLEGALLY WILL BE TOWED AWAY BY THE POLICE WITHOUT PRIOR NOTICE.

POK FU LAM:

- * CONSORT RISE WILL BECOME ONE-WAY SOUTHBOUND FROM VICTORIA ROAD TO BISNEY ROAD.

ABERDEEN:

- * PEEL RISE NEAR ABERDEEN CHINESE CEMETERY AND THE SLIP ROAD FROM SHEK PAI WAN ROAD TO ABERDEEN CHINESE CEMETERY WILL BE CLOSED TO TRAFFIC.

PUBLIC TRANSPORT SERVICES:

- * CMB WILL OPERATE ADDITIONAL SERVICES ON APRIL 5 AND 6. ROUTE NO. 57 FROM CENTRAL BUS STATION TO CHINESE CHRISTIAN CEMETERY (CIRCULAR) WILL RUN FROM 7 AM TO 5.52 PM AT A FREQUENCY OF SEVEN TO EIGHT MINUTES.

ROUTE NO. 89 BETWEEN SHAU KEI WAN BUS TERMINUS TO CHAI WAN CEMETERY VIA CHAI WAN MTR STATION (CIRCULAR) WILL OPERATE BETWEEN 7 AM AND 6 PM AT A FREQUENCY OF FIVE MINUTES. SPECIAL SHORT WORKING TRIPS WILL BE OPERATED FROM CHAI WAN MTR STATION IF NECESSARY.

- * ON APRIL 5 AND 6, THE FIRST BUS STOP ON WAN TSUI ROAD SOUTH OF ITS JUNCTION WITH CHAI WAN ROAD WILL BE SUSPENDED EXCEPT FOR ROUTE NO. 89. A TEMPORARY BUS STOP WILL BE SET UP ON CHAI WAN ROAD EAST OF ITS JUNCTION WITH HONG MAN STREET FOR ALL EASTBOUND BUSES.
- * CMB ROUTES NO. 80, 81, 81M, 82, 83, 84, 780 AND CROSS-HARBOUR ROUTE NO. 106, AND GREEN MINIBUSES ON ROUTES NO. 16M AND 18M WILL BE DIVERTED AS A RESULT OF THE ROAD CLOSURE AND CHANGED ROUTE MEASURES IN CHAI WAN.

CONGESTION IS EXPECTED ON APPROACH ROADS TO CEMETERIES AND MOTORISTS ARE ADVISED TO AVOID THESE AREAS IF POSSIBLE.

WEDNESDAY, MARCH 26, 1986

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CENTRAL TRAFFIC CHANGES
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TO FACILITATE ROAD WORKS, A NUMBER OF TEMPORARY TRAFFIC ARRANGEMENTS WILL BE IMPLEMENTED IN CENTRAL FROM 10 AM ON FRIDAY (MARCH 28). DETAILS ARE AS FOLLOWS:

- * VEHICLES EXCEEDING 5.5 TONNES GROSS ON WESTBOUND CONNAUGHT ROAD CENTRAL WILL NOT BE ALLOWED TO TURN LEFT INTO GILMAN STREET FOR ABOUT ONE WEEK. AFFECTED VEHICLES WILL HAVE TO TRAVEL VIA WING WO STREET TO REJOIN DES VOEUX ROAD CENTRAL.
- * THE EXISTING 7 AM TO 10 AM AND 4 PM TO 7 PM DAILY URBAN CLEARWAY RESTRICTION ON THE WESTERN KERBSIDE LANE OF WING WO STREET BETWEEN CONNAUGHT ROAD CENTRAL AND DES VOEUX ROAD CENTRAL WILL BE EXTENDED TO BECOME A 24-HOUR DAILY RESTRICTED ZONE FOR ABOUT ONE WEEK.
- * THE EXISTING 7 AM TO 10 AM AND 4 PM TO 7 PM DAILY URBAN CLEARWAY RESTRICTION ON THE SECTION OF POTTINGER STREET BETWEEN CONNAUGHT ROAD CENTRAL AND DES VOEUX ROAD CENTRAL WILL BE TEMPORARILY EXTENDED TO OPERATE 24 HOURS A DAY FOR ABOUT TWO WEEKS. NO VEHICLES OTHER THAN FRANCHISED BUSES WILL BE ALLOWED TO STOP IN THE RESTRICTED ZONE FOR PASSENGERS OR GOODS.

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