



# DAILY INFORMATION BULLETIN

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WEDNESDAY, MAY 9, 1990

- 1 -

CONSTRUCTIVE CRITICISM OF CIVIL SERVICE WELCOME

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THE PUBLIC SERVICE HAD BEEN A FOCUS OF ATTENTION DURING THE BUDGET DEBATE AND SOME HARSH THINGS HAD BEEN SAID ABOUT THE ATTITUDE OF CIVIL SERVANTS AND THEIR PRODUCTIVITY, THE CHIEF SECRETARY, THE HON SIR DAVID FORD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

LEADING OFF REPLIES BY FOUR OFFICIAL MEMBERS IN THE RESUMED BUDGET DEBATE, SIR DAVID SAID CONCERN HAD ALSO BEEN EXPRESSED BY MANY MEMBERS OVER UNREST IN THE CIVIL SERVICE AND THE LEVEL OF THE MARCH PAY RISE.

IN MAKING A GENERAL COMMENT, SIR DAVID SAID THAT KNOCKING THE CIVIL SERVICE WAS A POPULAR SPORT. "POLITICIANS THE WORLD OVER ARE ENTHUSIASTIC PARTICIPANTS. THERE IS NEVER A SHORTAGE OF CHEERING FANS IN THE MEDIA AND IN THE PUBLIC TO APPLAUD THEIR EFFORTS AND URGE THEM ON," HE SAID.

"WE IN THE SERVICE WELCOME CONSTRUCTIVE CRITICISM AND INDEED IT IS ESSENTIAL FOR ANY CIVIL SERVICE TO BE OPEN TO CRITICISM AND TO TAKE CAREFUL HEED OF IT AND TO DO SOMETHING ABOUT IT.

"BUT IT IS MUCH EASIER TO DO SOMETHING ABOUT CRITICISM IF IT IS ACCOMPANIED BY CONSTRUCTIVE SUGGESTIONS ON WHERE IMPROVEMENTS CAN BE MADE," HE SAID.

THE CHIEF SECRETARY NOTED THAT THERE WERE COMMENTS THAT THE CIVIL SERVICE WAS TOO BIG AND WAS TAKING TOO LARGE A SLICE OF PUBLIC EXPENDITURE.

"THE FINANCIAL SECRETARY WILL DESCRIBE SOME OF THE MEASURES WE HAVE BEEN TAKING THROUGH THE STAR CHAMBER, VALUE FOR MONEY STUDIES AND THE RESOURCE ALLOCATION SYSTEM TO TACKLE THAT PROBLEM," SIR DAVID SAID.

"WE HAVE ACHIEVED CONSIDERABLE SAVINGS AND ARE DETERMINED TO DO EVEN BETTER IN THE YEARS AHEAD. BUT WHEN WE HAVE DONE ALL WE CAN TO SQUEEZE THE FAT OUT OF THE SYSTEM, SOME MORE DIFFICULT DECISIONS WILL HAVE TO BE TAKEN IF WE ARE TO REDUCE THE PUBLIC SECTOR FURTHER.

"AND HERE IT MAY BE WORTH POINTING OUT THAT THE CIVIL SERVICE DOES NOT CONSIST OF A HUGE POOL OF ANONYMOUS TEA-DRINKING BUREAUCRATS SITTING IN OFFICES PUSHING PAPER.

"POLICEMEN, CORRECTIONAL SERVICES OFFICERS, NURSES, SOCIAL WELFARE OFFICERS AND TEACHERS ARE CIVIL SERVANTS TOO," HE SAID.

SINCE 1987 THE CIVIL SERVICE HAD EXPANDED AT AN ANNUAL AVERAGE RATE OF 1.6 PER CENT, MOST OF THE ADDITIONAL STAFF INVOLVED WENT INTO SERVICES SUCH AS HEALTH (2,100), IMMIGRATION (890), POLICE (820), FIRE SERVICES (650), SOCIAL WELFARE (620) AND EDUCATION (350), THE CHIEF SECRETARY NOTED.

/"MY POINT .....

"MY POINT IS A SIMPLE ONE. THERE WILL COME A TIME WHEN REDUCING THE SIZE OF THE SERVICE FURTHER MEANS EITHER CUTTING SERVICE TO THE PUBLIC OR AT LEAST LIMITING THE RANGE OF SERVICES PROVIDED," HE SAID.

"AT THAT STAGE, WHICH MAY COME SOONER RATHER THAN LATER, I HOPE MEMBERS WILL COME FORWARD WITH THEIR IDEAS ON WHICH PUBLIC SERVICES SHOULD BE CURTAILED AND WHICH GROUP OF CIVIL SERVANTS MADE REDUNDANT," HE ADDED.

THE CHIEF SECRETARY SAID HE SHARED THE CONCERN OF MEMBERS OVER UNREST IN SOME SECTORS OF THE CIVIL SERVICE. "BUT THE PROBLEM SHOULD ALSO BE SEEN IN PROPORTION."

"OVER THE LAST THREE YEARS, ONLY 13 OUT OF THE 340 GRADES HAVE BEEN INVOLVED IN ANY FORM OF INDUSTRIAL ACTION. WITHOUT WISHING TO CONDONE SUCH ACTIONS, I SHOULD RECORD THAT IN THE MAIN THEY WERE RESTRAINED AND SHORT-LIVED. WITH THE EXCEPTION OF ONE INCIDENT, NONE INVOLVED A FULL STRIKE," HE ADDED.

SIR DAVID NOTED THAT THERE HAD BEEN SEVERAL OTHER DISPUTES BETWEEN MANAGEMENT AND EMPLOYEES, SOME OF WHICH ATTRACTED PUBLIC ATTENTION. "BUT, AND THIS IS THE IMPORTANT POINT, ALL WERE SUCCESSFULLY RESOLVED THROUGH DIRECT AND FRANK DISCUSSION."

"THEY HAD NO IMPACT ON EITHER THE LEVEL OR QUALITY OF SERVICE PROVIDED TO THE PUBLIC. THESE SIMPLE STATISTICS ILLUSTRATE THE EFFECTIVENESS OF THE EXISTING CONSULTATIVE MACHINERY," HE ADDED.

THE CHIEF SECRETARY EXPLAINED THAT THE MACHINERY WAS ELABORATE AND STARTED AT THE PERSONAL LEVEL WITH SEVERAL AVENUES FOR COMPLAINTS AND ADVICE. "THESE ARE WELL-KNOWN TO STAFF AND WELL-USED."

AT THE NEXT LEVEL, EACH OF THE 52 DEPARTMENTS HAD A CONSULTATIVE COMMITTEE, IN SOME CASES MORE THAN ONE, IN WHICH GRIEVANCES AND SUGGESTIONS COULD BE VOICED.

"REPRESENTATIVES OF THE CIVIL SERVICE BRANCH ATTEND THESE TO ACT AS A LINK BETWEEN DEPARTMENTS AND CENTRAL GOVERNMENT. AND, AT THE CENTRE, THERE ARE FOUR CONSULTATIVE COUNCILS IN WHICH MANAGEMENT AND STAFF REPRESENTATIVES DISCUSS SERVICE-WIDE MATTERS SUCH AS PAY REVIEWS, ALLOWANCES, HOUSING AND OTHER CONDITIONS OF SERVICE," SIR DAVID SAID.

"STAFF ASSOCIATIONS WITHIN THE SERVICE ARE WELL ORGANISED AND FIGHT HARD FOR THEIR MEMBERS. WE HAVE ENCOURAGED THEIR DEVELOPMENT BECAUSE WE BELIEVE IN CONSULTATION AND THE SETTLEMENT OF DISPUTES THROUGH FRANK FORMAL NEGOTIATION.

"WITH 190,000 PEOPLE IN THE SERVICE WE MUST HAVE PROPER MACHINERY FOR CONSULTATION IN ALL GRADES AND AT ALL LEVELS; THE INFORMAL STYLE OF THE PRIVATE SECTOR SIMPLY WOULD NOT WORK.

/"THE SUCCESS .....

"THE SUCCESS OF OUR SYSTEM SHOULD BE MEASURED BY THE QUIET CONSENSUS WHICH ENDS THE MAJORITY OF DISAGREEMENTS. NOT BY THE FEW, NOISY INSTANCES WHERE, FOR WHATEVER REASON, AGREEMENT IS NOT POSSIBLE," HE SAID.

HE SAID THERE WOULD ALWAYS BE ROOM FOR IMPROVEMENT AND THAT THE ADMINISTRATION WAS FINALISING SOME PROPOSALS FOR CHANGE IN THE CONSULTATION ARRANGEMENTS.

THE CHIEF SECRETARY NOTED THAT THERE HAD BEEN QUERIES ABOUT THE VALIDITY OF THE PAY TREND SURVEY SYSTEM, ADDING: "SOME MEMBERS HAVE FOCUSED ON THE WHOLE BASIS OF CIVIL SERVICE PAY POLICY. THIS IS NATURAL AT A TIME WHEN THERE IS A DOWNTURN IN ECONOMIC GROWTH."

TO AVOID ANY DOUBT, SIR DAVID SAID THERE HAD BEEN NO CHANGE IN THE GOVERNMENT'S POLICY IN DETERMINING THE SIZE OF PAY ADJUSTMENTS.

"THE PRINCIPLE REMAINS THAT WE FOLLOW THE PRIVATE SECTOR, NOT LEAD IT; THAT WE ESTABLISH WHAT THE PRIVATE SECTOR HAS AWARDED ITS EMPLOYEES IN THE PRECEDING YEAR BEFORE AWARDED CIVIL SERVANTS ANYTHING.

"WE DO THIS BY AN INDEPENDENTLY CONDUCTED SURVEY OF SOME 70 COMPANIES OF VARIOUS SIZES: 33 PER CENT EMPLOY FEWER THAN 500 STAFF, 27 PER CENT BETWEEN 500 AND 1,000, AND 40 PER CENT OVER 1,000.

"THEY DO NOT REPRESENT A COMPLETE CROSS SECTION OF HONG KONG FIRMS BECAUSE THE GOVERNMENT AIMS TO COMPARE ITSELF WITH GOOD EMPLOYERS IN THE PRIVATE SECTOR. BUT GOOD DOES NOT MEAN BEST, AND THE LIST IS CAREFULLY VETTED BY MEMBERS OF THE INDEPENDENT PAY TREND SURVEY COMMITTEE TO ENSURE A FAIR SELECTION," HE SAID.

"HERE I WOULD EMPHASISE THAT ALL THE COMMITTEES DEALING WITH CIVIL SERVICE PAY HAVE STRONG REPRESENTATION OF PRIVATE SECTOR EMPLOYERS WHO ARE NO DOUBT VERY CONSCIOUS OF THE IMPACT WHICH CIVIL SERVICE PAY HAS ON THE BUSINESS SECTOR," HE ADDED.

THE CHIEF SECRETARY NOTED THAT LAST YEAR'S SURVEY SHOWED THAT OVERALL THE PRIVATE SECTOR HAD AWARDED ITS STAFF AN AVERAGE 17 PER CENT PAY INCREASE BETWEEN FEBRUARY 1, 1989 AND JANUARY 31, 1990. A SIMILAR SURVEY BY THE INSTITUTE OF PERSONNEL MANAGEMENT SHOWED A HIGHER AVERAGE OF 17.9 PER CENT OVER THE SAME PERIOD.

"THE PAY TREND SURVEY IS, HOWEVER, NOT THE ONLY FACTOR WHICH WE TAKE INTO ACCOUNT. THE GENERAL ECONOMIC AND FINANCIAL SITUATION AND BUDGETARY CONSIDERATIONS ALSO PLAY AN IMPORTANT PART.

"THIS IS HOW IT SHOULD BE, BECAUSE THE CIVIL SERVICE MUST BE EXPECTED TO SHARE BOTH THE UPS AND DOWNS IN THE PERFORMANCE OF OUR ECONOMY," SIR DAVID SAID.

HE SAID IT WAS AGAINST THIS BACKGROUND THAT THE EXECUTIVE COUNCIL AND A LARGE MAJORITY OF THE FINANCE COMMITTEE OF THE LEGISLATIVE COUNCIL CONSIDERED AN AWARD OF 15 PER CENT ACROSS THE BOARD BOTH FAIR AND REASONABLE IN ALL THE CIRCUMSTANCES.

"I WOULD URGE ALL IN THE CIVIL SERVICE TO RECOGNISE THIS, AND PRIVATE SECTOR EMPLOYERS TOO," THE CHIEF SECRETARY SAID.

ON THE SUGGESTION THAT THE WHOLE POLICY COVERING CIVIL SERVICE PAY AND CONDITIONS OF SERVICE SHOULD BE REVIEWED, SIR DAVID SAID: "BUT IF SUCH A REVIEW WERE TO BE UNDERTAKEN WE WOULD NEED TO HEAR FROM MEMBERS THEIR IDEAS ON THE PRINCIPLES ON WHICH ANY NEW POLICY SHOULD BE BASED."

"THE PRESENT SYSTEM HAS EVOLVED OVER MANY YEARS, HAS SURVIVED DETAILED SCRUTINY BY SEVERAL INDEPENDENT COMMITTEES AND HAS BEEN REAFFIRMED BY THE EXECUTIVE COUNCIL WITHIN THE LAST YEAR," HE SAID.

"IN THE FINAL ANALYSIS IT MUST BE EVIDENT THAT ANY POLICY MUST ENSURE THAT GOVERNMENT SALARIES AND TERMS OF SERVICE MUST BE COMPETITIVE WITH THE PRIVATE SECTOR, OR IT WILL NOT BE ABLE TO ATTRACT OR KEEP QUALITY STAFF," SIR DAVID SAID.

"I AM SURE I DO NOT NEED TO STRESS THE IMPORTANCE OF MAINTAINING THE MORALE OF CIVIL SERVANTS DURING THE TRANSITION AND BEYOND.

"DESPITE THEIR PERSONAL ANXIETIES ABOUT THE FUTURE, THE VAST MAJORITY OF CIVIL SERVANTS ARE RESPONDING TO THE ONEROUS DEMANDS PLACED ON THEM WITH A SENSE OF MISSION AND COMMITMENT," THE CHIEF SECRETARY SAID.

"AS A RESPONSIBLE GOVERNMENT, AS I HAVE MADE CLEAR, WE ACCEPT THE RIGHT OF THE PUBLIC TO MONITOR OUR PERFORMANCE AND RECOGNISE THAT WE GAIN FROM CONSTRUCTIVE CRITICISM.

"BY THE SAME TOKEN, I BELIEVE THE CIVIL SERVICE DESERVES CREDIT FOR DOING A GOOD JOB UNDER SOMETIMES VERY DIFFICULT CIRCUMSTANCES," SIR DAVID SAID.

"FOR OUR PART, WE WILL ENSURE THAT CIVIL SERVANTS FULLY APPRECIATE THE CRUCIAL ROLE THEY HAVE TO PLAY IN THE YEARS AHEAD NOT ONLY IN PROVIDING EFFICIENT SERVICE BUT ALSO AS A SOURCE OF STABILITY WITHIN THE COMMUNITY.

"BY SO DOING I AM SURE THEY WILL HELP DEVELOP A SENSE OF MUTUAL UNDERSTANDING AND SUPPORT BETWEEN CIVIL SERVANTS AND THE PUBLIC THEY SERVE," THE CHIEF SECRETARY SAID.

GOVT REVIEWING POLICY ON IMPORTATION OF LABOUR

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THE GOVERNMENT IS REVIEWING ITS POLICY ON THE IMPORTATION OF LABOUR, WHICH IS A DIFFICULT AND CONTROVERSIAL AREA, AND RECOMMENDATIONS ARE EXPECTED TO BE PUT TO THE EXECUTIVE COUNCIL SHORTLY, THE CHIEF SECRETARY, THE HON SIR DAVID FORD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE RESUMED DEBATE ON THE BUDGET, SIR DAVID SAID NO FEWER THAN EIGHT MEMBERS HAD ASKED THE ADMINISTRATION TO TAKE A FRESH LOOK AT THE POLICY ON THE IMPORTATION OF LABOUR.

"ALL HAVE ARGUED THAT SINCE INFLATION IS CAUSED MAINLY BY WAGE INCREASES AS A RESULT OF AN EXCESS OF DEMAND OVER SUPPLY IN THE LABOUR MARKET, WE MUST IMPORT LABOUR SO THAT WAGES WILL NOT CONTINUE TO RISE," HE SAID.

OUTLINING SOME OF THE FACTORS UPON WHICH THE GOVERNMENT'S REVIEW OF THE POLICY WAS BASED, THE CHIEF SECRETARY SAID: "UNDER EXISTING POLICY THE IMPORTATION OF LABOUR IS LIMITED TO AREAS WHERE THERE ARE SHORTAGES, AND IS LARGELY CONFINED TO THE PROFESSIONAL AND MANAGERIAL LEVEL AND, TO A LIMITED EXTENT, TO TECHNICIAN, CRAFT AND SUPERVISORY LEVELS."

"THE FUNDAMENTAL PRINCIPLE OF THIS POLICY IS THAT SOME PRESSURES OF DEMAND FOR LABOUR WILL BOTH ENCOURAGE EMPLOYERS TO RAISE LABOUR PRODUCTIVITY THROUGH CAPITAL INVESTMENT AND TRAINING, AND ALSO ENABLE OUR WORKERS TO UPGRADE THEMSELVES AND SHARE IN THE FRUITS OF ECONOMIC GROWTH.

"THESE OBJECTIVES ARE BEING MET TO SOME DEGREE. CLEARLY, IN THE REVIEW OF OUR POLICY FOR IMPORTING LABOUR, THEY MUST NOT BE UNDULY COMPROMISED," SIR DAVID SAID.

NEVERTHELESS, HE SAID, THERE WAS NOW GROWING EVIDENCE THAT THE SLOW GROWTH RATE OF THE LABOUR FORCE OVER THE LONG TERM MIGHT BE POSING A SERIOUS CONSTRAINT UPON THE ABILITY OF THE ECONOMY TO GROW.

"IT HAS BEEN ARGUED FORCEFULLY, MOREOVER, THAT THERE ARE LIMITS TO THE ADVANTAGES OF MECHANISATION, THAT IN MANY INDUSTRIES MECHANISATION AND AUTOMATION CANNOT PROVIDE AN ADEQUATE SUBSTITUTE FOR LABOUR, AND THAT IN OTHER INDUSTRIES ADDITIONAL INVESTMENT WOULD HAVE TO BE COMPLEMENTED BY AN ADEQUATE SUPPLY OF SUITABLE MANPOWER," HE ADDED.

"IN OUR REVIEW OF POLICY THEREFORE WE ARE ADDRESSING THE QUESTION OF HOW THESE CONSTRAINTS UPON THE GROWTH OF THE ECONOMY MIGHT BE REMOVED," SIR DAVID SAID.

THE CHIEF SECRETARY SAID THE APPROACH WOULD BE SELECTIVE. "ASSUMING THAT A CASE CAN BE MADE FOR IMPORTING ADDITIONAL LABOUR, THE QUALITY OF ANY WORKERS BROUGHT IN MUST BE SUCH THAT IT STIMULATES INVESTMENT IN PLANT, MACHINERY AND PRODUCTIVITY."

"THAT SUGGESTS THAT WE MIGHT WIDEN THE EXISTING SCHEME TO INCLUDE EXPERIENCED OPERATIVES IN ADDITION TO SKILLED WORKERS. BUT WE MUST LOOK CAREFULLY AT THE NUMBERS INVOLVED.

"I WOULD EMPHASISE THAT WE ARE NOT CONTEMPLATING LARGE-SCALE, INDISCRIMINATE IMPORTATION OF UNTRAINED, INEXPERIENCED LABOUR," HE ADDED.

"WE ARE LOOKING SEPARATELY AT THE LIKELY NEEDS OF OUR CONSTRUCTION INDUSTRY, PARTICULARLY DURING THE PERIOD WHEN THE PORT AND AIRPORT DEVELOPMENTS ARE IN FULL SWING," SIR DAVID SAID.

"THERE MAY WELL BE A CASE FOR ALLOWING TENDERERS FOR SUCH MAJOR PROJECTS TO IMPORT LABOUR IF THERE CONTINUES TO BE PRESSURE ON THE CONSTRUCTION INDUSTRY AS A WHOLE," HE ADDED.

THE CHIEF SECRETARY SAID SOME MEMBERS HAD REFERRED TO UNNECESSARY BUREAUCRACY IN THE WORKINGS OF THE EXISTING SCHEME FOR THE IMPORTATION OF SKILLED WORKERS.

"I HAVE TAKEN THESE ARGUMENTS ON BOARD AND HAVE ASKED THOSE WHO ARE REVIEWING OUR POLICY TO TRY TO SIMPLIFY PROCEDURES. BUT I AM BOUND TO SAY THAT SOME DEGREE OF CONTROL IS UNAVOIDABLE SINCE TO HAVE A FREE FOR ALL IN THIS POLITICALLY CHARGED AREA WOULD BE ASKING FOR TROUBLE," HE SAID.

"WE MUST ENSURE THERE IS A GENUINE SHORTAGE OF LABOUR WHICH NEEDS TO BE MET, AND THAT THOSE COMING INTO HONG KONG ARE PAID THE 'GOING RATE' FOR THE JOB," THE CHIEF SECRETARY SAID.

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SOCIAL WELFARE WHITE PAPER TO GIVE CLEAR DIRECTION

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MANY POINTS RAISED ON SOCIAL WELFARE IN THE BUDGET DEBATE ARE CURRENTLY BEING ADDRESSED BY A WORKING PARTY WHICH, IN CONSULTATION WITH THE SOCIAL WELFARE ADVISORY COMMITTEE, IS IN THE MIDST OF FORMULATING PROPOSALS IN THE FORM OF A DRAFT WHITE PAPER ON SOCIAL WELFARE, THE SECRETARY FOR HEALTH AND WELFARE, THE HON ELIZABETH WONG, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE RESUMED DEBATE ON THE APPROPRIATION BILL 1990, MRS WONG SAID THE SUGGESTION OF INTRODUCING SOME FORM OF SUPPLEMENTARY ALLOWANCE FOR CHILDREN UNDER THE PUBLIC ASSISTANCE SCHEME WAS ALSO BEING ADDRESSED BY THE WORKING PARTY.

"IN REVIEWING OUR SOCIAL WELFARE SERVICES, MEMBERS OF THIS WORKING PARTY HAVE SET THEIR EYES VERY MUCH TO THE FUTURE. THE INTENTION IS TO PRODUCE A WHITE PAPER WHICH WILL GIVE A CLEAR DIRECTION AS TO THE WAY AHEAD," SHE SAID.

/"INNOVATIVE AS .....

"INNOVATIVE AS I HOPE THE NEW WHITE PAPER WILL BE, THIS EXERCISE IS ESSENTIALLY DESIGNED TO BUILD ON THE SIGNIFICANT PROGRESS ALREADY MADE IN THE SOCIAL WELFARE FIELD, PARTICULARLY OVER THE PAST DECADE," SHE ADDED.

MRS WONG REITERATED THE GOVERNOR'S REMARKS IN HIS ANNUAL ADDRESS TO THE LEGISLATIVE COUNCIL LAST OCTOBER THAT IT WAS NOT THE ADMINISTRATION'S INTENTION TO DEVELOP A WESTERN-STYLE WELFARE STATE IN HONG KONG.

"HOWEVER, WE DO HAVE AN IMPORTANT DUTY TO ENSURE THAT OUR WELFARE INFRASTRUCTURE IS RESPONSIVE TO THE CHANGING NEEDS OF SOCIETY AND IN PARTICULAR CATERS TO THE VULNERABLE AND THE DISADVANTAGED AMONGST US," SHE SAID.

SHE ALSO POINTED OUT THAT THE RATE AT WHICH FURTHER PROGRESS COULD BE MADE WOULD DEPEND ON A NUMBER OF FACTORS INCLUDING THE AVAILABILITY OF TRAINED MANPOWER.

"WE HAVE ARRANGEMENTS IN PLACE TO INCREASE THE OUTPUT OF SOCIAL WORK STUDENTS FROM OUR TERTIARY INSTITUTIONS OVER THE NEXT FEW YEARS AND I HOPE THAT THE RECENT RECOMMENDATIONS OF THE STANDING COMMISSION ON CIVIL SERVICE SALARIES AND CONDITIONS OF SERVICE WILL BE OF ASSISTANCE IN IMPROVING RETENTION AND REDUCING WASTAGE RATES OF SOCIAL WORKERS IN BOTH THE GOVERNMENT AND THE VOLUNTARY SECTOR," MRS WONG SAID.

TURNING TO THE PRESENT OLD AGE ALLOWANCE, THE SECRETARY SAID: "I BELIEVE THAT, AS A COMMUNITY, WE CAN TAKE SOME PRIDE IN THE FACT THAT THE OLD AGE ALLOWANCE AND, INDEED, OUR WHOLE SOCIAL SECURITY SYSTEM, IS ENTIRELY NON-CONTRIBUTORY IN NATURE."

"THIS WOULD NOT, HOWEVER, BE THE CASE IF THE CONVERSION OF THE OLD AGE ALLOWANCE TO OLD AGE PENSION, AS ONE MEMBER HAS SUGGESTED, WERE TO BE PURSUED IN THE CONTEXT OF THE PRACTICE IN THOSE OVERSEAS COUNTRIES, INCLUDING THE UNITED KINGDOM, WHERE THE AWARD OF SUCH A PENSION IS SUBJECT TO CONTRIBUTIONS MADE BY THE RECIPIENTS DURING THEIR WORKING LIVES," SHE SAID.

ON THE DOUBT EXPRESSED ABOUT THE ADEQUACY OF THE OLD AGE ALLOWANCE, MRS WONG POINTED OUT THAT THIS WAS DESIGNED TO ASSIST IN DEFRAYING THE ADDITIONAL EXPENSES ASSOCIATED WITH BEING ELDERLY.

"THOSE AMONGST OUR SENIOR CITIZENS WHO DO NOT HAVE SUFFICIENT RESOURCES OF THEIR OWN TO MAINTAIN A BASIC STANDARD OF LIVING ARE NOT EXPECTED TO RELY SOLELY ON THE OLD AGE ALLOWANCE AND CAN OBTAIN FINANCIAL ASSISTANCE UNDER OUR SOCIAL SECURITY SYSTEM," SHE SAID.

"THE ELDERLY IN OUR MIDST MAKE UP A SUBSTANTIAL PROPORTION OF THE BENEFICIARIES UNDER THIS SYSTEM, WHICH PROVIDES FOR A VARIETY OF GRANTS AND ALLOWANCES INCLUDING PAYMENTS THROUGH THE PUBLIC ASSISTANCE SCHEME AND THE AWARD OF DISABILITY ALLOWANCE TO THOSE IN NEED OF CONSTANT CARE AND ATTENTION," SHE ADDED.

"ELDERLY RECIPIENTS OF SOCIAL SECURITY ARE, IN FACT, DRAWING ON AVERAGE A LEVEL OF FINANCIAL ASSISTANCE APPROACHING FOUR TIMES THAT OF THE OLD AGE ALLOWANCE, AND SOME COULD BE DRAWING A SUM UP TO SIX TIMES HIGHER, DEPENDING ON NEED," SHE POINTED OUT.

THE SECRETARY SAID THAT THERE REMAINED IN OUR COMMUNITY A TRADITIONAL RESPECT FOR ELDERLY PEOPLE AND THIS WAS COMMENDABLE.

"WE SHALL CONTINUE WITH OUR ENDEAVOURS TO PROMOTE THE WELL-BEING OF ELDERLY PEOPLE TO ASSIST THEM TO GROW OLD WITH DIGNITY IN THE COMMUNITY," MRS WONG SAID.

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#### HK CAN TAKE PRIDE IN HEALTH INDICES

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HONG KONG CAN JUSTIFIABLY TAKE PRIDE IN THE HEALTH INDICES WHICH ARE UNEQUIVOCALLY THE BEST BY WORLD STANDARDS, THE SECRETARY FOR HEALTH AND WELFARE, THE HON ELIZABETH WONG, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING IN THE RESUMED BUDGET DEBATE, MRS WONG SAID IN 1989 THE INFANT MORTALITY RATE WAS 6.9 PER THOUSAND LIVE BIRTHS AND THE MATERNAL MORTALITY RATE 0.06 PER THOUSAND TOTAL BIRTHS.

"BOTH RATES ARE LOWER THAN MANY ADVANCED COUNTRIES INCLUDING THE USA AND THE UK. THE LIFE EXPECTANCY IN HONG KONG IS 74 FOR MALE AND 80 FOR FEMALE WHICH IS HIGHER THAN IN MANY ADVANCED COUNTRIES," SHE NOTED.

"OUR SUCCESS IN THE PREVENTION AND CONTROL OF COMMUNICABLE DISEASES AND THE EFFECTIVE PUBLIC HEALTH SERVICES INCLUDING MATERNAL AND CHILD HEALTH AND IMMUNISATION HAVE NO DOUBT MADE SIGNIFICANT CONTRIBUTIONS TO THESE ACHIEVEMENTS, WHICH HAVE ALSO BEEN HIGHLY COMMENDED BY THE TWO W.H.O. CONSULTANTS WHO HAVE RECENTLY VISITED HONG KONG TO REVIEW PRIMARY HEALTH CARE SERVICES," SHE ADDED.

MRS WONG SAID SHE WAS ENCOURAGED BY THE RICHNESS IN THE DIVERSITY OF VIEWS EXPRESSED BY MEMBERS, MANY OF WHOM HAD SUPPORTED INCREASES IN EXPENDITURE ON MEDICAL AND HEALTH SERVICES BUT HAD CAUTIONED THAT AN EQUITABLE BALANCE BE STRUCK BETWEEN HOSPITAL AND HEALTH SERVICES.

OVER THE PAST TWO DECADES, THE GOVERNMENT HAD BUILT SEVEN NEW HOSPITALS AND EXTENDED THE CAPACITIES OF EXISTING INSTITUTIONS, PROVIDING SOME 25,500 HOSPITAL BEDS, WHICH REPRESENTED AN INCREASE OF 9,000 BEDS OR 54 PER CENT OVER THAT IN 1970.

/"LAST YEAR .....

"LAST YEAR, ABOUT 650,000 PATIENTS WERE TREATED IN OUR PUBLIC HOSPITALS. THESE FIGURES ARE AGAIN IMPRESSIVE, AS THIS MEANS IN EFFECT WE TREAT TWO-AND-A-HALF TIMES MORE PATIENTS COMPARED WITH TWO DECADES AGO.

"WE HAVE ALSO INTRODUCED NEW SPECIALIST SERVICES AND SOPHISTICATED EQUIPMENT AND HIGH TECHNOLOGY TREATMENT MODALITIES IN MANY AREAS TO MEET THE DEMANDS OF COMPLEX MEDICAL PROCEDURES AND THE RISING ASPIRATIONS FROM BOTH THE PROFESSIONALS AND THE COMMUNITY," MRS WONG SAID.

"IN FACT WE HAVE BEEN ABLE TO MAINTAIN A PROFESSIONAL MEDICAL SERVICE AT MINIMAL EXPENSE TO THE MAJORITY OF THE COMMUNITY, AND AT THE SAME TIME WE HAVE DEVELOPED MANY SPECIALIST CLINICAL SERVICES TO A LEVEL OF INTERNATIONAL STANDING," SHE ADDED.

"WE HAVE ALSO BEEN ABLE TO MAINTAIN A DEDICATED AND LARGELY ENTHUSIASTIC AND EFFICIENT STAFF WITHIN THE PUBLIC SECTOR. WE HAVE INCREASED THE LEVELS OF BOTH LOCAL AND OVERSEAS TRAINING FOR OUR DOCTORS, NURSES AND ALLIED HEALTH PROFESSIONALS, WHOSE WORK PERFORMANCE COMMANDS INTERNATIONAL RECOGNITION AND RESPECT," THE SECRETARY SAID.

"NOTWITHSTANDING OUR MANY ACHIEVEMENTS IN THE PAST YEARS, WE ARE POISED TO REACH NEW HEIGHTS WITH RENEWED ENERGY AND VISION TO ACCOMPLISH IMPORTANT REFORM MEASURES," SHE ADDED.

MRS WONG SAID A WORKING PARTY ON PRIMARY HEALTH CARE WAS CURRENTLY EXAMINING MANY ISSUES TO ENABLE THE ADMINISTRATION TO MEET THE NEEDS OF HONG KONG INTO THE 1990'S AND BEYOND.

"A SHIFT IN EMPHASIS AND ATTENTION TO PRIMARY HEALTH CARE IS IN LINE WITH THE WORLD TREND. THE WORLD HEALTH ORGANISATION HAS DECLARED THAT PRIORITY HEALTH CARE IS THE KEY TO ACHIEVING HEALTH FOR ALL BY THE YEAR 2000," SHE SAID.

"MANY OF THE WORLD'S INDUSTRIALISED COUNTRIES ARE RE-EXAMINING THEIR HEALTH CARE PROVISIONS IN THE LIGHT OF SOARING COSTS ARISING FROM EXPENSIVE, HIGHLY SPECIALISED AND HOSPITAL-BASED SERVICES, IN AN EFFORT TO PROMOTE PREVENTIVE CARE," SHE ADDED.

SHE NOTED THAT THE REVIEW HAD COME AT THE RIGHT TIME AND WOULD HELP TO COMPLEMENT THE MAJOR REFORM MEASURES PLANNED FOR HOSPITAL SERVICES THROUGH THE PROPOSED SETTING UP OF THE HOSPITAL AUTHORITY.

"HOWEVER, A GOOD PRIMARY HEALTH CARE SYSTEM IS NO PANACEA TO THE PROBLEMS OF FINANCING PUBLIC MEDICAL AND HEALTH SERVICES, THE COSTS OF WHICH ARE LIKELY TO RISE DRAMATICALLY IN THE YEARS TO COME.

"NEW SOURCES OF FUNDING WILL HAVE TO BE FOUND AND REFERENCES HAVE BEEN MADE DURING THIS DEBATE TO THE 'USER-PAYER' CONCEPT, MEDICAL INSURANCE, AND SOME FORM OF CONTRIBUTORY SCHEMES," SHE SAID.

/MRS WONG .....

MRS WONG SAID BEFORE A DECISION COULD BE REACHED ON THE MOST ACCEPTABLE ALTERNATIVE SOURCES OF FUNDING FOR MEDICAL AND HEALTH SERVICES, THE MERITS AND DEMERITS OF EACH APPROACH WOULD HAVE TO BE CONSIDERED IN DETAIL HAVING REGARD TO THE GOVERNMENT'S LONG STANDING POLICY TO PROVIDE SUBSIDISED QUALITY HEALTH CARE SERVICES TO THE COMMUNITY AND THE SOCIO-ECONOMIC REALITIES OF A LOW TAX SYSTEM.

SHE REITERATED THAT AS FAR AS HOSPITAL FEES AND CHARGES WERE CONCERNED, THE GOVERNMENT WOULD NOT ABDICATE ITS FINANCIAL RESPONSIBILITY TOWARDS THE HOSPITAL AUTHORITY AND THAT THE PROCESS OF SETTING UP THE HOSPITAL AUTHORITY WAS NOT A MOVE TOWARDS PRIVATISATION.

"WITH THE PROPOSED SETTING UP OF THE HOSPITAL AUTHORITY, THE GOVERNMENT WILL RETAIN ADEQUATE POWERS OVER THE LEVEL OF FEES TO BE CHARGED AND NO REAL INCREASES IN FEES WILL TAKE PLACE UNTIL NEW ARRANGEMENTS FOR FEE WAIVER ARE PUT IN PLACE AND UNTIL THERE ARE DEMONSTRABLE IMPROVEMENTS," MRS WONG SAID.

THE SECRETARY NOTED THAT THE DECISION TO ESTABLISH THE HOSPITAL AUTHORITY HAD TAKEN A NUMBER OF YEARS TO REACH AND HAD NOT BEEN TAKEN LIGHTLY.

"THE SETTING UP AND IMPLEMENTATION OF NEW REFORMS AND IMPROVEMENTS TO THE MANAGEMENT STRUCTURE INCLUDING SOME NEW TRAINING OPPORTUNITIES AT TODAY'S PRICES WILL COST \$2 BILLION PER ANNUM IN ADDITIONAL EXPENDITURE AND CASH OUTFLOW," SHE SAID.

SHE SAID THAT IN DECIDING TO PROCEED WITH THE ESTABLISHMENT OF THE HOSPITAL AUTHORITY, THE ADMINISTRATION HAD COMMITTED ITSELF TO THE INTEGRATION OF THE PUBLIC HOSPITAL SYSTEM, WHICH WOULD BE ACHIEVED BY BRINGING GOVERNMENT AND SUBVENTED HOSPITALS UNDER THE UMBRELLA OF A SINGLE AUTHORITY AND BY PROVIDING COMMON TERMS OF SERVICE FOR STAFF IN THE TWO SECTORS.

"HOWEVER, WHILE INTEGRATION OF THE TWO HOSPITAL SECTORS WILL TAKE PLACE AS SOON AS THE AUTHORITY IS ESTABLISHED, IT WILL BE SOME YEARS BEFORE ALL STAFF WILL BE EMPLOYED ON THE SAME TERMS OF SERVICE.

"THIS ARISES BECAUSE, IN THE INTERESTS OF ENSURING A SMOOTH TRANSITION TO THE NEW ARRANGEMENTS, THE ADMINISTRATION HAS GIVEN AN UNDERTAKING THAT STAFF SHOULD HAVE THE OPTION OF RETAINING CURRENT TERMS," SHE SAID.

MRS WONG SAID THAT FOR SOME TIME THE HOSPITAL AUTHORITY WOULD BE FACED WITH A MIXED STAFF SITUATION WHICH, ALTHOUGH NOT IDEAL, SHOULD NOT PREVENT IT FROM ACHIEVING ITS OBJECTIVES.

"THE AUTHORITY'S TERMS OF EMPLOYMENT HAVE BEEN DESIGNED ON THE BASIS THAT THE OVERALL COST SHOULD REMAIN COMPARABLE TO THAT OF CIVIL SERVICE TERMS.

"WITHIN THIS CONSTRAINT, THE NEW PACKAGE INCLUDES SEVERAL ATTRACTIVE FEATURES, SUCH AS ENCASHMENT OF CERTAIN FRINGE BENEFITS, WHICH WOULD NOT BE POSSIBLE FOR THOSE REMAINING ON CIVIL SERVICE TERMS.

"WHETHER THE NEW TERMS ARE MORE ADVANTAGEOUS THAN CIVIL SERVICE TERMS WILL DEPEND ON AN OFFICER'S INDIVIDUAL CIRCUMSTANCES AND REQUIREMENTS," SHE SAID.

"THE ADMINISTRATION CONSIDERS THAT THE OPTIONS GIVEN TO STAFF ARE FAIR AND REASONABLE. THEY WILL FACILITATE THE EARLY SETTING UP OF THE HOSPITAL AUTHORITY," MRS WONG SAID.

THE SECRETARY SAID THE PROPOSED REFORM MEASURES WOULD BRING CHANGE AND WITH IT UNPRECEDENTED NEW OPPORTUNITIES.

"I HAVE NO DOUBT THAT GIVEN A SHARED VISION AND IN OUR ENDEAVOUR TO SERVE, WE WILL ACHIEVE LONG TERM GOALS BY FIRST OVERCOMING SHORT-TERM DIFFICULTIES," MRS WONG SAID.

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TWO KEY ELEMENTS IN EDUCATION DEVELOPMENT STRATEGY

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THE SECRETARY FOR EDUCATION AND MANPOWER, THE HON K.Y. YEUNG, RECAPITULATED THE GOVERNMENT'S STRATEGY FOR THE DEVELOPMENT OF EDUCATION FOR THE 1990'S IN THE RESUMED DEBATE ON THE APPROPRIATION BILL 1990 IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

NOTING THAT THE STRATEGY WAS BASED ON TWO IMPORTANT PREMISES, MR YEUNG SAID: "THEY ARE, FIRST, THAT THE QUALITY OF OUR TERTIARY EDUCATION IS NOT IN DOUBT BUT THE NUMBER OF PLACES HAS FALLEN FAR SHORT OF OUR ECONOMY'S NEEDS AND OUR COMMUNITY'S EXPECTATIONS.

"SECONDLY, THE NUMBER OF PLACES AVAILABLE IN THE SCHOOL SYSTEM IS ADEQUATE BUT IMPROVEMENTS SHOULD BE MADE TO ITS QUALITY."

MR YEUNG SAID THIS SITUATION WOULD BE WITH US FOR QUITE SOME TIME.

HE RECALLED THAT GIVEN THE WAY OUR ECONOMY WAS MOVING TOWARDS KNOWLEDGE AND TECHNOLOGY INTENSIVE EMPLOYMENT, A LARGE MEASURE OF CONSENSUS THAT THE RAPID EXPANSION OF TERTIARY EDUCATION WAS THE RIGHT DIRECTION FOR US TO TAKE HAD BEEN REACHED LAST YEAR.

"INDEED, MY BRANCH'S MANPOWER PROJECTIONS HAVE CONFIRMED THAT, UNLESS WE DOUBLED THE NUMBER OF FIRST YEAR, FIRST DEGREE PLACES BY THE MID 1990'S, OUR ECONOMY WOULD BE IN TROUBLE."

MR YEUNG SAID IN SPITE OF THE PLANNED INCREASE IN THE LOCAL SUPPLY OF GRADUATES, WE WOULD STILL BE HEAVILY DEPENDENT ON OVERSEAS SUPPLIES OF GRADUATES AT THAT TIME.

BUT HE ASSURED MEMBERS THAT THE PLANS, ALBEIT AMBITIOUS, WERE ACHIEVABLE AND GOOD PROGRESS HAD BEEN MADE.

ON A MEMBER'S SUGGESTION THAT THE MAJORITY IF NOT ALL THE HIGHER DIPLOMA WORK CURRENTLY UNDERTAKEN BY THE POLYTECHNICS SHOULD BE TRANSFERRED TO THE VOCATIONAL TRAINING COUNCIL, MR YEUNG SAID HE AGREED THAT THIS WAS AN ECONOMICAL WAY OF EXPANDING THE PROVISION OF DEGREE PLACES AND THAT THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE WOULD BE RECOMMENDING THAT THE POLYTECHNICS BE ALLOWED TO EXPAND THEIR DEGREE PROGRAMMES SUBSTANTIALLY.

"BUT ECONOMY IS NOT AND CANNOT BE OUR ONLY CONSIDERATION.

"IN THE INTEREST OF PRESERVING THE OVERALL BALANCE BETWEEN THE TERTIARY INSTITUTIONS, AS WELL AS THE QUALITY AND VARIETY OF OUR TERTIARY EDUCATION, WE MUST ALLOW THE UNIVERSITY AND OTHER NON-POLYTECHNIC INSTITUTIONS AN APPROPRIATE SHARE IN THE EXPANSION PROGRAMME," MR YEUNG SAID.

"IT MAY NOT BE POSSIBLE, THEREFORE, TO PERMIT THE POLYTECHNICS TO EXPAND THEIR DEGREE PROGRAMMES AS MUCH AS THEY WOULD WISH," HE ADDED.

MR YEUNG POINTED OUT THAT GIVEN THAT EDUCATION WAS EXPENSIVE BECAUSE IT WAS HEAVILY SUBSIDISED, THE COROLLARY TO OUR EXPANSION OF TERTIARY EDUCATION WAS THAT OTHER SECTORS OF EDUCATION WOULD HAVE TO TAKE A LOWER PRIORITY.

"THE QUEUE IS LONG, BECAUSE IT HAS TO INCLUDE ALL THE RECOMMENDATIONS THAT THE EDUCATION COMMISSION HAS MADE IN ITS SECOND AND THIRD REPORTS, AND WILL MAKE IN ITS FOURTH, TO IMPROVE THE QUALITY OF OUR EDUCATION IN SCHOOLS."

THESE RECOMMENDATIONS COVERED, FOR EXAMPLE, THE INTRODUCTION OF A NEW SIXTH FORM CURRICULUM, THE IMPROVEMENT OF THE BOUGHT PLACE SCHEME AND THE CREATION OF THE DIRECT SUBSIDY SCHEME.

"THEY WILL ALSO INCLUDE POSSIBLE CHANGES TO THE CORE CURRICULUM FOR OUR NINE YEARS OF COMPULSORY EDUCATION, IMPROVEMENTS TO THE WAY WE DEVELOP CURRICULUM, WHOLE-DAY SCHOOLING AT PRIMARY 5 AND 6 AND THE REFORM OF OUR POLICY ON LANGUAGE IN EDUCATION," MR YEUNG ADDED.

WHILE NOTING THAT MANY OF THESE RECOMMENDATIONS HAD BEEN ACCEPTED BY THE GOVERNMENT AS PLAYING AN ESSENTIAL PART IN IMPROVING THE QUALITY OF EDUCATION IN SCHOOLS, MR YEUNG SAID THEIR IMPLEMENTATION AND FINANCING WOULD NEED TO BE CAREFULLY PLANNED AND CARRIED THROUGH, VERY PROBABLY IN PHASES.

MR YEUNG CITED THE INTRODUCTION OF FULL-DAY SCHOOLING AT PRIMARY 5 AND 6 AS AN EXAMPLE, SAYING IT COULD NOT BE ACHIEVED OVERNIGHT.

"IT REQUIRES TERRITORY-WIDE PLANNING AGAINST DEMOGRAPHIC TRENDS AS WELL AS DISTRICT-BY-DISTRICT IMPLEMENTATION, SO THAT THE SPILLOVER OF TEACHERS AND PUPILS FROM ONE SCHOOL TO ANOTHER CAN BE CAREFULLY TIMED AND CO-ORDINATED," HE SAID.

SOME 33 ADDITIONAL SCHOOLS, MOREOVER, WOULD HAVE TO BE BUILT TO ACCOMMODATE THE ADDITIONAL CLASSES INVOLVED, AT AN ESTIMATED COST OF \$802 MILLION AT TODAY'S PRICES.

"IN ADDITION, EXTRA TEACHERS WILL NEED TO BE TRAINED AND EMPLOYED, AND THIS WILL ALSO BE COSTLY. THE PROVISION OF FUNDS FOR THESE PROPOSALS HAS NOT YET BEEN CONSIDERED, LET ALONE AGREED," HE ADDED.

MR YEUNG POINTED OUT THAT AGAINST THIS BACKGROUND, THE IMPROVEMENT OF PRE-PRIMARY EDUCATION ON THE SCALE THAT MEMBERS WISHED TO SEE HAD NECESSARILY TO TAKE ITS PLACE IN THE QUEUE.

"BUT THAT IS NOT TO SAY THAT THE GOVERNMENT IS EITHER INSENSITIVE OR UNSYMPATHETIC," HE STRESSED.

MR YEUNG SAID MEMBERS MIGHT BELIEVE THAT THE \$11 MILLION SET ASIDE FOR THE NEW FEE REMISSION SCHEME WAS INADEQUATE, AND THAT THE LEVEL OF HOUSEHOLD INCOME DETERMINING ELIGIBILITY FOR FEE REMISSION BORDERED ON MEANNESS.

"THE FACT IS THAT WE HAVE DRASTICALLY SIMPLIFIED THE MEANS OF PROVIDING ASSISTANCE, INCREASED AND IMPROVED TRAINING OPPORTUNITIES FOR TEACHERS AND, MOST IMPORTANTLY, PROBABLY DOUBLED THE NUMBER OF NEEDY FAMILIES TO BE BROUGHT WITHIN THE NET," HE SAID.

MR YEUNG ALSO ADDED THAT EVEN THE SCRAPING TOGETHER OF THE \$11 MILLION IN LAST YEAR'S RESOURCE ALLOCATION EXERCISE WAS NOT ACCOMPLISHED WITHOUT THE SACRIFICE OF OTHER ITEMS, BUT IT WAS DONE BECAUSE THE GOVERNMENT RECOGNISED THE STRENGTH OF PUBLIC AND PARENTAL SENTIMENT WHICH MANY MEMBERS HAD REFLECTED.

AS TO SEVERAL MEMBERS' STRONG ASSERTION THAT KINDERGARTEN EDUCATION WAS ESSENTIAL AND THAT OVERSEAS PRACTICES AND RESEARCH MIGHT NOT BE RELEVANT TO HONG KONG'S CIRCUMSTANCES, MR YEUNG SAID HE COULD NOT ACCEPT THESE ARGUMENTS IN THEIR ENTIRETY GIVEN THE FACT THAT 141 NATIONS, OR NEARLY 70 PER CENT OF THE WORLD, DID NOT SUBSIDISE EDUCATION UNTIL AT LEAST THE AGE OF SIX.

NONETHELESS, THE DIRECTOR OF EDUCATION HAD STARTED TO RESEARCH THE LONG-TERM EFFECTS OF PRE-PRIMARY EDUCATION UPON THE DEVELOPMENT OF CHILDREN IN HONG KONG, HE NOTED.

MR YEUNG ASSURED MEMBERS THAT WITHIN THE VERY LIMITED AMOUNT OF NEW RESOURCES ALLOCATED FOR SERVICES WITHIN HIS PROGRAMME AREA, HE WOULD TRY NOT TO FORGET THE KINDERGARTENS AND KINDERGARTEN TEACHERS.

AS TO SEVERAL MEMBERS' SUGGESTION THAT A REVIEW BE CONDUCTED TO CONTRACT OR PHASE OUT SERVICES WHICH WERE NO LONGER REQUIRED OR WERE BEING DUPLICATED ELSEWHERE, MR YEUNG SAID THE REVIEW PROCESS HAD, IN FACT, BEEN GOING ON FOR SOME TIME AS PART OF THE GOVERNMENT'S RESPONSE TO LEANER TIMES AHEAD, AND IT WAS LED BY THE CHIEF SECRETARY AND THE FINANCIAL SECRETARY, TO WHOM ALL BRANCH SECRETARIES WERE REQUIRED TO MAKE PROPOSALS.

"AS A RESULT, WITHIN MY PROGRAMME AREA THE DIRECTOR OF EDUCATION AND I HAVE ALREADY IDENTIFIED SEVERAL EXISTING SERVICES, THE PRUNING AND PHASING OUT OF WHICH WILL GENERATE SOME USEFUL SAVINGS.

"WITHOUT THESE SAVINGS I WOULD NOT BE ABLE TO ALLOCATE FUNDS TO AUTHORISE THE DIRECTOR OF EDUCATION TO INTRODUCE, FOR EXAMPLE, THE REFORMED SIXTH FORM CURRICULUM NEXT YEAR," HE SAID.

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HK NOT BROUGHT TO ITS KNEES: FS

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT CONTRARY TO THE GENERAL TENOR OF THE COMMENTS MADE BY MEMBERS IN THIS YEAR'S DEBATE ON THE BUDGET, HONG KONG HAS NOT BEEN BROUGHT TO ITS KNEES, ALTHOUGH ANYONE LISTENING TO THE DEBATE COULD BE FORGIVEN FOR REACHING THAT CONCLUSION.

CONCLUDING THE DEBATE ON THE SECOND READING OF THE APPROPRIATION BILL, 1990, SIR PIERS SAID THAT HONG KONG HAD A NUMBER OF PROBLEMS WHICH HE ADDRESSED IN HIS BUDGET SPEECH BUT THERE WAS ABSOLUTELY NO NEED TO TALK OURSELVES INTO A STATE OF GLOOM AND DESPONDENCY, AND TO DO SO DID NOT SERVE THE INTERESTS OF OUR COMMUNITY IN ANY WAY WHATSOEVER.

HE SAID THAT THE TONE AND CHARACTER OF THE DEBATE THIS YEAR SEEMED TO HIM TO BE QUITE DIFFERENT FROM THAT OF EARLIER YEARS.

"ON THIS OCCASION, MANY OF THE SPEECHES SEEMED TARGETTED AT OTHER AUDIENCES, RATHER THAN CONTRIBUTIONS TO A BUDGET DEBATE. THIS, I THINK, WAS A PITY.

"IN THE PAST THE THOUGHTFUL AND CONSTRUCTIVE COMMENTS BY MEMBERS HAVE BEEN HELPFUL IN ENABLING THE ADMINISTRATION TO SHAPE ITS POLICIES.

"IN THIS COUNCIL, A BUDGET DEBATE OVERBURDENED BY SHORT-TERM POLITICAL CONSIDERATIONS CAN DISTORT THE PICTURE. SOMETHING IS LOST," SIR PIERS SAID.

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THERE IS A BUDGET STRATEGY: FS

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT HE DID SET OUT AT LENGTH IN THE BUDGET SPEECH HIS STRATEGY FOR THE PUBLIC FINANCES AS HE HAS DONE IN HIS PREVIOUS SPEECHES.

SIR PIERS WAS RESPONDING TO COMMENTS BY SOME MEMBERS WHO CALLED FOR A LONG-TERM, STRATEGIC APPROACH AND SUGGESTED THAT THIS DID NOT EXIST.

CONCLUDING THE DEBATE ON THE SECOND READING OF THE APPROPRIATION BILL 1990, THE FINANCIAL SECRETARY STRESSED THAT THE STRATEGY CLEARLY COVERED MORE THAN ONE FINANCIAL YEAR AND INDEED MARKED THE WAY FORWARD FOR THE YEARS AHEAD.

HE SAID THAT THERE WERE TWO POINTS HE WOULD LIKE TO STRESS IN ANSWER TO MEMBERS' COMMENTS.

"FIRST, SUCCESSIVE FINANCIAL SECRETARIES, INCLUDING MYSELF, HAVE FOLLOWED A BROADLY SIMILAR AND CONSISTENT FINANCIAL STRATEGY. IT HAS TO BE FACED, HOWEVER, THAT THE MEASURES WHICH FLOW FROM THAT STRATEGY WILL DIFFER MARKEDLY, ACCORDING TO FACTORS SUCH AS THE CURRENT AND FORECAST STATE OF THE ECONOMY.

"THE STRATEGY FOR A BUDGET DOES NOT EXIST IN A VACUUM. THIS YEAR ONE OF THE KEY FACTORS I HAVE HAD TO TAKE INTO ACCOUNT IS THE DRAMATICALLY LOWER GROWTH RATE OF OUR GROSS DOMESTIC PRODUCT (GDP) COMPARED WITH THE HEADY AND QUITE RECENT DAYS OF 1986 AND 1987, WHEN WE HAD DOUBLE DIGIT GROWTH," HE SAID.

SECONDLY, SIR PIERS SAID THAT THE IMAGE THAT SOMETIMES SEEMED TO BE IN PEOPLE'S MINDS OF THE FINANCIAL SECRETARY DASHING OFF THE BUDGET IN A COUPLE OF WEEKS JUST AFTER CHINESE NEW YEAR WAS IN A SENSE FLATTERING.

"THE REALITY IS QUITE DIFFERENT. THE PROCESS BY WHICH BUDGET STRATEGY IS DEVELOPED IS YEAR-LONG, AND INVOLVES THREE BRANCHES - FINANCE, ECONOMIC SERVICES AND MONETARY AFFAIRS.

"WE HAVE ALREADY BEGUN STRATEGIC MEETINGS FOR 1991-92. AND PREPARATION OF THE BUDGET RESTS FIRMLY ON LONG TERM ASSESSMENTS. WE DO NOT JUST LOOK ONE YEAR AHEAD.

"WE HAVE REGARD BOTH TO A BROAD 10 YEAR FORECAST AND TO A SOMEWHAT MORE DETAILED 5 YEAR FORECAST, THE LATTER BEING THE MEDIUM RANGE FORECAST. BOTH ARE ESSENTIAL TO OUR PLANNING," THE FINANCIAL SECRETARY EXPLAINED.

SIR PIERS SAID THE GOVERNMENT PAID CONSIDERABLE ATTENTION TO ITS GUIDELINES, AND PARTICULARLY TO THE NEED TO KEEP PUBLIC EXPENDITURE GROWTH BROADLY IN LINE WITH THE GROWTH OF GDP.

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"BUT THE LONG TERM, STRATEGIC NATURE OF THIS PROCESS IS UNDERLINED BY THE FACT THAT WE DO NOT TRY TO MEET THIS GUIDELINE YEAR BY YEAR, BUT RATHER OVER A PERIOD - A POINT EMPHASISED A NUMBER OF TIMES IN THE STRATEGY SECTION OF MY BUDGET SPEECH," HE SAID.

HE WELCOMED THE CALLS BY MANY MEMBERS FOR CONTROLLING PUBLIC EXPENDITURE, AND IN PARTICULAR RECURRENT EXPENDITURE, MORE TIGHTLY.

"IT WAS A KEY THEME OF MY BUDGET SPEECH - AND INDEED I SOUNDED INITIAL WARNINGS ON THIS PROBLEM IN THE 1989 BUDGET SPEECH.

"BUT WHAT I ALSO NEED FROM MEMBERS IS THEIR SUPPORT, THEIR REAL SUPPORT, IN THE IMPLEMENTATION OF THIS TIGHTER CONTROL," HE ADDED.

THE FINANCIAL SECRETARY NOTED THAT TO GIVE THIS SUPPORT WOULD NOT ALWAYS BE EASY OR POLITICALLY POPULAR.

"RESTRAINT CANNOT EASILY BE COMBINED WITH PRESSURE FOR MORE EXPENDITURE AND MORE NEW SERVICES," HE SAID.

SIR PIERS REMINDED MEMBERS THAT IN THE 1989 BUDGET DEBATE, WELL OVER HALF THE SPEAKERS CALLED FOR ADDITIONAL EXPENDITURE, TAX CONCESSIONS, OR BOTH. "I TAKE CONSIDERABLE COMFORT FROM THE FACT THAT THIS YEAR THE PRESSURE FOR FUNDING NEW ITEMS WAS NOTICEABLY LESS.

"YET STILL SOME MEMBERS PRESSED FOR INCREASED EXPENDITURE ON PRE-PRIMARY EDUCATION, TERTIARY EDUCATION, MANPOWER TRAINING, SOCIAL WELFARE, DENTAL SERVICES, HOSPITAL AND HEALTH CARE, RESEARCH AND DEVELOPMENT, SCIENCE AND TECHNOLOGY, IMPROVING HONG KONG'S IMAGE, AND SO ON. ALL THIS AND A RANGE OF SUGGESTED TAX CONCESSIONS," HE REMARKED.

THE FINANCIAL SECRETARY SAID FOR 1990-91, THE GOVERNMENT WAS FACED WITH A DEFICIT AND TWO BASIC DECISIONS HAD TO BE MADE.

THE FIRST, DECISION ACCORDING TO THE FINANCIAL SECRETARY WAS WHETHER TO BALANCE THE BUDGET AND HE DECIDED THIS WAS ESSENTIAL, BEARING IN MIND THE INFRASTRUCTURAL PROGRAMME AHEAD, AND OTHER PRIORITY AREAS SUCH AS TERTIARY EDUCATION AND THE ENVIRONMENT, WHERE INCREASED EXPENDITURE WAS HIGHLY DESIRABLE.

"I ALSO TOOK INTO ACCOUNT THE RELATIVELY LOW GDP GROWTH LIKELY IN THE NEXT FEW YEARS, WITH THE PROBABILITY OF LOWER TAX YIELDS. I BELIEVE, AS I EXPLAINED, THAT THE GOVERNMENT MUST SEEK TO MAINTAIN A STRONG FINANCIAL POSITION, HAVING REGARD TO THE TIGHTER BUDGETARY SITUATION THAT MAY BE ENCOUNTERED IN THE SHORT AND MEDIUM TERM."

THE SECOND QUESTION, SAID SIR PIERS FLOWED NATURALLY FROM THE ANSWER TO THE FIRST, NAMELY HOW BEST TO RAISE THE ADDITIONAL REVENUE.

HE SAID THE REASON FOR RELYING ON INDIRECT TAXES WAS NOT ONLY HIS CONCERN OVER THE TERRITORY'S NARROW AND VULNERABLE TAX BASE.

"IT WAS MY JUDGEMENT THAT TO INCREASE DIRECT TAXES ON THIS OCCASION WOULD HAVE RISKED SENDING ENTIRELY THE WRONG MESSAGE, PARTICULARLY TO OVERSEAS INVESTORS.

"THE GENERAL TREND IN MORE ADVANCED ECONOMIES, INCLUDING SOME OF OUR KEY COMPETITORS IN THE REGION, IS IN THE OTHER DIRECTION - TOWARDS LOWERING DIRECT TAXES.

"I DO ACCEPT THAT IF CIRCUMSTANCES SO DICTATE IN FUTURE IT MAY BECOME NECESSARY TO RECONSIDER THE OPTION OF INCREASING DIRECT TAXES. BUT AN INCREASE WOULD NOT HAVE BEEN WISE THIS YEAR, NOR WAS IT NECESSARY.

"I BELIEVE IN LOW DIRECT TAXES," THE FINANCIAL SECRETARY SAID.

SIR PIERS SAID HE BELIEVED THAT THE TAX MEASURES CHOSEN WERE CONSISTENT WITH THE GENERAL STRATEGY, AND THAT SOME OF THE CRITICISM HAD BEEN ILL-CONSIDERED.

HE NOTED THAT IN THE CONTEXT OF HIS STRATEGY, AN AREA OF EXPENDITURE WHICH WAS THE FOCUS OF A CONSIDERABLE NUMBER OF COMMENTS WAS SPENDING ON THE INFRASTRUCTURE AND THAT THERE WAS NO COMMON THEME.

"I WAS AMAZED THAT ONE MEMBER THOUGHT WE HAD BEEN TOO HASTY IN REACHING THE PORT AND AIRPORT DECISION; AFTER EIGHT CONSULTANCIES STRETCHING BACK TO 1973, I HAD THOUGHT THIS WAS THE ONE CHARGE FROM WHICH WE WERE SAFE.

HOWEVER, SIR PIERS SAID HE WAS DISTURBED THAT SOME MEMBERS QUESTIONED THE VALUE OF THESE INFRASTRUCTURAL WORKS.

HE POINTED OUT THAT THERE WAS JUST THE SAME SORT OF FAINT-HEARTEDNESS WHEN THE CROSS HARBOUR TUNNEL AND THE MASS TRANSIT RAILWAY PROJECTS WERE UNDER CONSIDERATION.

"I WOULD ASK MEMBERS TO TRY TO IMAGINE HOW HONG KONG WOULD BE TODAY IF THESE TWO PROJECTS HAD NOT GONE AHEAD.

"LET THERE BE NO DOUBT THAT THE ECONOMIC AND SOCIAL COST OF NOT HAVING ADEQUATE EXTERNAL COMMUNICATIONS WOULD BE HIGH-IN MY VIEW, MUCH TOO HIGH," HE SAID.

"THE ENGINE OF GROWTH AND PROSPERITY IS OUR VISIBLE AND INVISIBLE TRADE. WITHOUT A FIRST CLASS PORT AND AIRPORT, HONG KONG WOULD SOON CEASE TO BE A FIRST CLASS AND DYNAMIC ECONOMY, AN ECONOMY THAT HAS BROUGHT BENEFITS TO THE POPULATION AS A WHOLE-NOT JUST TO BUSINESSMEN AND INDUSTRIALISTS.

"REMEMBER THAT AS A COMMUNITY WE HAVE ENJOYED AN UNRIVALLED COMBINATION OF ASSURED EMPLOYMENT AND RISING REAL WAGES," SIR PIERS SAID.

AS REGARDS THE COST OF THE PORT AND AIRPORT, THE FINANCIAL SECRETARY SAID THIS WAS UNDERSTANDABLY A MATTER FOR CONCERN TO MEMBERS, AND IT WOULD NEED CAREFUL WATCHING.

HE SAID IT WAS NO DOUBT TRUE THAT COSTS COULD INCREASE IN REAL TERMS; AND THE GOVERNMENT HAD EMPHASIZED FROM THE BEGINNING THAT THE INITIAL ESTIMATES WERE NECESSARILY ONLY BROAD ORDERS OF COSTS.

"THAT IS ONE OF THE REASONS WHY WE CANNOT REFINE OUR FINANCING PLANS UNTIL MORE DETAILED DESIGNS ARE AVAILABLE AND COSTINGS HAVE BEEN CARRIED OUT.

"THE RELATIVE REQUIREMENTS OF THE AIRPORT AUTHORITY FOR DEBT AND EQUITY, FOR EXAMPLE, WILL DEPEND ON REVISED COST AND REVENUE ESTIMATES, AND ON THE ECONOMIC AND FINANCIAL CLIMATE AT THE TIME," THE FINANCIAL SECRETARY SAID.

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LESS-ADVANTAGED MEMBERS OF THE COMMUNITY HAVE BENEFITTED  
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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT IN GENERAL, THE LESS-ADVANTAGED MEMBERS OF OUR COMMUNITY SHOULD NOT HAVE SUFFERED A REDUCTION IN THEIR STANDARD OF LIVING OVERALL.

"THEIR WAGES HAVE INCREASED TO A GREATER EXTENT THAN THEIR CONTRIBUTION TO INDIRECT TAXES AND THE SERVICES THEY ENJOY HAVE BEEN IMPROVED," SAID THE FINANCIAL SECRETARY IN CONCLUDING THE DEBATE ON THE BUDGET.

NOTING THAT MANY MEMBERS TOOK HIM TO TASK OVER THE VARIOUS REVENUE MEASURES, CLAIMING THAT PEOPLE IN THE LOWER AND MIDDLE INCOME GROUPS PARTICULARLY WOULD BE SERIOUSLY AFFECTED AND THAT THEIR STANDARD OF LIVING WOULD BE ERODED.

"THIS IGNORES, HOWEVER, THE INCREASES IN REAL EARNINGS IN RECENT YEARS AND THE CONTINUED GROWTH IN EXPENDITURE ON GOVERNMENT SERVICES," HE REMARKED.

HE SAID THE GREAT MAJORITY OF THOSE TO WHOM MEMBERS SEEMED TO BE REFERRING WOULD NOT BE LIABLE TO SALARIES TAX, AND THEREFORE THEIR CONTRIBUTION TO GOVERNMENT REVENUES WOULD BE LIMITED TO THE PAYMENT OF INDIRECT TAXES.

"BUT IT IS PRECISELY THIS SAME GROUP WHO ARE LIKELY TO BENEFIT FROM GOVERNMENT SPENDING ON HEALTH, EDUCATION, HOUSING AND WELFARE, ALL LARGELY PAID FOR FROM GENERAL REVENUE.

"THE REVENUE MEASURES I PROPOSED ARE EXPECTED TO YIELD \$3.1 BILLION IN 1990-91, WHICH WOULD NOT SUFFICE EVEN TO MEET THE PLANNED ADDITIONAL EXPENDITURE OF \$3.96 BILLION ON SOCIAL SERVICES ALONE," HE SAID.

THE FINANCIAL SECRETARY SAID LOWER AND MIDDLE INCOME EARNERS WHO WERE LIABLE TO SALARIES TAX SHOULD FIND THAT THE EFFECT ON THEM OF HIS INDIRECT TAX MEASURES WERE NEUTRALISED BY THE TAX CONCESSIONS HE PROPOSED AND FROM WHICH THEY WOULD BENEFIT.

"THE ZERO-RATING OF THE CLAWBACK ON PERSONAL ALLOWANCES AND THE REDUCTION OF THE RATES OF SALARIES TAX APPLICABLE TO THE FIRST TWO \$10,000 BANDS OF NET CHARGEABLE INCOME ARE PARTICULARLY TO THEIR ADVANTAGE. AGAIN, THEY WILL ALSO HAVE BENEFITED FROM REAL IMPROVEMENTS IN EARNINGS," HE SAID.

ON INFLATION, SIR PIERS SAID HE APPRECIATED THAT THE CONCERN EXPRESSED BY MEMBERS REGARDING THE IMPACT OF THE BUDGET WENT BEYOND THE ACTUAL BUDGETARY MEASURES THEMSELVES, AND INCLUDED THE EFFECT ON INFLATION.

"INFLATION WAS DESCRIBED BY MORE THAN ONE MEMBER AS PUBLIC ENEMY NUMBER ONE. LET ME SAY AT THE OUTSET THAT I SHARE MEMBERS' VIEW THAT INFLATION IS A VERY REAL PROBLEM INDEED," HE SAID.

HE SAID THE RATE OF INCREASE IN THE CONSUMER PRICE INDEX (A) ROSE TO 10PER CENT IN MARCH, AFTER MODERATING FROM 9.8PER CENT IN JANUARY TO 8.4PER CENT IN FEBRUARY. THIS INCREASE WAS DUE IN PART TO HIGHER UTILITY CHARGES AND, AS HE ACKNOWLEDGED IN HIS BUDGET SPEECH, FISCAL DUTIES.

"NEVERTHELESS, FOR THE FIRST QUARTER AS A WHOLE, THE RATE OF INCREASE IN THE CPI(A), AT 9.4PER CENT, HAS EASED FROM THE PEAK LEVEL OF 11PER CENT IN 1989.

"THE CURRENT INFLATIONARY PRESSURES ARE MOSTLY DOMESTICALLY GENERATED RATHER THAN IMPORTED. THIS IS APPARENT FROM THE FASTER INCREASES IN PRICES FOR THOSE ITEMS IN THE CPI WHICH HAVE A HIGH LOCAL SERVICE CONTENT, SUCH AS MEALS AT RESTAURANTS, PUBLIC TRANSPORT, AND VARIOUS TYPES OF SERVICES.

"THE TIGHT LABOUR MARKET HAS LED TO KEEN COMPETITION AMONG EMPLOYERS FOR SCARCE LABOUR RESOURCES. THE CONSEQUENT SURGE IN WAGES AND PRICES DEMONSTRATES CLEARLY THAT DEMAND IS OUTSTRIPPING SUPPLY.

"HONG KONG IS, HOWEVER, NOT ALONE IN THIS PROBLEM. MANY ECONOMIES ELSEWHERE ARE CURRENTLY FACING MOUNTING INFLATIONARY PRESSURES FROM THE SAME CAUSE.

"THE CHIEF SECRETARY HAS ALREADY RESPONDED TO THOSE MEMBERS WHO, IN THIS CONNECTION, PRESSED FOR A FURTHER RELAXATION OF OUR POLICY ON IMPORTATION OF LABOUR," HE SAID.

THE FINANCIAL SECRETARY SAID PRICE INCREASES WERE NEVER WELCOME, BUT HE SHOULD POINT OUT THAT IN RECENT YEARS INCOMES HAD RISEN FASTER THAN INFLATION.

"FOR EXAMPLE, EARNINGS OF EMPLOYEES IN THE MANUFACTURING AND SERVICE SECTORS ROSE BY AN AVERAGE OF 5PER CENT AND 6PER CENT RESPECTIVELY IN REAL TERMS LAST YEAR.

"AS A CONSEQUENCE, OUR STANDARD OF LIVING HAS CONTINUED TO IMPROVE. THIS IS REFLECTED IN THE CONTINUING STRONG DEMAND FOR SMALL TO MEDIUM-SIZED RESIDENTIAL FLATS AND IN INCREASED EXPENDITURE ON LEISURE ACTIVITIES," THE FINANCIAL SECRETARY SAID.

HE POINTED OUT THAT HE HAD EXPLAINED ON PREVIOUS OCCASIONS THAT WITH OUR SMALL OPEN ECONOMY AND THE NEED FOR EXCHANGE RATE STABILITY WITHIN OUR LINKED EXCHANGE RATE SYSTEM THERE WAS LITTLE SCOPE FOR THE GOVERNMENT TO PURSUE MONETARY POLICIES TO REGULATE DEMAND.

"GIVEN THE RELATIVELY SMALL SIZE OF THE PUBLIC SECTOR IN THE ECONOMY, THE SCOPE FOR APPLYING FISCAL POLICIES TO REGULATE DEMAND IS ALSO LIMITED. MOREOVER, WIDESPREAD PRICE CONTROLS ARE IMPRACTICABLE IN HONG KONG'S CIRCUMSTANCES AND WOULD PROVE HARMFUL TO THE ECONOMY," SIR PIERS SAID.

"BUT THERE IS ONE THING WE CAN DO. I FULLY AGREE THAT WE NEED TO KEEP GOVERNMENT EXPENDITURE TIGHTLY UNDER CONTROL.

"BY ECONOMISING ON THE USE OF LABOUR RESOURCES WITHIN THE PUBLIC SECTOR WE CAN ENSURE THAT MORE RESOURCES ARE AVAILABLE TO THE PRIVATE SECTOR. THIS WILL DO MUCH TO HELP. WE INTEND TO PURSUE THIS AIM VIGOROUSLY," THE FINANCIAL SECRETARY SAID.

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BUDGET STRATEGY CANNOT PRECISELY MATCH ECONOMIC CHANGES

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THE GOVERNMENT'S BUDGET STRATEGY CANNOT PRECISELY MATCH YEAR BY YEAR CHANGES IN ECONOMIC CONDITIONS, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), IN CONCLUDING THE DEBATE ON THE BUDGET.

SIR PIERS SAID THE AIM WAS TO PROVIDE FOR STEADY GROWTH ON THE BASIS OF PROJECTED TRENDS IN THE GROSS DOMESTIC PRODUCT, AND THAT CORRECTIVE ACTION TO ACHIEVE THIS AIM TOOK TIME TO WORK THROUGH THE SYSTEM.

"TO SOME EXTENT WE HAVE TO LIVE WITH THE LEGACIES OF THE PAST," HE ADDED.

NOTING THE CONCERN EXPRESSED BY SOME MEMBERS THAT THE GROWTH IN PUBLIC SECTOR EXPENDITURE EXCEEDED GDP GROWTH, THE FINANCIAL SECRETARY SAID OF ALL THE MATTERS RAISED IN THE DEBATE, THIS WAS MOST IMPORTANT.

SIR PIERS POINTED OUT THAT IN THE EARLY 1980'S THE RATE OF GROWTH OF EXPENDITURE EXCEEDED 15PER CENT IN REAL TERMS AND THE PUBLIC SECTOR SHARE OF GDP ROSE TO OVER 19PER CENT, AND THE ECONOMIC RECESSION OF 1982 AND THE REVISED ESTIMATES OF GDP GROWTH REQUIRED CORRECTIVE ACTION.

"WE ENTERED A PERIOD OF LOW GROWTH RATES IN PUBLIC SECTOR EXPENDITURE AND, AS A RESULT, THE PUBLIC SECTOR SHARE OF GDP FELL TO 16PER CENT BY 1984-85.

/"IT FELL .....

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"IT FELL FURTHER TO BELOW 15PER CENT BY 1987-88 MAINLY AS THE RESULT OF VERY HIGH RATES OF GROWTH OF GDP. AT THE SAME TIME WE WERE ENJOYING COMFORTABLE CASH SURPLUSES AND BUILDING UP OUR RESERVES."

SIR PIERS SAID IT WAS RIGHT IN THOSE CIRCUMSTANCES TO ANSWER CALLS FOR IMPROVEMENTS AND EXTENSIONS TO GOVERNMENT SERVICES, OTHERWISE THE TERRITORY WOULD HAVE HAD MASSES OF CASH IN THE KITTY AND NOTHING TO SHOW FOR IT.

HE SAID HIS FORECAST OF THE MEDIUM TERM TREND GROWTH RATE OF GDP OF 5.5PER CENT A YEAR WOULD REQUIRE A MODERATION OF THE RATE OF GROWTH OF PUBLIC EXPENDITURE THAT HAD TAKEN PLACE SINCE 1988-89.

"AS I HAVE INDICATED, THIS WILL TAKE TIME BECAUSE GOVERNMENTS CANNOT CHANGE COURSE ABRUPTLY.

"AN OBVIOUS EXAMPLE RELATES TO THE BUILDING OF NEW HOSPITALS AND EXTENSIONS TO EXISTING HOSPITALS. DECISIONS MADE IN THIS AREA SOME YEARS AGO ARE NOW BEARING FRUIT.

"ALMOST ONE QUARTER OF THE ADDITIONAL POSTS PROVIDED FOR IN THE DRAFT ESTIMATES ARE FOR HOSPITAL SERVICES ALONE," HE SAID.

STRESSING THAT THE GROWTH RATE OF PUBLIC SECTOR EXPENDITURE NOW HAD TO BE REDUCED, SIR PIERS SAID HE AIMED TO IMPROVE ON THE RATE WHICH HIS MEDIUM RANGE FORECAST HAD SUGGESTED THAT WOULD CONTINUE TO EXCEED THE TREND GROWTH RATE OF GDP (THE BUDGETARY GUIDELINE) UNTIL 1992-93.

SIR PIERS NOTED THAT IN LAST YEAR'S BUDGET SPEECH, IT WAS STATED THAT THE GOVERNMENT WOULD HAVE TO BE INCREASINGLY VIGOROUS IN ITS ATTACK ON BASELINE EXPENDITURE IN ORDER TO PROVIDE RESOURCES FOR NEW OR IMPROVED SERVICES.

THE GOVERNMENT THEREFORE EMBARKED ON THE PROCESS OF REDUCING THE GROWTH RATE OF EXPENDITURE WELL BEFORE THE BUDGET DEBATE THIS YEAR.

FOR EXAMPLE, TO REDUCE THE POTENTIAL FOR FUTURE GROWTH, THE FINANCE BRANCH CARRIED OUT AN EXERCISE TO DELETE THE EXCESSIVE NUMBER OF VACANT POSTS.

"THE ESTABLISHMENT CEILINGS IN THE 1989-90 ESTIMATES WOULD HAVE PERMITTED A TOTAL ESTABLISHMENT OF ABOUT 166,000 POSTS BY THE END OF MARCH 1990.

"AS A RESULT OF FINANCE BRANCH'S EXERCISE, THIS FIGURE FELL TO ABOUT 157,000 POSTS; A REDUCTION OF 9,000 POSTS OR ABOUT FIVE PER CENT.

REFERRING TO THE SERIES OF "STAR CHAMBER MEETINGS" HE AND THE CHIEF SECRETARY HAD HELD WITH POLICY SECRETARIES TO REVIEW BASELINE EXPENDITURE, THE FINANCIAL SECRETARY SAID OVER 200 DIFFERENT AREAS HAD BEEN IDENTIFIED FOR FURTHER EXAMINATION.

/("IN ADDITION .....

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"IN ADDITION, WE ARE WORKING ON AN OVERALL STRATEGY FOR CONTROLLING MORE TIGHTLY THE RATE OF GROWTH OF RECURRENT EXPENDITURE, AND HENCE ALSO OF THE CIVIL SERVICE.

"MANY DEPARTMENTS WILL HAVE TO LIVE WITH ZERO GROWTH FOR A NUMBER OF YEARS; SOME WILL EXPERIENCE REDUCTIONS," HE SAID.

ALSO, THE FINANCE BRANCH WOULD CONTINUE ITS PROGRAMME OF VALUE FOR MONEY STUDIES TO ASSIST DEPARTMENTS TO ACHIEVE THE NECESSARY INCREASE IN PRODUCTIVITY.

"IN RECENT YEARS THESE STUDIES HAVE ENABLED THE DELETION OF SOME 2,500 POSTS VALUED AT ABOUT \$500 MILLION A YEAR.

"ANOTHER 30 STUDIES ARE CURRENTLY UNDER WAY," SIR PIERS SAID, ADDING THAT HE EXPECTED FURTHER SAVINGS AS A RESULT.

"UNDERPINNING THESE VARIOUS INITIATIVES, OF COURSE, IS THE RESOURCE ALLOCATION SYSTEM- A SYSTEM OF COMPREHENSIVE LONG TERM PLANNING OF EXPENDITURE," SIR PIERS SAID.

THIS SYSTEM, INTRODUCED IN 1987 TO IMPROVE FORWARD PLANNING, WAS DESIGNED TO ENSURE THAT PUBLIC SPENDING REQUIREMENTS WERE IDENTIFIED EARLY AND THAT LEVELS OF SPENDING COULD BE MAINTAINED WITHOUT MAKING AN UNACCEPTABLE CLAIM ON THE ECONOMY.

SIR PIERS SAID THE STARTING POINT WAS THE EXPENDITURE BASELINE.

"THIS IS NOT SIMPLY LAST YEAR'S EXPENDITURE ADJUSTED UPWARDS FOR INFLATION; IT MAY BE ADJUSTED DOWNWARDS AS A RESULT OF THE VALUE FOR MONEY STUDIES AND THE STAR CHAMBER MEETINGS TO WHICH I HAVE REFERRED.

"DISCUSSIONS ARE HELD BETWEEN THE FINANCE BRANCH AND INDIVIDUAL DEPARTMENTS ON THE BASELINE.

"AT THE END OF THIS PROCESS, THE TOTAL AMOUNT OF MONEY REMAINING FOR NEW INITIATIVES IS ESTABLISHED.

"POLICY SECRETARIES BID COMPETITIVELY FOR THIS NEW MONEY, AND THE CHIEF SECRETARY AND I, FROM OUR RESPECTIVE VIEWPOINTS, TAKE A CLOSE PERSONAL INTEREST IN THE PROCESS TO ENSURE THAT THE OUTCOME IS IN BALANCE WITH APPROVED POLICIES," HE SAID.

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CAREFUL CONTROL OF CAPITAL WORKS EXPENDITURE  
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THE IMPLEMENTATION OF THE PORT AND AIRPORT INFRASTRUCTURAL DEVELOPMENT AND OTHER ESSENTIAL PROJECTS WILL MEAN THAT CAPITAL WORKS EXPENDITURE IN THE COMING YEARS MUST BE CAREFULLY CONTROLLED, MONITORED AND CONSTRAINED, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

CONCLUDING THE BUDGET DEBATE, SIR PIERS NOTED THAT MANY MEMBERS VOICED SUPPORT FOR THE PORT AND AIRPORT INFRASTRUCTURAL DEVELOPMENTS AND RECOGNISED THEIR ROLE IN FACILITATING THE GROWTH OF THE ECONOMY.

"THE IMPLEMENTATION OF THESE INFRASTRUCTURAL DEVELOPMENT PROJECTS, PLUS ESSENTIAL PROJECTS IN OTHER AREAS SUCH AS THE PUBLIC HOUSING CONSTRUCTION AND SCHOOL BUILDING PROGRAMMES, THE EXPANSION OF THE WATER SUPPLY SYSTEM, THE PROVISION OF LANDFILLS AND OTHER ENVIRONMENTAL-RELATED PROJECTS, WILL MEAN THAT CAPITAL WORKS EXPENDITURE IN THE COMING YEARS MUST BE, MORE THAN EVER BEFORE, CAREFULLY CONTROLLED, MONITORED AND CONSTRAINED AS APPROPRIATE," HE SAID.

HOWEVER, UNLIKE RECURRENT EXPENDITURE, WHICH ONCE COMMITTED LOCKED THE GOVERNMENT INTO PERENNIAL EXPENDITURE, CAPITAL EXPENDITURE MUST BE CONSIDERED IN TERMS OF TOTAL COMMITMENT AND THE PHASING OF EXPENDITURE AGAINST THIS COMMITMENT OVER TIME, HE SAID.

"THERE ARE WELL-ESTABLISHED MECHANISMS IN PLACE TO ACHIEVE THE CONTROL REQUIRED.

"I REFER, OF COURSE, TO THE ANNUAL RESOURCE ALLOCATION EXERCISE WHICH COVERS A FIVE-YEAR PLANNING PERIOD, TO THE ANNUAL REVIEW UNDERTAKEN BY MEMBERS OF THE PUBLIC WORKS SUB-COMMITTEE OF FINANCE COMMITTEE, AND TO THE REGULAR SCRUTINY OF PROPOSED PROJECTS BY THE SAID COMMITTEE BEFORE REFERRAL TO FINANCE COMMITTEE FOR APPROVAL," HE ADDED.

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CIVIL SERVICE PAY AWARD PROVIDED FOR  
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THE GREATER PART OF THE PROVISION IN THIS YEAR'S RECURRENT ADDITIONAL COMMITMENTS SUBHEAD IN THE BUDGET IS FOR THE CIVIL SERVICE PAY AWARD AND FOR THE STANDING COMMISSION'S REVIEW OF CIVIL SERVICE GRADES, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"IN ANSWER TO ONE MEMBER, THIS IS THE MAIN REASON FOR THE INCREASE OVER THE PREVIOUS YEAR," HE SAID IN HIS SPEECH CONCLUDING THE BUDGET DEBATE.

/THE PROVISION .....

THE PROVISION ALSO ATTEMPTED TO ANTICIPATE THE LIKELY COST OF THE SETTING-UP OF THE FUTURE HOSPITAL AUTHORITY AND THE PAY PACKAGE OF ITS EMPLOYEES; AND COVERED ADJUSTMENTS IN RELATION TO CERTAIN PROGRAMMES, SUCH AS SOCIAL SECURITY, TO COVER INFLATION, HE ADDED.

SIR PIERS SAID THAT SOME MEMBERS' COMMENTS SUGGESTED THERE WAS CONFUSION ABOUT THE ADDITIONAL COMMITMENTS.

HE EXPLAINED THAT THESE SUBHEADS (FOR BOTH RECURRENT AND CAPITAL) WERE CREATED TO ANTICIPATE EXPENDITURE WHICH MIGHT BE REQUIRED IN EXCESS OF THE AMOUNTS INDIVIDUALLY PROVIDED FOR IN THE ESTIMATES, BUT WHICH COULD NOT AT THE TIME BE DETERMINED WITH PRECISION AND SPECIFICALLY ALLOCATED.

"THE AMOUNTS REPRESENT THE MAXIMUM ADDITIONAL PROVISION FOR THE YEAR WHICH IT IS ESTIMATED WILL BE REQUIRED UNDER ALL OTHER VOTES.

"IN THIS WAY, THE APPROPRIATION BILL IS COMPREHENSIVE, IN THE SENSE THAT IT REPRESENTS THE MAXIMUM AMOUNT THAT IT IS ESTIMATED WILL BE SPENT DURING THE YEAR," HE SAID.

THE PROVISION IN THE ADDITIONAL COMMITMENTS SUBHEADS REPRESENTED AN ASSESSMENT BY FINANCE BRANCH OF THE COST OF PROPOSALS THAT WERE TO BE PUT TO FINANCE COMMITTEE DURING THE COURSE OF THE YEAR, HE SAID.

"IT IS NOT POSSIBLE TO PROVIDE A PRECISE BREAKDOWN AS THIS COULD BE MISLEADING. IN THE EVENT, SOME OF THE PROPOSALS MIGHT NOT PROCEED," HE SAID.

SIR PIERS STRESSED THAT NOTHING WAS DEBITED DIRECTLY TO THESE ADDITIONAL COMMITMENTS SUBHEADS.

"FOR EXAMPLE, IF PUBLIC ASSISTANCE RATES ARE INCREASED, SUPPLEMENTARY PROVISION IS APPROVED FOR THE SUBHEAD FOR THE PUBLIC ASSISTANCE SCHEME, OFFSET BY DELETING AN EQUIVALENT AMOUNT FROM THE ADDITIONAL COMMITMENTS SUBHEAD.

"AND THE NORMAL RULES FOR SUPPLEMENTARY PROVISION MUST BE APPLIED, THAT IS, FOR AMOUNTS THAT EXCEED THE LIMIT OF DELEGATED POWERS, FINANCE COMMITTEE'S SPECIFIC APPROVAL MUST BE SOUGHT IN EACH CASE," HE SAID.

PRIME CONCERN IS MOST APPROPRIATE METHOD OF DELIVERY

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WHILE CORE ACTIVITIES WILL NECESSARILY CONTINUE TO BE CARRIED OUT BY GOVERNMENT DEPARTMENTS, THE GOVERNMENT WILL CONSIDER OTHER WAYS OF DELIVERING SERVICES WHERE IT CAN SEE CLEAR ADVANTAGES IN SO DOING, PARTICULARLY WHERE A QUASI-COMMERCIAL ROLE IS INVOLVED.

THIS WAS STATED BY THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) WHEN HE CONCLUDED THE DEBATE ON THE BUDGET.

IN REPLY TO SOME MEMBERS' CALL FOR FURTHER CORPORATISATION, PRIVATISATION OR OTHER ASPECTS OF PUBLIC SECTOR REFORM, SIR PIERS SAID THE GOVERNMENT'S PRIME CONCERN WAS TO ENSURE THE MOST APPROPRIATE METHOD OF DELIVERY OF PUBLIC SERVICES AND THAT IT WAS NOT DOCTRINAIRE IN ITS APPROACH.

"CURRENTLY, FOR EXAMPLE, WE HAVE THE PROVISIONAL HOSPITAL AUTHORITY AND THE PROVISIONAL AIRPORT AUTHORITY.

"TRADING FUND STATUS IS BEING CONSIDERED FOR THE ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT AND PARTS OF THE REGISTRAR GENERAL'S DEPARTMENT.

"A NEW STATUS IS PLANNED FOR RADIO TELEVISION HONG KONG," HE SAID.

THE GOVERNMENT WOULD CONTINUE TO KEEP WATCH FOR APPROPRIATE OPPORTUNITIES TO INCREASE EFFICIENCY IN THIS WAY, HE ADDED.

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NEED TO BROADEN TAX BASE RESTATED

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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, TODAY (WEDNESDAY) EMPHASISED THE NEED TO BROADEN THE TAX BASE, SAYING IT HAS BEEN AN IMPORTANT THEME OF ALL HIS BUDGETS.

SIR PIERS WAS CONCLUDING THE DEBATE OF THE APPROPRIATION BILL 1990 IN THE LEGISLATIVE COUNCIL.

SETTING OUT THE ARGUMENT FOR BROADENING THE TAX BASE, SIR PIERS SAID THE STARTING POINT OF HIS FISCAL POLICY WAS THAT IT MUST BE CONSISTENT WITH OUR ECONOMIC POLICIES.

"THIS MEANS THAT I MUST ALWAYS ENSURE THAT OUR FISCAL SYSTEM DOES NOT ENDANGER THE STABILITY AND CONTINUED GROWTH OF THE ECONOMY.

"AT THE SAME TIME, I MUST ALSO ENSURE THAT ADEQUATE REVENUE IS AVAILABLE TO FUND SUCH PUBLIC SECTOR EXPENDITURE AS IS PERMITTED BY THE STATE OF OUR ECONOMY," HE SAID.

/SIR PIERS .....

SIR PIERS NOTED THAT IN SO DOING, HIS CONSTANT PREOCCUPATION MUST BE TO SEE THAT REVENUE WAS RAISED AS EQUITABLY AS POSSIBLE AS BETWEEN PARTICULAR CLASSES OF TAXPAYERS OR POTENTIAL TAXPAYERS.

"BUT I MUST ALSO HAVE REGARD TO THE PRODUCTIVITY, STABILITY AND EFFICIENCY OF EXISTING AND POSSIBLE NEW TAXES.

"AND I HAVE TO STRIKE AN OPTIMAL BALANCE WITHIN THE TAXATION SYSTEM BETWEEN DIRECT AND INDIRECT TAXES, AND IN PARTICULAR SEEK TO INCREASE THE PROPORTION OF BROAD-BASED, STABLE TAXES," HE SAID.

SIR PIERS REITERATED THE ARGUMENTS FOR A BROADEN TAX BASE HE MADE IN HIS FIRST BUDGET SPEECH IN 1987. HE HAD SAID THEN:

'AS BOTH THE ECONOMY AND GOVERNMENT SERVICES GROW, THE STABILITY OF PUBLIC FINANCES CAN BEST BE ASSURED BY ENDEAVOURING TO DEVELOP A BROADLY BASED TAX SYSTEM, BECAUSE SUCH A SYSTEM IS MORE RESILIENT.

'I AM NOT SUGGESTING A CASE FOR HIGHER OVERALL TAXATION : SIMPLY A WAY OF SPREADING THE TAX BURDEN MORE WIDELY ACROSS OUR COMMUNITY.

'WE MUST BE PRACTICAL IN OUR APPROACH.

'WE DO NOT WANT COMPLEX NEW TAXES. NEITHER DO WE WANT TAXES THAT ARE COSTLY TO ADMINISTER OR DAMAGE INCENTIVE. WE HAVE DONE VERY WELL WITHOUT THEM.

'BUT ONE WAY OF ACHIEVING A BROADER TAX BASE IS BY WIDENING THE SCOPE OF INDIRECT TAXES . . .'

SIR PIERS ALSO MENTIONED HE TOOK UP THE THEME AGAIN LAST YEAR, WHEN HE SAID:

'UNDOUBTEDLY, A BROADENING OF THE INDIRECT TAX SYSTEM WOULD ENABLE ME TO RATIONALISE OR BRING DOWN OTHER TAXES.

'THE REST OF THE WORLD IS MOVING IN THIS DIRECTION. HONG KONG MUST NOT LOSE THE COMPETITIVE EDGE THAT IT GAINS FROM HAVING LOW DIRECT TAXES. IF WE LOSE THAT EDGE, IT IS LIKELY THAT INVESTORS WOULD LOOK ELSEWHERE, AND ULTIMATELY THIS COULD HIT OUR LABOUR FORCE. WOULD I REALLY BE PERFORMING SUCH A SERVICE FOR THE LESS WELL-TO-DO MEMBERS OF THE COMMUNITY IF I WERE TO ALLOW THIS TO HAPPEN?'

ON THE ROLE OF FEES AND CHARGES, SIR PIERS REITERATED WHAT HE SAID IN HIS 1987 BUDGET SPEECH TO THE COUNCIL.

'OUR POLICY REMAINS THAT SERVICES SHOULD GENERALLY BE PAID FOR BY THOSE WHO USE THEM, UNLESS A POSITIVE DECISION HAS BEEN TAKEN TO DEVIATE FROM THIS POLICY.

/"IT IS .....

'IT IS OF GREAT IMPORTANCE IN OUR LOW TAX ECONOMY THAT WE DO ALL WE CAN TO OBSERVE THE PRINCIPLE THAT SERVICES SHOULD NOT IN GENERAL BE SUBSIDISED ... AND TO ENSURE THAT THOSE SERVICES WHICH ARE NOT A FAIR CHARGE ON THE GENERAL TAXPAYER ARE PAID FOR BY THOSE WHO BENEFIT FROM THEM.'

ON SOME MEMBERS' SUGGESTION THAT HONG KONG'S TAXATION SYSTEM WOULD BENEFIT FROM REVIEW BY A COMMITTEE, SIR PIERS SAID: "LET ME FIRST SAY THAT OUR TAX SYSTEM IS ALIVE AND WELL.

"BY COMPARISON WITH SYSTEMS IN MANY OTHER DEVELOPED ECONOMIES THE HONG KONG TAX SYSTEM IS A MODEL OF SIMPLICITY AND STABILITY.

"ITS RATES ARE LOW. IT IS ALSO TAILORED VERY MUCH TO THE SPECIAL NEEDS OF HONG KONG IN THAT IT IS NON-TARIFF BASED; IT ENCOURAGES INVESTMENT BOTH BY FOREIGN INVESTORS IN HONG KONG AND BY HONG KONG PEOPLE IN LOCAL ENTERPRISE; AND IT ALLOWS PEOPLE TO ENJOY THE REWARDS OF ENTERPRISE AND HARD WORK."

SIR PIERS SAID NO SYSTEM WAS PERFECT AND AS FAR AS POSSIBLE, THE GOVERNMENT RESPONDED TO JUSTIFIED CRITICISMS.

"FOR EXAMPLE, IN THAT SPIRIT, WE HAVE INTRODUCED CHANGES TO DEAL WITH THE DOUBLE TAXATION PROBLEM VIS-A-VIS HONG KONG PEOPLE WORKING IN CHINA ON A TEMPORARY BASIS; WE HAVE DONE AWAY WITH WITHHOLDING TAX ON INTEREST; AND WE ARE IN THE PROCESS OF FINALISING ARRANGEMENTS FOR PROFITS TAX EXEMPTION FOR MUTUAL FUND CORPORATIONS IN THE SAME WAY AS IS ALREADY AVAILABLE FOR UNIT TRUSTS," HE SAID.

SIR PIERS STRESSED THAT A TAX SYSTEM COULD NOT BE VIEWED IN SPLENDID DOMESTIC ISOLATION. HE REMINDED MEMBERS THAT SOUTH-EAST ASIAN ECONOMIES WERE NOW ON A FAST TRACK AND THAT THE JOCKEYING FOR POSITION WAS BECOMING INTENSE.

"FAVOURABLE TAX REGIMES FORM AN IMPORTANT PART OF THE PULL OF OUR COMPETITORS, ALTHOUGH IT IS STILL DIFFICULT TO BEAT HONG KONG IN THE LOW TAXATION STAKES.

"IN THE SAME VEIN, I AM NOT YET PERSUADED THAT A COMMITTEE BROUGHT IN TO TRAIN AND MANAGE OUR ENTRY IN THIS PARTICULAR RACE WOULD WIN US FIRST PLACE," HE SAID.

SIR PIERS ALSO NOTED THAT HE WOULD SEEK THE ASSISTANCE OF THE JOINT LIAISON COMMITTEE ON TAXATION IN TAKING A BROADER VIEW OF OUR OVERALL TAXATION PHILOSOPHY.

"WE SHOULD WORK CLOSELY TOGETHER TO IDENTIFY PROBLEMS AND FIND SOLUTIONS," HE SAID.

ON THE PROPOSED INCREASES IN RATES, SIR PIERS SAID RATES WERE AN IMPORTANT SOURCE OF REVENUE, BROAD-BASED AND STABLE.

"BUT THEY ARE RELATED TO THE RENTAL VALUE OF PROPERTY, AND THE REVALUATION OF PROPERTIES IS A MAMMOTH TASK WHICH CAN ONLY BE COMPLETED PERIODICALLY. IN BETWEEN REVALUATIONS, THE YIELD FROM RATES DIMINISHES IN REAL TERMS," HE SAID.

SIR PIERS SAID IN OUR MORE DIFFICULT CIRCUMSTANCES THIS YEAR, HE CONSIDERED IT NECESSARY TO MAKE AN INTERIM ADJUSTMENT TO RESTORE THE YIELD TO SOME EXTENT.

THE EFFECT WILL ONLY BE TO RAISE THE SHARE OF RATES IN TERMS OF OVERALL RENTALS FROM 3.1PER CENT TO 3.9PER CENT.

"IN MID-1986, IT STOOD AT 4.9PER CENT.

"SINCE THOSE ON HIGHER INCOMES TEND TO LIVE IN MORE EXPENSIVE ACCOMMODATION AND SO PAY MORE IN RATES, I WOULD NOT REGARD THE ADJUSTMENT AS REGRESSIVE.

"THE INCREASE OF 1.5PERCENTAGE POINTS IN THE GENERAL RATE AMOUNTS, IN DOLLAR TERMS, TO AN ADDITIONAL PAYMENT OF AN AVERAGE OF ONLY \$20 PER MONTH PER HOUSEHOLD FOR THE ROUGHLY 50PER CENT OF THE POPULATION ACCOMMODATED IN PUBLIC HOUSING ESTATES," HE SAID.

ON HIS PROPOSAL TO INCREASE THE DUTY ON HYDROCARBON OILS, SIR PIERS SAID HE NOTED THAT IT HAD BEEN ATTACKED FOR IMPACTING SEVERELY ON THE LOWER PAID SECTIONS OF THE COMMUNITY.

"INSOFAR AS PUBLIC BUS FARES ARE CONCERNED, THE INCREASE IN FUEL COSTS, AFTER TAKING INTO ACCOUNT THE PUBLIC SUBSIDY IN THE FORM OF THE EXISTING REBATE, IS NOT EXPECTED TO EXCEED AN AVERAGE OF TWO PER CENT FOR KMB AND 1.7PER CENT FOR CMB FARES, OR ROUGHLY THREE TO FOUR CENTS PER PASSENGER TRIP," HE SAID.

SIR PIERS ALSO POINTED OUT THAT THE BURDEN OF HIGHER FUEL TAX FOR TAXI DRIVERS HAD BEEN DEALT WITH BY AN APPROVED INCREASE IN FARES.

AS FOR THE REMAINING INDIRECT TAXES ON COMMODITIES WHICH THE MAN IN THE STREET WAS FACED WITH PAYING DIRECTLY, SIR PIERS POINTED OUT THAT A CHOICE EXISTED. "THERE IS NO OBLIGATION TO BUY ALCOHOL, TOBACCO OR NEW CARS," HE SAID.

SIR PIERS NOTED THAT IN A LOW DIRECT TAXATION REGIME LIKE HONG KONG, IT WAS IMPORTANT ALSO THAT APPROPRIATE OPPORTUNITIES WERE TAKEN TO RAISE REVENUE THROUGH FEES AND CHARGES FOR GOVERNMENT SERVICES, INCLUDING THOSE OPERATED AS PUBLIC UTILITY UNDERTAKINGS.

"WE HAVE ALWAYS ATTEMPTED TO ENSURE THAT THE COSTS OF PROVISION OF SERVICES ARE RECOVERED THROUGH THE CHARGES LEVIED.

"WE MUST ALSO BE PREPARED TO USE FEES AND CHARGES FOR FISCAL PURPOSES WHERE THAT IS APPROPRIATE," HE SAID.

"BUT HAVING SAID THIS, WE SHALL CONTINUE TO TAKE CARE THAT GOVERNMENT SERVICES ARE NOT PRICED OUT OF THE REACH OF THE LESS WELL-OFF," SIR PIERS STRESSED.

CITING POLICY ON WATER CHARGES AS AN EXAMPLE, SIR PIERS SAID WATER IN HONG KONG WAS NOT A CHEAP COMMODITY TO PROVIDE.

SIR PIERS SAID HE BELIEVED THAT AS A CONSUMER USED MORE WATER, THUS REQUIRING THE DEVELOPMENT OF PROGRESSIVELY MORE COSTLY ADDITIONS TO THE SUPPLY SYSTEM, THE INCREASED COST OF THAT WATER SHOULD BE PASSED BACK TO HIM.

"OTHERWISE PEOPLE WHO ARE CAREFUL IN THEIR USE OF WATER WILL HAVE TO SUBSIDISE THE EXCESSES OF OTHERS. THIS IS WHY WE HAVE PROVIDED A FREE ALLOWANCE EQUIVALENT TO ABOUT SEVEN GALLONS A PERSON A DAY.

"IT WOULD NOT BE REASONABLE TO EXPECT AN INDIVIDUAL TO USE LESS THAN THIS AMOUNT FOR BASIC COOKING AND CLEANING; OR FOR THE CONSUMER TO EXPECT TO BE ALLOWED MORE WITHOUT CHARGE," HE EXPLAINED.

DOMESTIC CONSUMPTION IN EXCESS OF THIS FREE ALLOWANCE WAS SUBJECT TO A DIFFERENTIAL PRICING SYSTEM STRUCTURED TO ENCOURAGE CONSERVATION, HE ADDED.

SIR PIERS ALSO POINTED OUT THAT ALL MEMBERS OF THE COMMUNITY BENEFITTED, WHETHER DIRECTLY OR INDIRECTLY, FROM MAJOR GOVERNMENT INITIATIVES SUCH AS THE AIRPORT, TRANSPORT IMPROVEMENTS, WATER SUPPLY AND ENVIRONMENTAL PROTECTION.

"IN ENVIRONMENTAL PROTECTION, PARTICULARLY, I BELIEVE THAT IT IS OFTEN THE LESS WELL-OFF, THOSE WHO HAVE THE LEAST CHOICE OF WHERE THEY LIVE AND OF THE ENVIRONMENT THEY WORK IN, WHO STAND TO BENEFIT THE MOST," HE SAID.

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STEPS TO STREAMLINE APPROPRIATION BILL PROCEDURES  
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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) THAT STEPS WILL BE TAKEN TO STREAMLINE THE PROCEDURES FOR THE APPROPRIATION BILL.

NOTING THAT THERE WAS SOME CRITICISM THIS YEAR OF THE PROCEDURES IN THE LEGISLATIVE COUNCIL FOR CONSIDERING THE BUDGET, THE FINANCIAL SECRETARY SAID WHILE THERE WERE NO MAJOR CHANGES IN PROCEDURE FROM THAT ADOPTED IN PREVIOUS YEARS, THERE SEEMED TO BE A SENSE OF FRUSTRATION AND DISSATISFACTION THIS YEAR.

"I HAVE TO SAY THAT THE FEELING IS SHARED BY THE ADMINISTRATION. THE PROBLEM NEEDS TO BE ADDRESSED," HE SAID.

SIR PIERS POINTED OUT THAT THE ROOT OF THE PROBLEM APPEARED TO BE THE TIMETABLE FOR THE LEGISLATIVE PROCESSING OF THE BILL, WHICH HAD BEEN RELAXED OVER THE YEARS AND NOW SPANNED SOME TWO AND A HALF MONTHS.

"THIS IS NO GOOD. THE IMPACT OF THE BUDGET IS LOST AND THE DEBATE IS LESS FOCUSED," HE REMARKED.

/SIR PIERS .....

SIR PIERS SAID THE MATTER WAS DISCUSSED IN THE ADMINISTRATION AND THE GOVERNMENT HAD CONSULTED THE SENIOR MEMBER ON HOW THE PASSAGE OF THE BILL MIGHT BE STREAMLINED WHILE AFFORDING MEMBERS GENERALLY AN OPPORTUNITY TO PARTICIPATE IN DISCUSSIONS IN A MORE POSITIVE AND REWARDING WAY.

WITHOUT GOING INTO DETAIL AS TO WHAT HAD BEEN PROPOSED, SIR PIERS SAID A PRINCIPAL FEATURE WAS THAT ONE WEEK AFTER THE BUDGET SPEECH, FINANCE COMMITTEE WOULD MEET EACH POLICY SECRETARY IN TURN FOR A PRESENTATION ON POLICIES IN HIS OR HER PROGRAMME AREA AND ON THE ALLOCATION OF RESOURCES.

"SECRETARIES WOULD ALSO PROVIDE SUPPLEMENTARY INFORMATION, AS REQUIRED, ON THE WRITTEN REPLIES THEY HAD PREVIOUSLY GIVEN TO QUESTIONS RAISED BY MEMBERS," HE SAID.

HE ALSO POINTED OUT THAT THE TIMETABLE FOR COMPLETING THE PASSAGE OF THE APPROPRIATION BILL WOULD BE COMPRESSED, WITH THE VARIOUS STAGES-FINANCE COMMITTEE MEETINGS, THE SECOND, THIRD AND FOURTH BUDGET SITTINGS - TAKING PLACE AT WEEKLY INTERVALS.

"IN THAT WAY, THE 1991 BUDGET TIMETABLE MIGHT BEGIN ON FEBRUARY 25 WITH THE RELEASE OF BUDGET DOCUMENTS; BUDGET DAY WOULD BE ON MARCH 6 AND THE WHOLE PROCESS COMPLETED IN THE FIRST HALF OF APRIL.

"SUCH A COMPACT PROGRAMME WOULD, I AM SURE, GO FAR TO MEET MEMBERS' CONCERNS AND LEAD TO A CRISPER DISCUSSION ON THE BUDGET ITSELF."

HE NOTED THAT THERE WAS ALSO SOME MISUNDERSTANDING THIS YEAR ABOUT HIS DECISION TO ISSUE THE DRAFT ESTIMATES OF EXPENDITURE AHEAD OF BUDGET DAY WHILE DEFERRING THE RELEASE OF THE REVENUE ESTIMATES AND CONSOLIDATED SUMMARY UNTIL ONE WEEK AFTER HE SPOKE.

HE SAID THIS WAS DONE DELIBERATELY IN ORDER TO DISCOURAGE PRE-BUDGET SPECULATION.

"WHAT I PROPOSE FOR NEXT YEAR IS THAT EXPENDITURE ESTIMATES SHOULD BE ISSUED IN ADVANCE AGAIN, SO THAT MEMBERS MAY HAVE TIME TO PREPARE QUESTIONS.

"THE REVENUE ESTIMATES AND A CONSOLIDATED SUMMARY, ADJUSTED TO TAKE ACCOUNT OF THE REVENUE MEASURES, WOULD BE RELEASED IMMEDIATELY I FINISH MY BUDGET SPEECH. THUS, ON THE DAY OF THE BUDGET SPEECH, MEMBERS WILL HAVE THE LOT," SIR PIERS SAID.

## STEADY DEVELOPMENT AS FINANCIAL CENTRE

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THE STEADY DEVELOPMENT OF HONG KONG AS A FINANCIAL CENTRE HAS BEEN, AND CONTINUES TO BE, ONE OF THE MOST STRIKING CHARACTERISTICS OF OUR ECONOMY, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"IN SUM, HONG KONG AS A FINANCIAL CENTRE IS HIGHLY COMPETITIVE AND THRIVING," THE FINANCIAL SECRETARY SAID IN CONCLUDING THE BUDGET DEBATE.

IN RESPONSE TO AN ACCUSATION BY A MEMBER THAT THE GOVERNMENT WAS NOT MAKING ADEQUATE EFFORTS TO ENHANCE HONG KONG'S COMPETITIVENESS AS A FINANCIAL CENTRE, THE FINANCIAL SECRETARY SAID THE IMPLICATION WAS THAT HONG KONG, AS A FINANCIAL CENTRE, WAS GOING DOWN THE DRAIN.

"LET US LOOK AT SOME OF THE FACTS. THE FACT IS THAT MORE AND MORE FOREIGN FINANCIAL INSTITUTIONS ARE ESTABLISHING THEMSELVES IN HONG KONG," HE SAID.

"LAST YEAR, 11 BANK LICENCES WERE GRANTED, THE LARGEST INCREASE IN RECENT YEARS. MORE SECURITIES AND COMMODITIES DEALERS HAVE REGISTERED HERE.

"OUR FOREIGN EXCHANGE MARKET, WITHOUT ANY STIMULUS COMING FROM THE GOVERNMENT, CHALKED UP IN APRIL LAST YEAR AN AVERAGE DAILY TURNOVER WHICH IS THE SIXTH HIGHEST IN THE WORLD. AND HONG KONG REMAINS AN IMPORTANT LOAN SYNDICATION CENTRE, ARRANGING THE LION'S SHARE OF THE FINANCING DEALS OF THE REGION," HE SAID.

SIR PIERS SAID THE COMPETITIVENESS OF HONG KONG AS A FINANCIAL CENTRE OWED MUCH TO THE INGENUITY OF THOSE IN THE FINANCIAL SECTOR, WHO HAD BEEN QUICK TO RESPOND TO MARKET OPPORTUNITIES.

"THE GOVERNMENT ALSO HAS A ROLE TO PLAY. THIS IS TO ENSURE, WHERE NECESSARY THROUGH PROPER SYSTEMS OF REGULATION AND SUPERVISION, THE INTEGRITY OF OUR FINANCIAL MARKETS AND AN APPROPRIATE DEGREE OF PROTECTION TO INVESTORS. ONLY WHEN THESE ARE ACHIEVED CAN HONG KONG REMAIN COMPETITIVE IN THE LONG RUN," HE ADDED.

ON THE SECURITIES SIDE, A GREAT DEAL HAD BEEN DONE IN RECENT YEARS TO REVAMP OUR REGULATORY SYSTEM, TO BRING IT UP TO STANDARDS ACCEPTABLE TO INTERNATIONAL PLAYERS AND COMMENSURATE WITH HONG KONG'S STATUS AS A MAJOR FINANCIAL CENTRE, THE FINANCIAL SECRETARY SAID.

"WE ARE WORKING ON A NEW SETTLEMENTS SYSTEM, WHICH IS OF VITAL IMPORTANCE TO OUR FUTURE DEVELOPMENT, AND WE CONTINUE TO MOVE TOWARDS THE RIGHT BALANCE OF RESPONSIBILITY IN THE FIELD OF REGULATION," HE ADDED.

ON THE BANKING SIDE, NEW CAPITAL ADEQUACY REQUIREMENTS WERE INTRODUCED IN 1988 AND REVISED TO MEET INTERNATIONAL STANDARDS SET BY THE BASLE COMMITTEE AT THE END OF 1989, SIR PIERS NOTED.

"THE THREE-TIER SYSTEM HAS ALSO BEEN MODIFIED RECENTLY TO REPLACE LICENSED DEPOSIT TAKING COMPANIES AND REGISTERED DEPOSIT TAKING COMPANIES BY THE NEW CATEGORIES OF RESTRICTED LICENSED BANKS AND DEPOSIT TAKING COMPANIES.

"THIS FACILITATES FOREIGN BANKS WITH TOTAL ASSETS FALLING SHORT OF THE MINIMUM SIZE CRITERION FOR OBTAINING A BANKING LICENCE IN HONG KONG TO OPERATE HERE.

"IN VIEW OF THE GROWING INTERDEPENDENCE OF FINANCIAL MARKETS AROUND THE WORLD AND ACROSS DIFFERENT MARKETS, WE ARE NOW DEVOTING EFFORTS TO BUILDING UP A PROPER FRAMEWORK FOR CONSOLIDATED SUPERVISION," HE SAID.

ON THE MONETARY SIDE, REFORM MEASURES WERE INTRODUCED TO FACILITATE EFFECTIVE MONETARY MANAGEMENT UNDER THE LINKED EXCHANGE RATE SYSTEM, THE FINANCIAL SECRETARY SAID.

"THE ACCOUNTING ARRANGEMENT INTRODUCED IN 1988 HAS PROVED A USEFUL MECHANISM FOR PURSUING OUR MONETARY POLICY OBJECTIVE OF MAINTAINING EXCHANGE RATE STABILITY. THE EXCHANGE FUND BILLS PROGRAMME INTRODUCED RECENTLY WILL FURTHER GIVE US AN ADDITIONAL MONETARY POLICY INSTRUMENT FOR THIS PURPOSE.

"WE HAVE BEEN SUCCESSFUL IN MAINTAINING OVERALL A STABLE MONETARY ENVIRONMENT. THIS HAS UNDOUBTEDLY HELPED THE CONTINUED DEVELOPMENT OF HONG KONG AS A FINANCIAL CENTRE," HE SAID.

"THE REMOVAL OF DISINCENTIVES SO AS TO ENHANCE HONGKONG'S COMPETITIVENESS AS A FINANCIAL CENTRE HAS LONG BEEN OUR POLICY. BUT THERE IS AN IMPORTANT QUALIFICATION WHICH IS THAT IT MUST ALSO BE CLEARLY IN THE WIDER PUBLIC INTEREST FOR PARTICULAR DISINCENTIVES TO BE REMOVED," SIR PIERS POINTED OUT.

"EVERYBODY KNOWS THAT THE REMOVAL OF STAMP DUTY WOULD ENCOURAGE STOCK MARKET ACTIVITY, AT LEAST IN THE SHORT TERM. EVERYBODY KNOWS THAT THE REMOVAL OF PROFITS TAX ON INTEREST INCOME WOULD STIMULATE DEVELOPMENT OF THE CAPITAL MARKET IN HONG KONG. EVERYBODY KNOWS THAT TAX PAYERS WOULD BE RICHER IF THEY DID NOT HAVE TO PAY TAX," HE SAID.

"BUT THAT DOES NOT MEAN THAT WE SHOULD REMOVE THE VARIOUS FORMS OF TAX CONCERNED WITHOUT PROPER CONSIDERATION OF ALL THE IMPLICATIONS, INCLUDING THE COST OF DOING SO," HE ADDED.

THE FINANCIAL SECRETARY POINTED OUT THAT THE CONSEQUENCES OF INTRODUCING TAX CHANGES HAD TO BE FULLY EXPLORED, NOTING THAT THE COMPLEXITIES WHICH MIGHT ARISE WERE WELL ILLUSTRATED BY THE RECENT HISTORY OF THE TAXATION OF INTEREST.

"IN 1982, FOREIGN CURRENCY DEPOSITS PLACED WITH LICENSED BANKS AND DEPOSIT-TAKING COMPANIES WERE EXEMPTED FROM INTEREST TAX. THIS WAS AN EXCEPTION TO THE HONG KONG SOURCE PRINCIPLE.

"THIS LED, IN 1983, TO INTEREST TAX ON HONG KONG DOLLAR DEPOSITS WITH LICENSED BANKS AND DEPOSIT-TAKING COMPANIES BEING ABOLISHED AS WELL, BECAUSE THE DIFFERENT TREATMENT HAD WEAKENED THE HONG KONG DOLLAR," HE EXPLAINED.

"NOW THE FOCUS OF THE DEBATE HAS SHIFTED TO THE RATHER MORE NARROW AREA OF THE TAXATION OF INTEREST INCOME FROM CAPITAL MARKET INSTRUMENTS. SPECIFICALLY, THE QUESTION IS, WHY INTEREST INCOME FROM HONG KONG DOLLAR CAPITAL MARKET INSTRUMENTS SHOULD BE SUBJECT TO PROFITS TAX WHILE THAT FROM FOREIGN CURRENCY CAPITAL MARKET INSTRUMENTS, SOURCED AS THEY ARE OUTSIDE HONG KONG, IS NOT," HE SAID.

"THIS THEN IS THE BACKGROUND TO ONE TAXATION MATTER UPON WHICH IMMEDIATE ACTION, ACTION THIS DAY, IS NOW DEMANDED," HE ADDED.

THE FINANCIAL SECRETARY TOLD MEMBERS THAT IT HAD BEEN THE SUBJECT OF DETAILED DISCUSSIONS BETWEEN THE CAPITAL MARKETS ASSOCIATION AND THE ADMINISTRATION AND HE HAD PERSONALLY KEPT IN TOUCH WITH THE DISCUSSIONS.

"I AM QUITE PREPARED TO CONSIDER PROPOSALS WHICH WILL NOT LEAD TO ANY FURTHER DEPARTURE FROM THE UNDERLYING PRINCIPLES OF OUR TAX SYSTEM OR ANY UNACCEPTABLE EROSION TO ITS PRODUCTIVITY.

"WE RECOGNISE THE PROBLEM AND WILL CONTINUE WITH OUR WORK ON THIS ISSUE. THERE WILL BE FURTHER CONSULTATION WITH THOSE IN FINANCIAL MARKETS. BUT AS I HAVE ATTEMPTED TO DEMONSTRATE, CHANGING THE TAXATION OF INTEREST IS NOT AS EASY AS SOME WOULD THINK," SIR PIERS SAID.

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CONSIDERABLE TECHNOLOGY TRANSFER POTENTIAL  
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MANUFACTURERS WITH OVERSEAS INTERESTS ACCOUNT FOR NEARLY A QUARTER OF HONG KONG'S TOTAL DOMESTIC MANUFACTURED EXPORTS AND THEIR TECHNOLOGY TRANSFER POTENTIAL HAS PROVED TO BE CONSIDERABLE, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

CONCLUDING THE BUDGET DEBATE, SIR PIERS SAID HE AGREED THAT OVERSEAS INVESTMENT PLAYED AN IMPORTANT ROLE IN HONG KONG'S ECONOMY.

"EXPERIENCE HAS SHOWN THAT SPECIFIC TAX INCENTIVES ARE NOT THE OVERRIDING FACTOR IN ATTRACTING OVERSEAS INVESTMENTS, ALTHOUGH A SIMPLE AND PREDICTABLE TAX REGIME WITH LOW RATES IS NATURALLY OF GREAT IMPORTANCE," HE SAID.

"ACCORDING TO THE NINTH WORLD COMPETITIVENESS REPORT, PUBLISHED IN JULY 1989 BY THE WORLD ECONOMIC FORUM BASED IN GENEVA, HONG KONG MAINTAINED ITS TOP RANKING AMONGST THE NEWLY INDUSTRIALISED ECONOMIES AS AN ATTRACTIVE INVESTMENT LOCATION.

"THIS IS ALSO BORNE OUT BY THE GROWTH OF OVERSEAS MANUFACTURING INVESTMENTS, NOW AT AN ESTIMATED VALUE OF HK\$26 BILLION. THIS IS 24 PER CENT MORE THAN IN 1987 AND ALMOST DOUBLE THE LEVEL IN 1984," HE SAID.

NOTING THAT HONG KONG WAS THE SECOND MOST FAVOURED INVESTMENT DESTINATION IN ASIA FOR JAPANESE FIRMS, SIR PIERS SAID IN THE FISCAL YEAR 1988 ALONE, HONG KONG GAINED THE LARGEST SHARE OF JAPANESE INVESTMENT IN ASIA, ALMOST DOUBLE THAT FOR SINGAPORE, WHICH LAY IN SECOND PLACE.

"THIS REPRESENTED AN INCREASE OF 37PER CENT OVER THE FISCAL YEAR 1987, COMPARED WITH AN AVERAGE OF 21PER CENT FOR THE WHOLE OF ASIA," HE SAID.

"A NUMBER OF SIGNIFICANT INVESTMENTS IN MANUFACTURING INDUSTRIES FROM VARIOUS COUNTRY SOURCES CONTINUED TO MATERIALISE IN THE LATTER PART OF 1989 AND AFTERWARDS," HE ADDED.

THESE INCLUDED NINE JAPANESE INVESTMENTS, MAINLY IN ELECTRICAL, ELECTRONICS AND STEEL AND CONCRETE COMPOSITE PILES PRODUCTION SECTORS, WITH TOTAL INVESTMENT EXCEEDING HK\$240 MILLION, AND FOUR U.S. INVESTMENTS OF WHICH ONE INVOLVED AN INVESTMENT OF HK\$100 MILLION, THE FINANCIAL SECRETARY NOTED.

"WITH THE INCREASING GLOBALISATION OF BUSINESS ACTIVITY, LARGE MULTI-NATIONALS ARE LIKELY TO REMAIN DIVERSIFIED IN THE WORLD'S ECONOMIC 'TRIPOD' - NORTH AMERICA, EUROPE, AND THE ASIA-PACIFIC REGION, WHERE HONG KONG IS EXPECTED TO PLAY AN INCREASINGLY PIVOTAL ROLE BOTH AS A REGIONAL BUSINESS CENTRE AND THE GATEWAY TO CHINA," SIR PIERS SAID.

"HONG KONG'S EXTERNALLY ORIENTED ECONOMY, HOWEVER, WILL REMAIN VULNERABLE TO THE VICISSITUDES OF OUTSIDE WORLD. THERE IS LITTLE DOUBT THAT THE MANY CHALLENGES OF THE 1990'S WILL RENDER INWARD INVESTMENT EVEN MORE COMPETITIVE," HE ADDED.

"HISTORICALLY, HONG KONG WILL TRANSFORM ITSELF FROM A BRITISH TERRITORY TO A SPECIAL ADMINISTRATIVE REGION OF CHINA. INDUSTRIALLY, THE AGE OF TECHNOLOGY AND INFORMATION UNFOLDS AT A RAPID PACE. REGIONALLY, COMPETING DYNAMIC ECONOMIES ARE GROWING BY LEAPS AND BOUNDS.

"INTERNATIONALLY, THE WORLD ECONOMIC ORDER, MARKET FRONTIERS, EXPECTATIONS AND OPPORTUNITIES ARE SHIFTING WITH THE DEVELOPMENT OF THE SINGLE EUROPEAN MARKET AND EASTERN EUROPE, THE STRENGTHENING OF THE USA/CANADA ECONOMIC NEXUS, AND CLOSER ASIA-PACIFIC ECONOMIC COOPERATION."

THE FINANCIAL SECRETARY SAID TO STIMULATE FURTHER OUR INDUSTRIAL DEVELOPMENT, OUR INWARD INVESTMENT PROMOTION EFFORTS WERE GEARED TOWARDS THE ATTRACTION OF BENEFICIAL TECHNOLOGIES.

"A COMPUTERISED TARGETTING SYSTEM IS EXPECTED TO BE IN PLACE THIS YEAR INITIALLY COVERING NORTH AMERICA, LATER TO BE EXTENDED TO OTHER REGIONS,

"OUR ONE-STOP UNIT IN THE INDUSTRY DEPARTMENT IS NOW SUPPORTED WITH RESEARCH AND PRE-FEASIBILITY SERVICES DESIGNED TO MEET POTENTIAL INVESTOR'S INDIVIDUAL REQUIREMENTS. REGIONAL DIRECTORS ARE BEING PROVIDED TO COORDINATE OUR INVESTMENT PROMOTION ACTIVITIES OVERSEAS AND CULTIVATE READIER ACCESS TO TOP BUSINESS DECISION-MAKERS," HE ADDED.

"MOREOVER, HONG KONG'S FORTHCOMING INFRASTRUCTURAL PROJECTS ON AN INTERNATIONAL SCALE WILL ADD FURTHER DYNAMISM TO OUR ECONOMY AS A HIGHLY ATTRACTIVE INVESTMENT PROPOSITION IN THE REGION," THE FINANCIAL SECRETARY SAID.

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BUDGET FACES PROBLEMS CORRECTLY, JUDICIOUSLY

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THE BUDGET CORRECTLY AND JUDICIOUSLY FACES THE PROBLEMS THAT NOW CONFRONT US, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID TODAY (WEDNESDAY).

WINDING UP THE DEBATE ON THE APPROPRIATION BILL 1990, SIR PIERS SAID SOME MIGHT ARGUE FOR SLIGHTLY DIFFERENT MIXES OF FISCAL MEASURES, BUT THE BASIC STRATEGY OF THE BUDGET WAS CORRECT.

"NOTHING THAT I HAVE HEARD IN THIS DEBATE HAS CHANGED MY VIEW," HE ADDED.

SIR PIERS EXPLAINED WHY HE HAD SPOKEN AT SOME LENGTH IN THE RESUMED DEBATE.

"FIRST, I FELT IT NECESSARY TO LAY TO REST THE BELIEF THAT THE BUDGET WAS A SIMPLE BOOKKEEPING EXERCISE WHICH INVOLVED, TO QUOTE COMMENTS MADE BY SOME MEMBERS, 'NOTHING MORE THAN HOUSEKEEPING', OR 'TINKERING WITH TAX RATES'.

"AS I HAVE DEMONSTRATED, THERE IS MUCH MORE TO IT THAN THAT," HE SAID.

"SECONDLY, BECAUSE OF THE GENERAL TONE OF THE REMARKS MADE BY SOME MEMBERS, I THOUGHT IT ESSENTIAL TO SPEAK OF HONG KONG'S SUCCESS AND OF THE OPPORTUNITIES THAT UNDOUBTEDLY EXIST. THEY ARE SOMETIMES IGNORED," SIR PIERS SAID.

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WEDNESDAY, MAY 9, 1990

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CONCERN SHARED OVER POSSIBLE TRADE ACTION BY U.S.  
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THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID TODAY (WEDNESDAY) HE FULLY SHARED THE CONCERN OF SEVERAL LEGCO MEMBERS OVER THE POSSIBILITY OF THE UNITED STATES WITHDRAWING MOST FAVOURED NATION, OR MFN, TREATMENT FOR ITS IMPORTS FROM CHINA.

"ALTHOUGH THIS IS, STRICTLY SPEAKING, A MATTER BETWEEN THE U.S. AND CHINA, HONG KONG IS VERY MUCH AN INTERESTED PARTY.

"WE STAND TO SUFFER CONSIDERABLY IF THE THREATENED ACTION CAME TO PASS," HE SAID IN CONCLUDING THE SECOND READING DEBATE ON THE APPROPRIATION BILL 1990.

THE LOSS OF MFN STATUS WOULD MEAN THAT CHINESE GOODS WOULD FACE VERY MUCH HIGHER TARIFFS (IN SOME CASES MORE THAN 10 TIMES HIGHER) UPON ENTRY INTO THE U.S.

"HONG KONG'S RE-EXPORTS OF CHINESE GOODS TO THAT MARKET, WHICH WERE WORTH HK\$66 BILLION IN 1989, COULD BE REDUCED BY AS MUCH AS 50 PER CENT OVERNIGHT.

"CHINA'S DIRECT EXPORTS TO THE U.S., SOME OF WHICH ARE MANUFACTURED IN HONG KONG-OWNED FACTORIES, WOULD ALSO SUFFER GREATLY.

"THERE WOULD ALSO INEVITABLY BE SERIOUS KNOCK-ON EFFECTS ON OTHER SECTORS OF THE ECONOMY AND, ABOVE ALL, ON THE GENERAL LEVEL OF CONFIDENCE IN HONG KONG," HE SAID.

SIR PIERS SAID THE FULL IMPACT, HUMAN AS WELL AS ECONOMIC, WAS DIFFICULT TO QUANTIFY AND THE GOVERNMENT WAS TAKING THE THREAT VERY SERIOUSLY.

"WE ARE DOING ALL WE CAN TO DRAW THE ATTENTION OF KEY POLICY MAKERS AND LEGISLATORS IN THE U.S. TO HONG KONG'S CONCERNS.

"I UNDERSTAND THAT MEMBERS OF THIS COUNCIL, AS WELL AS THE MAIN TRADE AND INDUSTRIAL ORGANISATIONS IN HONG KONG, ARE ALSO MAKING REPRESENTATIONS.

"I TRUST THAT OUR FRIENDS IN AMERICA, AND THERE ARE MANY OF THEM, WILL NOT CHOOSE TO DO ANYTHING WHICH WOULD UNDOUBTEDLY HARM HONG KONG AND INVESTORS IN OUR ECONOMY, MANY OF WHOM ARE AMERICANS," HE SAID.

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ELECTRICITY VOLTAGE TO BE UPGRADED

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IT HAS BEEN DECIDED FOLLOWING CONSIDERATION BY THE EXECUTIVE COUNCIL THAT THE ELECTRICITY SUPPLY VOLTAGE IN HONG KONG SHOULD BE UPGRADED, THE SECRETARY FOR ECONOMIC SERVICES, THE HON ANSON CHAN, ANNOUNCED IN A STATEMENT TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MRS CHAN SAID ELECTRICITY VOLTAGE WOULD BE UPGRADED THROUGH A CAREFULLY PHASED PROGRAMME FROM THE CURRENT 200 VOLTS SINGLE-PHASE AND 346 VOLTS THREE-PHASE TO 220 VOLTS AND 380 VOLTS RESPECTIVELY.

THE PHASED PROGRAMME WOULD BE SPREAD OVER APPROXIMATELY SEVEN YEARS.

"THE GOVERNMENT HAS ALSO DECIDED THAT AN ADVISORY COMMITTEE, TO BE KNOWN AS THE SUPPLY VOLTAGE ADVISORY COMMITTEE, SHOULD BE SET UP TO PLAN AND OVERSEE THE IMPLEMENTATION OF THIS UPGRADING EXERCISE," SHE SAID.

MRS CHAN SAID THE UPGRADING'S LIKELY IMPACT ON THE PUBLIC HAD BEEN FULLY CONSIDERED IN A DETAILED EXAMINATION.

"ON THE WHOLE, WE ARE SATISFIED THAT THE UPGRADE WILL NOT ADVERSELY AFFECT THE OPERATION OF EXISTING EQUIPMENT AND APPLIANCES," SHE SAID.

THE SECRETARY FOR ECONOMIC SERVICES SAID THE UPGRADING DECISION FOLLOWED A SERIES OF CONSULTANCY STUDIES, PRACTICAL TESTS AND CONSULTATION WITH A WIDE CROSS-SECTION OF RELEVANT BODIES SUCH AS THE CONSUMER COUNCIL, INDUSTRIAL AND COMMERCIAL ORGANISATIONS AND THE ENGINEERING PROFESSION.

THE UPGRADING WOULD OFFER A NUMBER OF BENEFITS, SHE SAID.

IT WOULD PUT HONG KONG ON A SYSTEM CURRENTLY THE MOST COMMON IN THE WORLD AND THEREFORE OFFERED WIDER CONSUMER CHOICE.

AS A SUBSTANTIAL PROPORTION OF THE APPLIANCES AND EQUIPMENT WERE ALREADY RATED AT 220V AND WITH THE UPGRADE, THEIR PERFORMANCE WOULD BE ENHANCED AND THEIR LIFE SPAN EXTENDED.

ALSO, THE CAPACITY OF EXISTING LOW VOLTAGE SYSTEM OF POWER SUPPLY WOULD BE ENHANCED THROUGH THE UPGRADING OF VOLTAGE.

FOR INDUSTRY THE UPGRADING WOULD IMPROVE PLANT EFFICIENCY WHICH WAS LIKELY TO RESULT IN DEFERRAL OF CAPITAL EXPENDITURE.

MRS CHAN SAID THAT EQUIPMENT AND APPLIANCES WHICH WERE RATED AT 200V, IF PROPERLY MAINTAINED, COULD STILL BE SAFELY OPERATED BEFORE THEY WERE EVENTUALLY REPLACED.

"FURTHERMORE, WITH THE RECENT OVERHAUL OF THE ELECTRICITY LEGISLATION, WHICH WILL PROVIDE STRICTER STANDARDS ON WIRING WORKS AND THE PERFORMANCE OF ELECTRICAL CONTRACTORS AND WORKERS, THERE SHOULD BE ADEQUATE MEANS OF ENSURING SAFETY," SHE SAID.

AS TO THE QUESTION OF COST, MRS CHAN SAID IT WAS LIKELY THAT SOME OF THE EXISTING EQUIPMENT OR PARTS OF IT WOULD HAVE TO BE MODIFIED OR REPLACED TO MAKE IT COMPATIBLE WITH THE UPGRADED VOLTAGE.

NONETHELESS, THE GOVERNMENT HAD BEEN ADVISED BY THE POWER COMPANIES THAT THE UPGRADING WOULD NOT INVOLVE CAPITAL EXPENDITURE OF ANY MAGNITUDE THAT WOULD HAVE A KNOCK-ON EFFECT ON TARIFFS.

"CONSUMERS WILL BE GIVEN AMPLE NOTICE OF THE UPGRADE SO THAT ANY LIKELY INCREASE IN CAPITAL COSTS CAN AS FAR AS POSSIBLE BE ABSORBED INTO THE NORMAL REPLACEMENT PROGRAMME," SHE SAID.

"IN ANY EVENT, SUCH SHORT-TERM DISRUPTIONS SHOULD IN THE LONG RUN BE OFFSET BY SAVINGS ACHIEVED FROM ENHANCED EFFICIENCY AND EXTENDED LIFE SPAN OF THE EQUIPMENT AND APPLIANCES AFTER THE UPGRADE."

ON RECURRENT EXPENDITURE, THE SECRETARY FOR ECONOMIC SERVICES SAID CONSUMERS MIGHT INITIALLY EXPERIENCE SOME SMALL INCREASE IN POWER CONSUMPTION AFTER THE VOLTAGE UPGRADE.

"HOWEVER, THE EFFECT IS LIKELY TO BE MINIMAL AND LIMITED IN DURATION, PARTICULARLY HAVING REGARD TO THE FACT THAT ELECTRICITY CONSUMPTION ACCOUNTS FOR LESS THAN 1.8 PER CENT OF AVERAGE HOUSEHOLD EXPENDITURE AND FOR AN AVERAGE 1.2 PER CENT OF THE TOTAL OPERATING COSTS FOR OUR MANUFACTURING INDUSTRY," SHE SAID.

SAYING THAT A PHASED PROGRAMME WOULD BE ADOPTED, MRS CHAN SAID FOR THE INITIAL STAGE, THE UPGRADING WOULD APPLY TO INSTALLATIONS INSIDE GOVERNMENT BUILDINGS.

THIS WOULD BE FOLLOWED BY THOSE IN BUILDINGS OF THE HOUSING AUTHORITY IN STAGE II AND BY THOSE IN THE PRIVATE SECTOR IN STAGE III.

"THE WHOLE PROGRAMME WILL RELY CHIEFLY ON EDUCATION, PROMOTION AND PERSUASION.

"LEGISLATIVE REQUIREMENTS WILL BE KEPT TO A MINIMUM," SHE ADDED.

MRS CHAN POINTED OUT THAT AS CONSIDERABLE PREPARATORY WORK WAS NECESSARY TO ENSURE THAT THE UPGRADING EXERCISE PROCEEDED SMOOTHLY, THE GOVERNMENT PROPOSED TO ESTABLISH A HIGH-POWERED ADVISORY COMMITTEE TO ADVISE ON AND OVERSEE THE IMPLEMENTATION PROGRAMME.

THE COMMITTEE, TO BE KNOWN AS THE SUPPLY VOLTAGE ADVISORY COMMITTEE, WOULD BE APPOINTED BY THE FINANCIAL SECRETARY AND WOULD FORM THE FOCAL POINT OF LIAISON ON ALL MATTERS RELATING TO THE UPGRADING EXERCISE.

"IT WILL COLLECT AND DISSEMINATE THE NECESSARY INFORMATION AND CO-ORDINATE PUBLICITY EFFORTS FOR THE EXERCISE.

/"THE COMMITTEE .....

"THE COMMITTEE, HEADED BY A NON-OFFICIAL CHAIRMAN, WILL INCLUDE REPRESENTATIVES OF CONSUMERS, COMMERCIAL AND INDUSTRIAL ORGANISATIONS, THE SUPPLY COMPANIES, THE ENGINEERING PROFESSION, TERTIARY INSTITUTIONS, COMMUNITY GROUPS AND GOVERNMENT DEPARTMENTS CONCERNED," SHE SAID.

MRS CHAN CONCLUDED HER STATEMENT BY SAYING: "THE DECISION ANNOUNCED TODAY WILL AFFECT ALL OF US IN ONE WAY OR ANOTHER. THERE MAY BE SHORT-TERM INCONVENIENCES BUT IN THE LONGER TERM, BOTH THE COMMUNITY AND THE ECONOMY SHOULD STAND TO BENEFIT. I AM CONFIDENT THAT WITH THE COMMUNITY'S SUPPORT, THE PROGRAMME WILL BE IMPLEMENTED SMOOTHLY."

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CHANNEL FOR APPEALS AGAINST MUNICIPAL COUNCIL DECISIONS

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THE PURPOSE OF THE MUNICIPAL SERVICES APPEALS BOARDS BILL 1990 IS TO ESTABLISH APPEALS BOARDS TO DETERMINE APPEALS AGAINST DECISIONS MADE BY THE MUNICIPAL COUNCILS UNDER THE PUBLIC HEALTH AND MUNICIPAL SERVICES ORDINANCE, THE DUTIABLE COMMODITIES (LIQUOR) REGULATIONS AND THE PLACES OF PUBLIC ENTERTAINMENT ORDINANCE, THE CHIEF SECRETARY, THE HON SIR DAVID FORD, SAID TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL IN THE LEGISLATIVE COUNCIL, SIR DAVID SAID THE BILL PROVIDED FOR THE ESTABLISHMENT OF A CHANNEL THROUGH WHICH PERSONS WHO FELT AGGRIEVED BY DECISIONS MADE BY THE COUNCILS MIGHT SEEK REDRESS.

TO THIS END, THE BILL SOUGHT TO ESTABLISH THE URBAN SERVICES APPEALS BOARD AND THE REGIONAL SERVICES APPEALS BOARD, SIR DAVID SAID.

HE POINTED OUT THAT AT PRESENT, WHERE THERE WAS A RIGHT OF APPEAL AGAINST A MUNICIPAL COUNCIL DECISION, THE APPEAL LAY TO THE GOVERNOR IN COUNCIL.

"SUCH DECISIONS RELATE MAINLY TO LICENSING MATTERS," HE SAID.

SIR DAVID SAID THE BILL PROVIDED FOR THE BOARDS TO HAVE THE SAME CHAIRMAN, WHO WOULD BE APPOINTED BY THE GOVERNOR. ONE OR MORE VICE-CHAIRMEN MIGHT ALSO BE APPOINTED.

"THE CHAIRMAN AND ANY VICE-CHAIRMAN ARE TO BE LEGALLY QUALIFIED PERSONS ELIGIBLE FOR APPOINTMENT AS A DISTRICT COURT JUDGE AND MAY NOT BE MEMBERS OF THE URBAN OR REGIONAL COUNCIL.

"THERE WILL ALSO BE TWO OR MORE MEMBERS OF THE RELEVANT MUNICIPAL COUNCIL AND AN EQUAL NUMBER OF NON-COUNCIL MEMBERS.

/"THUS A .....

"THUS A QUORUM OF FIVE PERSONS, INCLUDING THE CHAIRMAN, WILL BE REQUIRED AND THE MAJORITY OF A BOARD WILL NOT BE MEMBERS OF A MUNICIPAL COUNCIL," SIR DAVID EXPLAINED.

"ANY MUNICIPAL COUNCIL MEMBER WHO DOES SIT ON A BOARD MUST NOT HAVE BEEN INVOLVED IN MAKING THE DECISIONS UNDER APPEAL," HE ADDED.

SIR DAVID POINTED OUT THAT WHILE IT WAS IMPORTANT THAT THE APPEALS BOARDS SHOULD ENJOY AN INDEPENDENT STATUS, IT WAS ALSO IMPORTANT THAT THE MUNICIPAL COUNCILS' AUTHORITY SHOULD NOT BE UNDERMINED.

"IT IS FOR THIS REASON THAT MEMBERS OF THE MUNICIPAL COUNCILS WILL SIT ON THE BOARD BUT THEY WILL NEVER BE IN THE MAJORITY."

SIR DAVID ADDED THAT IT WAS ALSO IMPORTANT THAT THE BOARDS SHOULD BE WELL VERSED IN MUNICIPAL COUNCIL POLICIES.

"THE BILL REQUIRES THE APPEALS BOARDS TO HAVE REGARD TO ANY MATERIAL STATEMENT OF POLICY MADE BY THE RELEVANT MUNICIPAL COUNCIL, PROVIDED THAT APPELLANTS COULD BE EXPECTED TO BE AWARE OF THE STATEMENT," HE SAID.

SIR DAVID SAID THE BILL REQUIRED HEARINGS TO BE CONDUCTED IN PUBLIC, EXCEPT IN SPECIAL CIRCUMSTANCES, AND THE BOARDS TO STATE IN WRITING THE REASONS FOR THEIR DECISIONS.

"IT ALSO PROVIDES FOR THE PARTIES TO THE APPEAL TO HAVE THE RIGHT TO ATTEND AND BE REPRESENTED AT BOARD HEARINGS.

"DECISIONS OF THE APPEALS BOARDS WILL BE FINAL, ALTHOUGH THERE WILL BE A RIGHT OF ACCESS TO THE COURTS TO SEEK JUDICIAL REVIEW.

"I BELIEVE THE MUNICIPAL SERVICES APPEALS BOARDS WILL PROVE TO BE FAIR AND INDEPENDENT BODIES WHICH WILL GAIN THE CONFIDENCE OF THE GENERAL PUBLIC AND THAT OF THE MUNICIPAL COUNCILS," THE CHIEF SECRETARY SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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INTELLECTUAL PROPERTY BILL INTRODUCED

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THE DIRECTOR OF INTELLECTUAL PROPERTY (ESTABLISHMENT) BILL 1990 WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL, THE FINANCIAL SECRETARY, THE HON SIR PIERS JACOBS, SAID IT PROVIDED FOR THE ESTABLISHMENT OF A DIRECTOR OF INTELLECTUAL PROPERTY TO REPLACE THE REGISTRAR GENERAL AS THE STATUTORY AUTHORITY FOR THE REGISTRATION OF PATENTS AND TRADE MARKS.

/THE BILL .....

THE BILL ALSO PROVIDED FOR THE APPOINTMENT OF OTHER OFFICERS, BOTH LEGAL AND PROFESSIONAL, TO STAFF A NEW INTELLECTUAL PROPERTY DEPARTMENT.

"THE INTELLECTUAL PROPERTY DEPARTMENT WOULD TAKE OVER THE TRADE MARKS AND PATENTS REGISTRY OF THE REGISTRAR GENERAL'S DEPARTMENT, AND WOULD IN DUE COURSE EXPAND TO ENCOMPASS PROTECTION OF OTHER INTELLECTUAL PROPERTY RIGHTS.

"SETTING UP THIS NEW DEPARTMENT WOULD DEMONSTRATE TO OUR TRADING PARTNERS HONG KONG GOVERNMENT'S COMMITMENT TO PROTECT INTELLECTUAL PROPERTY RIGHTS," SIR PIERS SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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BILL TO TIGHTEN UP ON LIGHT GOODS VEHICLE SAFETY

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THE SECRETARY FOR TRANSPORT, THE HON MICHAEL LEUNG, TODAY (WEDNESDAY) INTRODUCED INTO THE LEGISLATIVE COUNCIL A BILL REQUIRING LIGHT GOODS VEHICLES OVER SIX YEARS OLD TO BE EXAMINED ANNUALLY AT DESIGNATED CAR TESTING CENTRES BEFORE RE-LICENSING.

THIS MEASURE WAS ON THE SAME LINES AS THE EXISTING PRIVATE CAR INSPECTION SCHEME.

MOVING THE SECOND READING OF THE ROAD TRAFFIC (AMENDMENT) BILL 1990, MR LEUNG SAID LIGHT GOODS VEHICLES WERE OFTEN FOUND TO BE POORLY MAINTAINED, THEREBY INCREASING THE LIKELIHOOD OF TRAFFIC ACCIDENTS AND VEHICLE BREAKDOWNS, WHICH IN TURN CAUSED ROAD CONGESTION.

HE ADDED THAT THE HIGH ACCIDENT RATE OF LIGHT GOODS VEHICLES IN RECENT YEARS HAD BEEN A CAUSE OF PUBLIC CONCERN.

THE PROPOSED REQUIREMENT WAS TO ENSURE THE ROADWORTHINESS OF SUCH VEHICLES.

MR LEUNG SAID THAT, INITIALLY, ONLY LIGHT GOODS VEHICLES UNDER 1.9 TONNES WOULD BE EXAMINED.

THE INSPECTION OF LIGHT GOODS VEHICLES OVER 1.9 TONNES WOULD BE IMPLEMENTED AS SOON AS THE PRIVATE TESTING CENTRES HAD DEVELOPED THE NECESSARY CAPACITY TO MEET THE DEMAND.

MR LEUNG ADDED THAT AT PRESENT CANDIDATES FOR LIGHT GOODS VEHICLE DRIVING TESTS WERE ASKED TO PROVIDE TEST VEHICLES OF A SPECIFIC WEIGHT, LOAD, LENGTH AND DIMENSIONS TO TEST FULLY THEIR DRIVING SKILLS.

/HOWEVER, THERE .....

HOWEVER, THERE WAS NO LEGAL REQUIREMENT FOR THE VEHICLES USED IN THE TEST TO COMPLY WITH THESE REQUIREMENTS.

THIS WAS REMEDIED BY THE BILL WHICH EMPOWERED THE COMMISSIONER FOR TRANSPORT TO SPECIFY THE REQUIREMENTS FOR MOTOR VEHICLES USED FOR DRIVING TESTS.

DEBATE ON THE BILL WAS ADJOURNED.

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NEW CIVIL SERVICE MANAGEMENT REVIEW NOT NECESSARY

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THE CHIEF SECRETARY, THE HON SIR DAVID FORD, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY) HE DOES NOT BELIEVE THAT YET ANOTHER OVERALL MANAGEMENT OR ORGANISATIONAL STUDY OF THE CIVIL SERVICE IS NECESSARY AT PRESENT.

REPLYING TO A QUESTION FROM THE HON DAVID LI, THE CHIEF SECRETARY SAID THAT SINCE THE MCKINSEY REPORT THE GOVERNMENT HAD HAD THE 1988 HAY MANAGEMENT STUDY OF THE TOP STRUCTURE OF GOVERNMENT WHICH RESULTED IN THE REORGANISATION OF RESPONSIBILITIES AMONG SECRETARIAT POLICY BRANCHES.

IN ADDITION, THE GOVERNMENT DID USE CONSULTANTS TO ASSIST IT ON SPECIFIC ISSUES, AND A CURRENT EXAMPLE WAS THE REVIEW OF THE REGISTRAR GENERAL'S DEPARTMENT.

SIR DAVID POINTED OUT THAT CIVIL SERVICE WAGES WERE ONLY ONE OF THE CAUSES OF THE GROWTH IN THE GOVERNMENT'S RECURRENT EXPENDITURE.

OTHER MAJOR CAUSES WERE THE EXPANSION OF EXISTING SERVICES AND THE INTRODUCTION OF NEW SERVICES, MUCH OF WHICH DIRECTLY BENEFITTED THE PUBLIC, HE SAID.

"FOR EXAMPLE, IMPROVEMENTS TO SOCIAL SERVICES IN 1990-91 WILL COST AN ADDITIONAL \$72.6 MILLION, IMPROVEMENTS TO EDUCATION WILL COST AN ADDITIONAL \$21 MILLION, AND THE SETTING UP OF THE SPORTS DEVELOPMENT BOARD WILL COST \$35 MILLION," HE SAID.

SIR DAVID SAID PERSONAL EMOLUMENTS FOR THE CIVIL SERVICE AND SUBVENTED SECTORS HAD BEEN MAINTAINED ANNUALLY AT JUST ABOVE 60 PER CENT OF RECURRENT EXPENDITURE OVER THE PAST THREE YEARS.

OF THIS PROPORTION, THE CIVIL SERVICE ELEMENT HAD BEEN MAINTAINED AT AROUND 38-39 PER CENT PER YEAR OF TOTAL RECURRENT EXPENDITURE WITH THE REMAINDER BEING SPENT ON THE VOLUNTARY AGENCIES.

THE CHIEF SECRETARY ALSO POINTED OUT THAT UNLIKE THE PRIVATE SECTOR, CIVIL SERVICE PERFORMANCE COULD NOT BE MEASURED BY PROFITABILITY.

"THE NATURE OF PUBLIC SECTOR WORK MAKES IT IMPOSSIBLE TO DRAW AN ABSOLUTE CORRELATION BETWEEN CIVIL SERVICE PRODUCTIVITY AND COMPENSATION," HE SAID.

NEVERTHELESS, TARGETS AND OBJECTIVES WERE SET WITHIN PROGRAMME POLICY AREAS, AND PERFORMANCE INDICATORS HAD INCREASINGLY BEEN INCLUDED IN CONTROLLING OFFICERS' REPORTS IN THE ANNUAL ESTIMATES.

SIR DAVID SAID THE GOVERNMENT WAS ALSO MAKING STRENUOUS EFFORTS TO IMPROVE PRODUCTIVITY IN A NUMBER OF OTHER WAYS.

FOR EXAMPLE, THE MANAGEMENT SERVICES TEAMS WHICH HAD A STAFF OF OVER 100 WERE INVOLVED IN A SERIES OF TOP DOWN STUDIES WHICH REVIEWED DEPARTMENTS AS A WHOLE, THE DIRECTION THEY WERE TAKING AND THE ACTIVITIES THEY WERE INVOLVED IN.

SO FAR, 10 TOP DOWN STUDIES HAD BEEN COMPLETED IN THE PAST 18 MONTHS.

ANOTHER EXAMPLE CONCERNED THE ABOUT 30 VALUE FOR MONEY STUDIES THE GOVERNMENT WAS CURRENTLY CARRYING OUT.

MOREOVER, STRATEGIC REVIEWS OF THE INFORMATION TECHNOLOGY REQUIREMENTS OF FOUR MAJOR DEPARTMENTS WERE TAKING PLACE AND MORE WERE PLANNED.

"IN ADDITION WE HAVE INTRODUCED THE STAR CHAMBER AND THE RESOURCE ALLOCATION SYSTEM WHICH THE FINANCIAL SECRETARY WILL DESCRIBE IN HIS SPEECH LATER THIS AFTERNOON," SIR DAVID ADDED.

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GOVT TO REVIEW PORNOGRAPHY LAW SOON

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THE GOVERNMENT INTENDS TO UNDERTAKE A REVIEW SHORTLY ON THE CURRENT LEGISLATION ON CONTROLLING PORNOGRAPHY IN THE TERRITORY DESPITE A HIGH SUCCESS RATE IN PROSECUTIONS.

THIS WAS STATED BY THE ACTING SECRETARY FOR HOME AFFAIRS, THE HON ADOLF HSU, IN REPLY TO A QUESTION FROM THE HON MIRIAM LAU IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR HSU STRESSED THAT THE REVIEW WAS TO ASCERTAIN WHETHER THERE WERE ANY LOOPHOLES WHICH SHOULD BE PLUGGED, AND TO EXAMINE WHETHER THE LEGISLATION, IN BOTH LETTER AND SPIRIT, REFLECTED CURRENT ATTITUDES IN THE COMMUNITY.

MR HSU SAID THAT SINCE SEPTEMBER 1987 AND UP TO THE END OF FEBRUARY THIS YEAR, A TOTAL OF 515 CASES HAD BEEN PROSECUTED IN COURT, OF WHICH 453 CASES HAD BEEN CONVICTED, REPRESENTING A SUCCESS RATE OF 88 PER CENT.

/HE ADDED .....

HE ADDED THAT OVER THE PAST FIVE YEARS, A TOTAL OF 126,513 PORNOGRAPHIC PUBLICATIONS AND ARTICLES WERE SEIZED BY THE ENFORCEMENT DEPARTMENTS.

"SINCE THE CONTROL OF OBSCENE AND INDECENT ARTICLES ORDINANCE CAME INTO FORCE IN SEPTEMBER 1987, A TOTAL OF 2,140 ARTICLES HAVE BEEN SUBMITTED TO THE OBSCENE ARTICLES TRIBUNAL FOR CLASSIFICATION, OF WHICH 1,661 HAVE BEEN CLASSIFIED AS INDECENT AND 309 AS OBSCENE.

"IN ADDITION, THE TRIBUNAL HAS DEALT WITH 2,127 ARTICLES REFERRED TO IT BY THE COURT FOR DETERMINATION UNDER SECTION 29(1) OF THE ORDINANCE.

"THESE ARTICLES WERE SEIZED BY THE POLICE AND THE CUSTOMS AND EXCISE DEPARTMENT DURING ENFORCEMENT OPERATIONS. AMONG THEM, 81 HAVE BEEN CLASSIFIED AS INDECENT AND 2,039 AS OBSCENE," MR HSU SAID.

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IMMEDIATE STEPS TO STRENGTHEN SECURITY AT VBP CENTRES

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THE GOVERNMENT IS TAKING IMMEDIATE STEPS TO ENSURE THAT SECURITY ARRANGEMENTS AT ALL VIETNAMESE BOAT PEOPLE (VBP) CENTRES ARE STRENGTHENED, THE SECRETARY FOR SECURITY, THE HON ALISTAIR ASPREY, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION FROM THE HON KINGSLEY SIT, MR ASPREY SAID SECURITY WAS GOVERNMENT'S HIGHEST PRIORITY IN THE DESIGN AND OPERATION OF DETENTION CENTRES.

MR ASPREY SAID THE CORRECTIONAL SERVICES DEPARTMENT (CSD) AND THE POLICE WERE ABLE TO CONTAIN THE WHITEHEAD BREAKOUT ON APRIL 29 IN ACCORDANCE WITH THE ESTABLISHED CONTINGENCY PLAN.

"FIVE PEOPLE WERE APPREHENDED ALMOST IMMEDIATELY AND RETURNED TO THE CAMP. A FURTHER 39 WERE ARRESTED WITHIN 24 HOURS OF THE ESCAPE," HE SAID.

A POLICE SEARCH AT PILLAR POINT RESULTED IN THE ARREST OF TWO MORE, AND FURTHER SEARCHES WOULD BE MADE.

"I BELIEVE THAT AT PRESENT CSD AND THE POLICE ARE ABLE TO COPE WITH THEIR PRESENT RESPONSIBILITIES WITHOUT ASSISTANCE FROM THE MILITARY," MR ASPREY SAID.

HOWEVER, THE GOVERNMENT DID NOT RULE OUT A REQUEST FOR ASSISTANCE FROM BRITISH MILITARY UNITS, SHOULD THIS BE NECESSARY, HE ADDED.

ON THE PLANS TO DEVELOP TAI A CHAU, MR ASPREY SAID IT WAS GOVERNMENT'S POLICY TO LOCATE DETENTION CENTRES AWAY FROM THE MAIN CENTRES OF POPULATION WHEREVER POSSIBLE.

/"IF THE .....

"IF THE ARRIVAL RATE REMAINS LOW WE WILL, ONCE TAI A CHAU IS COMPLETED, BE ABLE TO CLOSE DOWN CAMPS SUCH AS ARGYLE WHICH ARE LOCATED IN THE URBAN AREA," HE SAID.

"I HOPE THAT WE SHALL ALSO BE ABLE TO REDUCE THE POPULATION AT WHITEHEAD."

MR ASPREY SAID HE HAD ANNOUNCED LAST WEEK MEASURES WHICH HE BELIEVED WOULD GO A LONG WAY TO PREVENT A REPEAT OF THE WHITEHEAD INCIDENT.

THESE MEASURES INCLUDED REVIEWING SECURITY AT ALL DETENTION CENTRES AND IMPLEMENTING, WHERE NECESSARY, ADDITIONAL MEASURES.

THE PROGRAMME OF SEARCHES AT ALL VIETNAMESE REFUGEE (VR) AND VBP CENTRES FOR WEAPONS AND ESCAPEES WOULD BE STEPPED UP.

"THOSE CAUGHT WILL BE PROSECUTED. IF THEY ARE FOUND TO HAVE WEAPONS THEY WILL FACE ADDITIONAL CHARGES," HE SAID.

IN ADDITION, THE CORRECTIONAL SERVICES DEPARTMENT WOULD MOUNT A MOBILE PERIMETER PATROL USING OFFICERS FROM THE TACTICAL RESPONSE UNIT.

THE POLICE WOULD PLACE A PLATOON OF POLICE TACTICAL UNIT (PTU) OFFICERS ON STANDBY CLOSE TO THE WHITEHEAD CENTRE, AND THE EXISTING FENCE AT THE CENTRE WOULD BE STRENGTHENED.

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APPROPRIATION BILL 1990 GIVEN SECOND READING

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THE APPROPRIATION BILL 1990 WAS GIVEN A SECOND READING IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THE BILL IS DUE TO COMPLETE ITS PASSAGE THROUGH THE COUNCIL NEXT WEDNESDAY.

IN OTHER BUSINESS, THREE BILLS WERE INTRODUCED FOR FIRST AND SECOND READINGS.

THEY WERE THE MUNICIPAL SERVICES APPEALS BOARDS BILL 1990, THE DIRECTOR OF INTELLECTUAL PROPERTY (ESTABLISHMENT) BILL 1990 AND THE ROAD TRAFFIC (AMENDMENT) BILL 1990.

DEBATES ON THESE BILLS WERE ADJOURNED.

IN ADDITION, THE SECRETARY FOR ECONOMIC SERVICES MADE A STATEMENT ON THE UPGRADING OF ELECTRICITY VOLTAGE.

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WEDNESDAY, MAY 9, 1990

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SELECTION OF AIRPORT MASTER PLAN CONSULTANT

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THE GOVERNMENT HAS COMPLETED ITS CONSIDERATION OF PROPOSALS MADE BY SEVEN CONSORTIA SHORTLISTED FOR THE CHEK LAP KOK AIRPORT MASTER PLAN CONSULTANCY.

A SPOKESMAN SAID TODAY (WEDNESDAY) THAT NEGOTIATIONS WILL START SOON WITH A VIEW TO AWARDING THE CONSULTANCY TO GREINER AIRPORT CONSORTIUM. THIS IS A JOINT VENTURE BETWEEN THE AMERICAN FIRM GREINER INC AND THE LOCALLY-BASED BRITISH ENGINEERING FIRM OF MAUNSELL CONSULTANTS ASIA LTD.

THE VERY HIGH QUALITY OF THE PROPOSALS MADE BY ALL SEVEN SHORTLISTED CONSORTIA HAD MADE THE SELECTION A PARTICULARLY DIFFICULT TASK, THE SPOKESMAN SAID. THE DECISION WAS TAKEN BY A SPECIAL PANEL MADE UP OF FIVE BRANCH SECRETARIES, THE SECRETARIES FOR TREASURY, WORKS, ECONOMIC SERVICES, TRANSPORT AND PLANNING, ENVIRONMENT AND LANDS.

THE CONSULTANCY INVOLVES IN ADDITION TO DRAWING UP A MASTER PLAN FOR THE AIRPORT, CIVIL ENGINEERING DESIGN WORK AND THE UNDERTAKING OF AN ASSOCIATED ENVIRONMENTAL IMPACT ASSESSMENT.

THE COMBINED TEAM OF GREINER AND MAUNSELL HAS HAD EXTENSIVE EXPERIENCE IN AIRPORT MASTER PLANNING AND OF A WIDE RANGE OF ENGINEERING PROJECTS IN HONG KONG ON BEHALF OF THE GOVERNMENT.

IT IS INTENDED THAT THE CONSULTANTS WILL FORMALLY START WORK IN JULY FOR A 16-MONTH PERIOD.

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CONSULTATION PERIOD ON BILL OF RIGHTS EXTENDED

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THE GOVERNMENT ANNOUNCED TODAY (WEDNESDAY) THAT THE CONSULTATION PERIOD FOR THE DRAFT HONG KONG BILL OF RIGHTS WOULD BE EXTENDED BY THREE WEEKS TO JUNE 6, 1990.

"THE DECISION IS MADE MAINLY IN RESPONSE TO A REQUEST FROM THE LEGISLATIVE COUNCIL AD HOC GROUP ON THE BILL OF RIGHTS, WHICH HAS BEEN STUDYING THE BILL AS WELL AS RECEIVING REPRESENTATIONS FROM MEMBERS OF THE PUBLIC FOR SOME TIME," A GOVERNMENT SPOKESMAN SAID.

"THE AD HOC GROUP HAS INDICATED THAT IT WOULD NEED MORE TIME TO STUDY THE ISSUES BEFORE IT IS IN A POSITION TO TENDER ITS CONSIDERED VIEWS TO THE GOVERNMENT.

/"SUGGESTIONS TO .....

"SUGGESTIONS TO EXTEND THE CONSULTATION PERIOD HAVE ALSO BEEN MADE BY A NUMBER OF DISTRICT BOARD MEMBERS DURING THEIR MEETINGS WITH GOVERNMENT OFFICIALS ON THE BILL OF RIGHTS," THE SPOKESMAN SAID.

"IT IS STILL THE GOVERNMENT'S INTENTION TO INTRODUCE THE BILL INTO THE LEGISLATIVE COUNCIL BEFORE THE CURRENT SESSION OF THE COUNCIL ENDS IN JULY," HE ADDED.

UP TO YESTERDAY (TUESDAY), THE GOVERNMENT HAD RECEIVED 16 WRITTEN SUBMISSIONS ON THE BILL OF RIGHTS. SO FAR, 14 DISTRICT BOARDS AND THE HEUNG YEE KUK HAVE DISCUSSED THE BILL.

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CONSUMERS TO BENEFIT FROM ELECTRICITY SUPPLY VOLTAGE UPGRADING  
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CONSUMERS CAN ENJOY A HIGHER QUALITY OF LIFE FOLLOWING A VOLTAGE UPGRADING EXERCISE, WHEN A GREATER SELECTION OF APPLIANCES AND EQUIPMENTS WILL BE AVAILABLE.

THE EXECUTIVE COUNCIL HAS APPROVED A PROPOSAL TO UPGRADE THE ELECTRICITY SUPPLY VOLTAGE IN HONG KONG IN THREE STAGES WITHIN SEVEN YEARS.

UNDER THE UPGRADING EXERCISE, THE VOLTAGE OF ELECTRICITY WILL BE UPGRADED FROM 200 VOLTS SINGLE-PHASE AND 346 VOLTS THREE-PHASE TO A CORRESPONDING 220 AND 380 VOLTS.

ANNOUNCING DETAILS OF THE EXERCISE AT A PRESS CONFERENCE TODAY (WEDNESDAY), THE ACTING DIRECTOR OF ELECTRICAL AND MECHANICAL SERVICES, MR KWOK PING-KI, SAID ACCORDING TO A TECHNICAL CONSULTANT COMMISSIONED BY THE GOVERNMENT, THE LONG-TERM EFFECT OF VOLTAGE UPGRADING WOULD BE POSITIVE FOR RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CONSUMERS, ALTHOUGH THERE MIGHT BE SOME MINOR, NEAR TERM DISRUPTIONS.

"CONSUMERS WILL BE BENEFITTED FROM THE EXERCISE AS ELECTRICAL APPLIANCES AND EQUIPMENTS RATED AT 200/380 VOLTS WILL RUN MORE EFFICIENTLY AND HAVE INCREASED LIFE SPAN," MR KWOK SAID.

"IN TERMS OF OUR MANUFACTURING TRADE, AN UPGRADE WILL ENHANCE THE EXPORT POTENTIAL FOR LOCAL ELECTRICAL PRODUCTS TO THOSE COUNTRIES ALREADY ADOPTING THE UPGRADED VOLTAGE SYSTEM.

"THE USE OF CAPITAL EXPENDITURE FOR THE EXPANSION OF ELECTRICAL CAPACITY WILL ALSO BE DEFERRED RESULTING FROM IMPROVEMENT OF INDUSTRIAL PLANT EFFICIENCY," HE ADDED.

THE UPGRADING EXERCISE WILL ENHANCE AS WELL THE CAPACITY IN EXISTING ELECTRICAL SUPPLY SYSTEMS AS A RESULT OF IMPROVED EFFICIENCY OF DISTRIBUTION EQUIPMENT AND BETTER PERFORMANCE IN THE DISTRIBUTION SYSTEM.

THE IMPLEMENTATION OF THE VOLTAGE UPGRADING, TO BE CARRIED OUT IN THREE PHASES, WILL COVER ALL NEW INSTALLATIONS PROVIDED WITH DEDICATED TRANSFORMERS AND EXISTING INSTALLATIONS INSIDE GOVERNMENT BUILDINGS IN THE FIRST PHASE.

WORK ON THIS PHASE WOULD BE COMPLETED WITHIN ABOUT ONE TO ONE AND A HALF YEARS.

PHASE II, WHICH IS ESTIMATED TO TAKE ABOUT TWO YEARS TO COMPLETE, WILL COVER EXISTING INSTALLATIONS IN BUILDINGS UNDER THE HOUSING AUTHORITY.

WORK ON THE REMAINING INSTALLATIONS IN PRIVATE SECTOR BUILDINGS WILL BE COVERED IN PHASE III, WHICH WOULD TAKE ABOUT THREE YEARS TO COMPLETE.

MR KWOK SAID AN ADVISORY COMMITTEE, THE SUPPLY VOLTAGE ADVISORY COMMITTEE, TO BE APPOINTED BY THE FINANCIAL SECRETARY, WOULD BE SET UP TO MONITOR AND ADVISE ON THE IMPLEMENTATION OF THE UPGRADING EXERCISE.

THE MEMBERSHIP OF THE COMMITTEE WOULD INCLUDE REPRESENTATIVES OF CONSUMERS, COMMERCIAL AND INDUSTRIAL ORGANISATIONS, THE SUPPLY COMPANIES, TERTIARY INSTITUTIONS, COMMUNITY GROUPS AND GOVERNMENT DEPARTMENTS CONCERNED, HE SAID.

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WORK OF ASSN FOR MENTALLY HANDICAPPED PRAISED

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LADY WILSON TODAY (WEDNESDAY) SAID THE HONG KONG ASSOCIATION FOR THE MENTALLY HANDICAPPED IS WELL ON THE WAY TOWARDS A COMPREHENSIVE SERVICE FOR PEOPLE WITH MENTAL HANDICAP, WITH GREATER TRAINING AND GREATER OPPORTUNITIES FOR THEM, AND THEREFORE FOR THEIR FAMILIES.

SPEAKING AT THE 25TH ANNIVERSARY CARNIVAL OF THE ASSOCIATION AT PINEHILL VILLAGE IN TAI PO, LADY WILSON NOTED THAT THE ASSOCIATION WAS OFFICIALLY OPENED IN 1965 AS A SCHOOL WITH 12 CHILDREN.

"IT NOW HAS 12 SCHOOLS, A PRE-SCHOOL CENTRE, AN ADVANCED TRAINING CENTRE, A SHELTERED WORKSHOP AND A CLUB FOR ADULTS," SHE SAID.

/NOTING THAT .....

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NOTING THAT STAFF OF THE ASSOCIATION HAD DEDICATED A LOT OF TIME AND CARE TO THE STUDENTS, LADY WILSON SAID THIS WAS PARTLY DUE TO THE SPIRIT OF CARE AND CONCERN WITH WHICH THE ASSOCIATION BEGAN.

LADY WILSON WAS HAPPY TO LEARN THAT THE ASSOCIATION HAD CONTINUED TO GROW WHILE RETAINING THAT SPIRIT OF CARE AND CONCERN.

SHE WAS ALSO GLAD TO SEE THAT THE ANNIVERSARY CELEBRATION WAS GOING TO BE A CARNIVAL OF FUN FOR THE STUDENTS AND TRAINEES OF THE MANY SCHOOLS AND CENTRES OF THE ASSOCIATION.

"THIS ASSOCIATION WAS BUILT UP WITH THE IDEA THAT WHAT IS RIGHT FOR THE CHILD MUST BE RIGHT FOR THE ASSOCIATION.

"IT IS THEREFORE SO NICE THAT THE STUDENTS ARE ALL INCLUDED IN THIS HAPPY OCCASION," SHE SAID.

WHILE PAYING TRIBUTE TO THE ASSOCIATION'S MANAGEMENT AND STAFF, LADY WILSON ADDED THAT THERE WERE STILL THINGS TO WORK AT, AIM AT, AND PLAN.

"THERE ALWAYS ARE, AND ALWAYS SHOULD BE - BUT TODAY, WE CAN, FOR A MOMENT, LOOK BACK, AND GIVE THANKS FOR WHAT HAS HAPPENED, AND FOR ALL OF THOSE WHO HAVE CONTRIBUTED TO IT HAPPENING," SHE SAID.

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## GOVT FLEET INCREASES AVAILABILITY

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THE AVAILABILITY FOR DEPLOYMENT OF THE GOVERNMENT FLEET HAS INCREASED FROM 68 PER CENT TO 75 PER CENT OVER THE PAST YEAR, THE DIRECTOR OF MARINE, MR MICHAEL C.C. SZE, SAID TODAY (WEDNESDAY).

"IN PARTICULAR, THE AVAILABILITY OF THE POLICE FLEET HAS INCREASED FROM 60 PER CENT TO 75 PER CENT. THIS MEANS THAT, WITH THE SAME NUMBER OF BOATS, THE MARINE POLICE CAN NOW HAVE 25 PER CENT MORE IN SERVICE THAN THEY HAD A YEAR AGO.

"GIVEN THE HIGH UTILISATION OF POLICE BOATS, ABOUT 4,000 RUNNING HOURS A YEAR, COMPARED WITH A WORLDWIDE AVERAGE OF ABOUT 1,000 HOURS A YEAR FOR SIMILAR CRAFT, THIS PERFORMANCE IS PARTICULARLY CREDITABLE," MR SZE TOLD A MEETING OF THE INSTITUTE OF CHARTERED SHIPBROKERS.

"WE ARE, HOWEVER, PLANNING TO MAKE FURTHER IMPROVEMENTS BY EXTENDING OUR USE OF TERM CONTRACTS WITH PRIVATE SHIPYARDS, IMPROVING THE QUALITY AND TIMELINESS OF WORK UNDERTAKEN BY THE CONTRACTORS IN THE GOVERNMENT DOCKYARD AND BY INTRODUCING COMPUTERISED MAINTENANCE AND SPARE PARTS PLANNING."

/THE GOVERNMENT .....

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THE GOVERNMENT FLEET COMPRISES ALMOST 500 VESSELS, INCLUDING MORE THAN 300 MECHANISED VESSELS WHICH RANGE IN SIZE FROM THE LARGE SUCH AS THE FIRE BOAT ALEXANDER GRANTHAM AND THE TWO NEW POLICE COMMAND LAUNCHES, TO THE SMALL SUCH AS THE INFLATABLE BOATS USED BY THE POLICE AND THE TWO MUNICIPAL COUNCILS.

THE VESSELS IN THE FLEET PROVIDE MANY SERVICES NOTABLY LAW ENFORCEMENT AND REGULATORY PATROLS OF HONG KONG WATERS BY THE POLICE, CUSTOMS AND EXCISE AND THE MARINE DEPARTMENT, AND SPECIALIST VESSELS SUCH AS FLOATING CLINICS, FLOATING REFUSE COLLECTORS AND FIRE BOATS.

APART FROM MAINTENANCE, THE MARINE DEPARTMENT IS ALSO RESPONSIBLE FOR PROCURING AND PROVIDING CREWS FOR MORE THAN 70 VESSELS OPERATED BY THE MARINE, IMMIGRATION AND CORRECTIONAL SERVICES DEPARTMENTS, THE DEPARTMENT OF HEALTH AND PORT WORKS.

MR SZE SAID THE GOVERNMENT DOCKYARD AT CANTON ROAD WAS LIKELY TO BE RECLAIMED TO MAKE WAY FOR A TRANSPORT INTERCHANGE SERVING THE AIRPORT AT CHEK LAP KOK ABOUT FIVE YEARS FROM NOW, YET FACILITIES AT THE EXISTING DOCKYARD WOULD STILL NEED TO BE IMPROVED AND THEY WOULD BE TRANSPORTABLE TO THE NEW SITE ON STONECUTTERS' ISLAND.

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TRAFFIC IMPROVEMENT SCHEMES ON DB COMMITTEE AGENDA  
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MEMBERS OF THE SHAM SHUI PO DISTRICT BOARD'S TRAFFIC AND TRANSPORT COMMITTEE WILL COMMENT ON THREE PROPOSED TRAFFIC IMPROVEMENT SCHEMES FOR THE DISTRICT AT THE COMMITTEE'S MEETING TOMORROW (THURSDAY).

THESE SCHEMES WERE RECOMMENDED BY THE NORTHWEST KOWLOON TRAFFIC STUDY.

ONE OF THE SCHEMES WHICH WILL BE CARRIED OUT IN YEN CHOW STREET, SEEKS TO IMPROVE TRAFFIC FLOW AND DISSUADE PEDESTRIAN JAY WALKING.

THE SECOND SCHEME IN THE CHEUNG SHA WAN INDUSTRIAL AREA WILL IMPROVE THE LOCAL TRAFFIC CIRCULATION NETWORK AND ALLEVIATE CONGESTION AT OVERLOADED JUNCTIONS.

THE THIRD SCHEME FOR THE LAI CHI KOK AREA SEEKS TO EASE CONGESTION AND IMPROVE PUBLIC TRANSPORT OPERATIONS AT THE MEI FOO INTERCHANGE.

/MEMBERS WILL .....

MEMBERS WILL ALSO DISCUSS THE INSTALLATION OF PARKING METERS IN THE NAM CHEONG WEST AREA.

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NOTE TO EDITORS:

MEDIA REPRESENTATIVES ARE INVITED TO COVER THE SHAM SHUI PO DISTRICT BOARD'S TRAFFIC AND TRANSPORT COMMITTEE MEETING TOMORROW (THURSDAY) AT THE SHEK KIP MEI COMMUNITY HALL, BLOCK 42, SHEK KIP MEI ESTATE, NAM CHEONG STREET. THE MEETING WILL BEGIN AT 2 PM.

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DB WORKING GROUP TO STUDY FISH CULTURE  
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THE TAI PO DISTRICT BOARD'S WORKING GROUP ON AGRICULTURE AND FISHERIES WILL STUDY THE MARICULTURE IN OPEN SEAS SCHEME INTRODUCED BY THE AGRICULTURE AND FISHERIES DEPARTMENT AT A MEETING ON FRIDAY (MAY 11).

MEMBERS WILL ALSO EXPLORE WAYS TO IMPROVE THE FACILITIES OF FISH CULTURE ZONES IN THE DISTRICT.

OTHER AGENDA ITEMS INCLUDE THE DESIGNATION OF A NEW FISH CULTURE ZONE IN TAI PO AND THE EXPANSION OF THE SHAM WAN FISH CULTURE ZONE.

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NOTE TO EDITORS:

MEDIA REPRESENTATIVES ARE INVITED TO COVER THE MEETING OF THE TAI PO DISTRICT BOARD'S WORKING GROUP ON AGRICULTURE AND FISHERIES TO BE HELD ON FRIDAY (MAY 11) IN THE DB CONFERENCE ROOM ON THE THIRD FLOOR OF TAI PO COMMERCIAL CENTRE, 152 KWONG FUK ROAD, TAI PO.

THE MEETING WILL BEGIN AT 9.30 AM.

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GOVERNMENT LAND TO LET BY TENDER  
\* \* \* \* \*

TENDERS ARE BEING INVITED BY THE BUILDINGS AND LANDS DEPARTMENT FOR THE SHORT-TERM TENANCY OF A 15,300-SQUARE-METRE SITE IN AREA 21, TSING YI ISLAND, FOR STORAGE OF CONTAINERS AND STUFFING AND DESTUFFING OF CONTAINERS.

THE TENANCY IS RENEWABLE QUARTERLY AFTER AN INITIAL LEASE PERIOD OF TWO YEARS.

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

THE DEADLINE FOR SUBMITTING TENDERS IS NOON ON MAY 25.

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CONTRA-FLOW TRAFFIC SCHEME FOR ISLAND EASTERN CORRIDOR  
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THE TRANSPORT DEPARTMENT ANNOUNCES TODAY (WEDNESDAY) THAT A CONTRA-FLOW TRAFFIC MANAGEMENT SCHEME WILL BE IMPLEMENTED ON A SECTION OF THE ISLAND EASTERN CORRIDOR FROM FRIDAY (MAY 11) TO FACILITATE RESURFACING WORK WHICH WILL TAKE ABOUT THREE WEEKS TO COMPLETE.

THE AFFECTED AREA WILL INCLUDE A 700-METRE-LONG SECTION OF THE ISLAND EASTERN CORRIDOR FRONTING NORTH POINT ESTATE BETWEEN TONG SHUI ROAD AND MAN HONG STREET.

A SPOKESMAN FOR THE DEPARTMENT EXPLAINED THAT TWO OF THE SIX TRAFFIC LANES ON THE CORRIDOR WILL BE TAKEN UP BY RESURFACING WORKS WHILE THE REMAINING FOUR LANES WILL BE OPENED TO TRAFFIC.

UNDER THE CONTRA-FLOW SCHEME, TWO-LANE TRAFFIC FLOW IN EACH DIRECTION WILL BE MAINTAINED AT ALL TIME DURING THE WORKS PERIOD.

THE CONTRA-FLOW LANE IS MADE AVAILABLE BY OPENING UP THE GAPS IN THE CENTRAL DIVIDER AND REVERSING THE DIRECTION OF THE FAST LANE OF THE OPPOSITE TRAFFIC.

THE SPOKESMAN EMPHASISED THAT ALL VEHICLES EXCEEDING 5.5 TONNES WILL BE RESTRICTED TO USE THE LEFT SIDE LANE ONLY.

THE SPOKESMAN ADDED THAT PROPER TRAFFIC SIGNS, GUARDING AND LIGHTING WILL BE PLACED AT APPROPRIATE LOCATIONS TO ASSIST MOTORISTS.

IT IS EXPECTED THAT THE RESURFACING WORK WILL BE FULLY COMPLETED BEFORE THE END OF THIS MONTH DURING WHICH THE CONTRA-FLOW SCHEME WILL BE IMPLEMENTED FROM MAY 11 TO 19 FOR WESTBOUND TRAFFIC, AND FROM MAY 20 TO 29 FOR EASTBOUND TRAFFIC.

WEDNESDAY, MAY 9, 1990

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TRAFFIC ARRANGEMENTS ON ISLAND EASTERN CORRIDOR

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THE TRANSPORT DEPARTMENT ANNOUNCES THAT FROM 9 AM ON FRIDAY (MAY 11), THE FOLLOWING LANES ON THE ISLAND EASTERN CORRIDOR WILL BE DESIGNATED A BAN ZONE FOR VEHICLES WITH GROSS VEHICLE WEIGHT OVER 5.5 TONNES FOR 20 DAYS TO FACILITATE NOISE REDUCING HIGHWAY RESURFACING WORKS:

- \* THE OUTERMOST LANE OF THE WESTBOUND CARRIAGEWAY FROM A POINT OF ABOUT 50 METRES EAST OF THE JUNCTION WITH ITS SLIP-ROAD LEADING TO MAN HONG STREET TO A POINT OF ABOUT 50 METRES WEST OF THE JUNCTION WITH ITS SLIP-ROAD LEADING FROM TONG SHUI ROAD; AND
- \* THE OUTERMOST LANE OF THE EASTBOUND CARRIAGEWAY FROM A POINT OF ABOUT 100 METRES WEST OF THE JUNCTION WITH ITS SLIP-ROAD LEADING TO TONG SHUI ROAD TO A POINT OF ABOUT 40 METRES EAST OF THE JUNCTION WITH ITS SLIP-ROAD LEADING FROM MAN HONG STREET.

ALL VEHICLES WITH GROSS VEHICLE WEIGHT OVER 5.5 TONNES, EXCEPT THOSE WITH PERMITS ISSUED BY THE COMMISSIONER FOR TRANSPORT, WILL BE PROHIBITED FROM ENTERING THE ABOVE BAN ZONE 24 HOURS DAILY.

IN ADDITION, THE NORTH POINT SECTION OF THE ISLAND EASTERN CORRIDOR BETWEEN THE SLIP-ROAD TO MAN HONG STREET AND THE SLIP-ROAD TO TONG SHUI ROAD WILL BE REDUCED TO TWO LANES IN BOTH DIRECTIONS FOR ABOUT 20 DAYS TO FACILITATE NOISE REDUCING HIGHWAY RESURFACING WORKS.

AT THE SAME TIME, THOSE VEHICLES WITH A GROSS VEHICLE WEIGHT OVER 5.5 TONNES WILL BE PROHIBITED FROM USING THE OUTER LANE OF THE ROAD SECTION IN BOTH DIRECTIONS.

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VEHICLE WEIGHT LIMIT IN CENTRAL

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THE TRANSPORT DEPARTMENT ANNOUNCES THAT FROM 10 AM ON FRIDAY (MAY 11), THE FOLLOWING SECTIONS OF ROADS IN CENTRAL DISTRICT WILL BE DESIGNATED BAN ZONES FOR VEHICLES WITH A GROSS VEHICLE WEIGHT OVER 5.5 TONNES:

- \* GLENEALY;
- \* THE SECTION OF WYNDHAM STREET BETWEEN D'AGUILAR STREET AND QUEEN'S ROAD CENTRAL; AND
- \* THE SECTION OF OLD BAILEY STREET BETWEEN STAUNTON STREET AND HOLLYWOOD ROAD.

/ALL VEHICLES .....

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ALL VEHICLES WITH A GROSS VEHICLE WEIGHT OVER 5.5 TONNES, EXCEPT THOSE WITH PERMITS ISSUED BY THE COMMISSIONER FOR TRANSPORT, WILL BE PROHIBITED FROM ENTERING THE BAN ZONES 24 HOURS DAILY.

AT THE SAME TIME, THE EXISTING WEIGHT LIMIT ON THESE SECTIONS OF ROADS FOR ALL VEHICLES WITH A GROSS VEHICLE WEIGHT OVER 3.0 OR 2.5 TONNES WILL BE CANCELLED.

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TEMPORARY ROAD CLOSURE IN TUEN MUN

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THE TRANSPORT DEPARTMENT ANNOUNCES THAT TO FACILITATE THE DISMANTLING OF ROAD CROSSING STEEL BEAM FALSEWORK, THE SOUTHBOUND CARRIAGEWAY OF CASTLE PEAK ROAD (SAN HUI) OUTSIDE TUEN MUN HOSPITAL WILL BE CLOSED FROM 1.30 AM TO 5.30 AM ON FRIDAY (MAY 11).

DURING THE CLOSURE, TRAFFIC ON SOUTHBOUND CASTLE PEAK ROAD (SAN HUI) HEADING TOWARDS KOWLOON WILL BE DIVERTED TO ROAD D9, TUEN HING ROAD AND TUEN MUN ROAD.

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TRAFFIC ARRANGEMENT IN STANLEY

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THE TRANSPORT DEPARTMENT ANNOUNCES THAT FROM 10 AM ON FRIDAY (MAY 11), THE WESTERN KERBSIDE LANE OF STANLEY NEW STREET FROM ITS JUNCTION WITH STANLEY VILLAGE ROAD TO A POINT ABOUT 25 METRES SOUTH OF THE SAME JUNCTION WILL BE DESIGNATED AN URBAN CLEARWAY FROM 7 AM TO 7 PM DAILY.

NO VEHICLES EXCEPT FRANCHISED BUSES WILL BE ALLOWED TO STOP FOR PASSENGERS OR GOODS THERE.

AT THE SAME TIME, THE EXISTING RESTRICTED AREA FROM 7 AM TO 10 AM AND FROM 4 PM TO 7 PM ON THE ABOVE SECTION OF THE ROAD WILL BE CANCELLED.

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TEMPORARY CANCELLATION OF BAN ZONE IN SHAM SHUI PO

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THE TRANSPORT DEPARTMENT ANNOUNCES THAT FROM 10 AM ON FRIDAY (MAY 11), THE EXISTING BAN ZONE ON THE LAY-BY AT THE SIDE OF CHEUNG SHA WAN ROAD EASTBOUND OUTSIDE UN CHAU STREET ESTATE, IN SHAM SHUI PO, WILL BE CANCELLED FOR ABOUT FIVE WEEKS.

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