

5 July 1990

\$2 billion extra for HK surplus

By FANNY WONG

HONGKONG has ended the financial year with an \$11 billion surplus, \$2 billion more than Financial Secretary Sir Piers Jacobs predicted in his Budget speech only four months ago.

The final figure was 19 per cent over his March estimate of \$9.3 billion.

Sir Piers told the Legislative Council yesterday that the consolidated cash surplus for the last financial year was \$11.06 billion.

"This is a helpful increase," Sir Piers said.

He had been right in his projection of a surplus of about \$11 billion in the budget forecast he gave in March last year, but had revised the estimate to \$9.3 billion when presenting this year's Budget.

Sir Piers has a reputation for being conservative in his forecasts - 1989's surplus finished at \$16.8 billion, \$2.6 billion more than he forecast a few months before the end of the financial year.

Sir Piers said yesterday the surplus on the general revenue account after transfers to funds was \$4.7 billion, according to the accounts finalised by the Director of Accounting Services.

If the fund accounts were included, actual total revenue amounted to \$82.42 billion and total expenditure \$71.36 billion.

However, the funds ap-

propriated for the 55 heads of spending under the Appropriation Ordinance 1989 was insufficient to cover the actual expenditure.

Sir Piers said supplementary provision of \$3.87 billion was approved.

This included \$2.66 billion to pay for the second salary increase in 1989-90 for directorate officers in both the civil service and the subvented organisations.

Other major contributing factors for supplementary provision include the advance payment of water charges and additional expenditure on pension and gratuity payments arising from pension and salary increases.

Of the amount of \$3.87 billion, \$3.03 billion was offset by savings under the same or other heads of expenditure or by the deletion of funds under the Additional Commitments subheads.

"The remaining \$839.4 million was net supplementary provision," Sir Piers said.

During the same period, a net reduction of 1,478 posts was approved.

Meanwhile, the Legislative Council yesterday passed three motions moved by Sir Piers to implement proposals which would generate a total of \$2.64 billion additional revenue in the 1990 Budget.

In moving the first motion under the Dutiable Commodities Ordinance, Sir Piers said the proposals were to raise duty payable under the Dutiable Commodities Ordinance on hydrocarbon oils by about 30 per cent and duties on tobacco and a number of liquors.

"The total additional revenue from these measures is estimated to be approximately \$1 billion per annum," he said.

Maintaining the rise in hydrocarbon oils duty would affect the general public's livelihood, two councillors abstained from the vote and one opposed the motion.

Mr Andrew Wong Wang-fat voted against the motion saying that boosting petrol tax only generated an additional revenue of about \$580 million.

"But its effect on the people's livelihood will be extensive and interlocking," Mr Wong said.

"This is really an example of moving one tiny part and upsetting the whole.

"If the Financial Secretary's proposals for increasing and cutting taxes are fully implemented, the estimated \$2.4 billion deficit will be turned into a \$700 million in surplus.

"So why can't we maintain the original level of petrol tax and settle for a modest surplus of \$120 million."

Miss Maria Tam Wai-chu abstained from voting holding that it was not a good principle to levy tax at too high a rate too suddenly.

She also feared that there might be a rippling effect on the cost of public transportation especially when there was no rebate granted to public franchise bus companies.

The chairman of the Transport Advisory Committee said she feared that the recent application for fare rises had borne out of the above concern.

"I have considered voting against this motion, but still I think it is inappropriate," said Miss Tam adding that the proposal had its advantages such as reducing unnecessary trips on the road which was good from traffic management consideration.

Mr Kingsley Sit Ho-yin also abstained from the vote saying that he opposed to the increase in petrol tax.

The measure would give public utilities companies an excuse for fare increases.

Mr Sit also opposed another motion under the Rating Ordinance by Sir Piers which served to raise the general rates charge by 1½ percentage points to 7½ per cent.

He called on the Financial Secretary to undertake that the increases following the 1991-92 rates survey should only be moderate.

Members yesterday also endorsed the motion under the Betting Duty Ordinance to increase the rates chargeable on both standard and exotic bets by one percentage point.