

# \$2.6bn deficit coming up

Sam Mok

**T**he Government is heading towards a deficit of about \$2.6bn for the 1995/1996 financial year, the Financial Secretary, Donald Tsang, said yesterday – the Government's first deficit in 12 years.

"My predecessor [Hamish Macleod], when presenting the 1995-96 budget, forecast a deficit of about \$2.6bn, and I have no reason at this point to think that will prove very wide of the mark," Tsang said.

Tsang also predicted a downward trend of inflation and a stabilisation of the unemployment rate.

"Inflation at an average of 8.7 per cent for 1995 as a whole, is still higher than we would like it to be, but... it is heading in the right direction.

"The rate is coming down because the resource situation has eased, and also because we have addressed, and continue to address, the bottlenecks that tend to exert upward pressure.

"[The unemployment] rate has stabilised at about 3.5 per cent – which is the envy of most communities in the world but higher than we have become used to."

Tsang delivered his remarks at the Legislative Council during a motion debate on "freezing of public utilities fees and charges".

The motion, moved by the Democrat Sin Chung-kai, says the Government and public utility companies should freeze their fees and charges relating to people's livelihoods – such as public housing rentals and public transport fares – for one year in view of the current high inflation, rising unemployment and the Government's huge surplus and reserve.

The motion was passed by 25-19, but the Financial Secretary and four senior officials – the Secretary for the Treasury, Kwong Ki-chi; the Secretary for Housing, Dominic Wong; the Secretary for Transport, Haider Barma, and; the Secretary for

Economic Services, Gordon Siu – in turn condemned it.

Tsang warned the legislators that if they artificially suppressed the profits of public utility companies, the companies would stop investment and their services would decline.

"The commuter who saves 50 cents on his bus fare may thank you tomorrow," he said. "But what will he say to you in two years' time when he is walking to work or at least spending twice as long in the queue? To borrow an analogy... there are not many Forrest Gumps in Hong Kong."

The Liberal Party member James Tien attempted to amend Sin's motion but failed. He

agreed with freezing government fees and charges but disagreed with freezing public housing rentals or the charges of public utilities.

Tien said companies such as railway, bus and power companies, were operated on commercial principles and thus should not be tampered with.

A member of the Democratic Alliance for the Betterment of Hong Kong (DAB), Chan Yuen-han, also attempted to amend Sin's motion, but also failed. Her amendment restricted the freeze to the fees and charges which are "directly" related to people's livelihoods and to those charged by profit-making companies.

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