



DAILY INFORMATION BULLETIN

Wednesday, March 14, 1973

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SPEED-UP IN LAND SALES CALLED FOR
To Curb Excessive Rent Increases

Top priority must be given to speeding up land sales so as to alleviate the shortage of domestic accommodation and stave off further excessive rent increases, the Hon. P.C. Woo said today.

"Not only are rents for the middle and lower income groups a cause for concern, but spiralling land prices will also in the long run affect the cost of production of goods for export on which the whole health of the Hong Kong economy depends," he warned.

Mr. Woo was speaking at the annual Budget debate in the Legislative Council.

He described the new budget as a memorable one which had "the hallmark of success." It not only reflected the great strides of the economy, but Hong Kong's high hopes and aspirations for the future as well, he said.

However, not everyone was satisfied, he added, particularly those in the lower and middle income range who did not benefit from subsidised housing and who had to spend an increasing proportion of their income on spiralling rents.

While the Financial Secretary might decry any suggestion of inflation, said Mr. Woo, "nevertheless there does seem to be a danger that prices might shortly start to increase as rapidly or more rapidly than production if no steps are taken to prevent excessive profiteering in key areas, of which rent is the most important."

/He urged

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He urged the Government to reflect carefully on the need to prevent further exorbitant increases and advocated "a measure of control" to stop rises of unjustified proportions.

In his opinion, the key to a solution to this particular problem was to speed up land sales.

Turning to transport, Mr. Woo called for a complete reorganisation of the Transport Department along the lines of a high-powered Transport Authority.

He suggested that the Authority should be headed by a very senior officer who should be appointed at the highest level in Government not only to coordinate "but to initiate, direct and enforce the massive effort which has to be made in this sphere of Government activity."

Transport Problems

"So far as the improvement of our increasingly chaotic traffic and transport problems are concerned," he said, "it is not only a question of staff but also of vastly improving the present organisation within Government for dealing with these matters."

He added: "The Transport Department is quite inadequate as a control instrument due both to lack of adequate top class managerial staff and also due to lack of powers."

"It can devise but has no authority to enforce measures of control which will be effective."

Mr. Woo singled out several other areas in which "grossly inadequate staff" were provided to undertake unfinished tasks and called for a very special effort to fill the gaps.

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The most important of these was the police force where "a massive new effort" was required to bring the force up to strength, he said, adding "this will almost certainly entail a further upward revision of basic salaries."

He said he would ask the Government for a statement on the present position and future plans regarding hawker control by the Urban Services Department which, he said, had almost come to a halt due to the gradual disintegration of the Hawker Control Force.

The Buildings Ordinance Office, he went on, also needed additional manpower to cope with the vast task ahead of curbing the increasing numbers of illegal alterations made to buildings after occupation permits had been issued.

Allowance

He said he looked forward to a statement as to when work on this could start.

On taxation, Mr. Woo objected to the proposed abolition of the dependent parents allowance and asked for a fuller explanation of the Financial Secretary's statement that this allowance was "difficult to administer and open to abuse."

"Unless these reasons are particularly strong, I would urge that the allowance should continue, particularly as it is in accordance with Chinese tradition that children should look after their parents in old age," he said.

Mr. Woo also questioned whether the cost of administering estate duty warranted the retention of this tax.

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He again called for a review and contended that the abolition of this particular tax would further stimulate capital investment in Hong Kong. At any rate, it would be comparatively easy to devise an alternative source of revenue should there be any serious outfall arising from the abolition, he added.

He also stressed the desirability of further measures to cool down the stock market and urged the Government to announce its intentions in this regard as soon as possible.

Referring to the employment of consultants to advise on the reorganisation of Government administration and administrative procedures, Mr. Woo said the Unofficial Members strongly supported the move.

"Antiquated Set-Up"

The consultants would advise what steps should be taken to update the "antiquated set up", particularly in the Colonial Secretariat, which was no longer able to keep up with the severe strains made upon it.

"Above all," said Mr. Woo, "there has to be a devolution of responsibilities away from the Colony Secretariat and the Financial Secretary and the creation of 'ministries' headed by high-powered officers with ultimate responsibility."

Touching on the estimated expenditure for the coming financial year, he asked for an assurance that funds would be made available as and when required in order to attain the aims in the medical, education, housing and social welfare fields.

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EXPENDITURE ON URBAN RENEWAL CALLED INADEQUATE

Move To Increase Cost Of Becoming A Motorist Supported

The Hon. Szeto Wai today expressed disappointment at the \$40 million budgetted by the Financial Secretary for expenditure on urban renewal.

Speaking at the annual Budget debate, Mr. Szeto said the amount was "rather inadequate."

The estimated cost of resumption compensation for improving the old parts of Yau Ma Tei, Wan Chai and Western District and for creating an Urban Renewal Pilot Scheme amounted to no less than \$120 million, he said.

"Although expenditure on this count may reach the two-thirds mark by March 1974, it will be many more years before the environments of these areas are improved."

He pointed out that the Urban Renewal Pilot Scheme was proposed by the Slum Clearance Working Party over seven years ago.

As for Yau Ma Tei, Wan Chai and the Urban Renewal District in Western, private redevelopment of affected land in these areas had been frozen for a number of years, causing hardship to many owners.

Commenting on the revenue estimates, Mr. Szeto said the new budget showed a scale-down of \$60 million in stamp duties despite doubling the duty on shares transaction while revenue from land sales and re-grant premia was slashed by 50 per cent (\$301 million).

Another area which appeared unrealistic, he said, was motor vehicles taxes and licences - a mere four-per-cent increase was budgetted as against the 15 per cent vehicle growth.

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On the other hand, he said the Financial Secretary had shown an "unexpected optimism" in taxi concession as it was doubtful that 1,000 new licences would bring in \$85 million premia in the present climate of the trade.

In Mr. Szeto's view, unless there was a considerable climb down in the stock market or some urgent measures to arrest or even repress the soaring land prices, the growth of revenue in 1973-74 should attain a higher rate than three per cent over the revised estimate for 1972-73.

He went on to say that there was pressing need for residential land and this need had directed developers to search in the rural areas near the new towns, and Sha Tin had become a focus with its prospect of improved transportation in the very near future.

Civil Service

He proposed that perhaps present circumstances would warrant a re-examination of the approved Sha Tin town plan with a view to expanding its capacity as a dormitory town by pushing back the green belt.

Referring to the rising cost of the civil service, Mr. Szeto was of the opinion that recent years' accelerated tempo of development justified a reasonable expansion, but unreasonable increase must be rejected.

The proposed 109,495-strong public service establishment for 1973-74, consisting 97,042 permanent posts and 12,453 supernumerary, exceeds the 1972-73 total 98,459 by 6.7 per cent.

He hoped that the Establishment Sub-Committee of the Legislative Council would keep a vigilant watch on "any symptoms of Parkinson Disease and nip the ambition of any Government department aspiring the role of an octopus".

/In all

In all his years on the Finance Committee, Mr. Szeto said, he had grown accustomed to the requests for supernumerary posts, but was never once called upon to deal with redundancy nor had there been any proposal for axing the "dead woods."

In this respect, the report and recommendations of the efficiency consultants commissioned to look into the working of the Administration was keenly awaited, he added.

Commenting on the tax changes, Mr. Szeto said the Financial Secretary's proposed boost to personal allowances was generally welcomed by the public, but the abolition of life insurance allowance had "stirred up the hornets' nest."

Retrograde Step

"In the context of Hong Kong where social security provisions are badly lacking, it is a retrograde step to withdraw this relief which has been made available since 1947.

"Even in countries with comprehensive social security arrangements, tax relief for life insurance is available."

He disagreed with the Financial Secretary that road congestion could be solved by increasing three to four-fold the cost of becoming a motorist.

However, he supported this idea as a practical means to avert the tide of aspirant motorists "who are flooding the Transport Department."

The revenue increase of \$38 million in 1973-74, resulting from making it more expensive to become a licensed driver, would be a "handsome amount," Mr. Szeto said.

He hoped that it would be used to "speed up the construction of multi-storey carparks and automatic vehicles inspection centres."

GOVERNMENT URGED TO TAKE STEPS TO CURB INFLATION

Increase In Interest Rate And New Taxes Suggested

The Government was today urged to take immediate and positive action to curb the dangerous inflationary trends in Hong Kong.

The appeal came from the Hon. Wilfred Wong during the annual Budget debate.

He warned that the inflation whipped up by the sensational rise in share and land prices would have "serious consequences" in raising production costs and would eventually tend to price Hong Kong products out of the world markets.

"The vicious cycle has already begun," he declared. "Therefore, the cooling down of the economy and the dampening of money supply can no longer be delayed."

Mr. Wong suggested a number of courses which the Government could take to remedy the situation.

As the doubling of stamp duty on the transfer of shares practically had had no cooling effect on the stock market, he said, consideration should now be given to further raising the rate "as the present situation looks dangerous."

"The only other way left open is for the Government to exercise its influence on the bankers, to lead to a gradual but firm restriction of credit," he added.

This, he explained, could be done by increasing the interest rate and by reducing the margin for loans on stocks and land.

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In addition, he urged the Government to consider invoking a business profit tax.

"Why should a salaried teacher or technologist pay tax and another person, a share operator, be exempt from profit tax?" he asked.

When a person made a few investments in a year, he or she was not in business but when that person regularly and habitually bought and sold shares, he said, the persons was clearly making a profit arising out of such a business.

Moreover, when certain amahs were making more in a few months than a whole year's earnings of technologists and teachers, "it is demoralising to the professionals and will have far-reaching effects on the productivity of Hong Kong," he added.

Stricter Control

The frenzied speculation by both large and small investors, he continued, had created an atmosphere of "wholesale gambling" in Hong Kong with the result that the attention of workers -- from domestic servants to company managers -- was being diverted from productive facilities in industry and business.

"A stricter control of the stock market operations is imperative," he stressed, "and therefore the enactment and passing of the Securities Bill is now a matter of urgency."

Mr. Wong also called for a high transfer tax to be levied on land transactions to dampen the land market.

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"Many land transactions are pure speculation without any intention of development and there is a tendency among certain groups to 'buy up' all the land they can lay their hands on," he said.

Turning to the rents situation, Mr. Wong outlined short and long term plans to stop the rents spiral in domestic premises.

The short term plan envisaged:

Extending the security of tenure and rent control to include those of three-year leases.

Extending rateable value flats from \$15,000 per year to a higher ceiling of possibly \$25,000.

Implementing a limited increase per annum rather than by allowing the Rent Advisory Committee of the Rating and Valuation Department to allow rent increases of 15 per cent or more per year, and

Considering rent control for business premises limiting increases to not more than 10 per cent a year, as small shops and small firms were being forced out of business by landlords.

Mr. Wong anticipated that such a move was bound to result in the usual outcry that any action to control rents would stunt building development.

But he pointed out that new buildings which had not been completed would not be subject to rent control and he regarded an annual 10 per cent increase in rentals "more than generous."

In the long term, Mr. Wong advocated a new land policy involving an opening up of the New Territories based on the maximum use of land, even by diverting agricultural land on the assumption that China would be the main supplier of Hong Kong's agricultural products.

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Accompanying this would be a crash programme for Government housing.

Referring to the Financial Secretary's prediction that rent levels for domestic premises would stabilise this year, Mr. Wong said this was being "somewhat optimistic."

Although 30,000 flats were to be completed this year, he said, the number of new families had increased considerably and there was a tendency to hoard flats as indicated by the fact that over 4,200 flats were vacant at the end of 1972 when 20,000 flats were completed.

Mr. Wong said Hong Kong's economy appeared to have reached its peak.

The Gross Domestic Product for 1972, he noted, was \$23,000 million or \$5,750 per capita, while the public debt was still \$16.50 on a capita basis.

Bank deposits at the end of last year were \$24,613 million while loans and advances were \$17,726 million.

"Therefore, the ultimate criterion is not the amount of reserves but the taxibility of the economy," he said. "General reserves are desirable but not necessary."

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GOVERNMENT ASKED TO RETAIN TAX RELIEF

For Dependent Parents And Insurance

The Hon. Mrs. Ellen Li today joined force with a number of other Legislative Councillors in urging the Financial Secretary to drop his proposal to abolish tax relief for dependent parents and life insurance.

The tax system as proposed, she said, gave the general public the unfavourable impression that the Government favoured more spending for pleasure on drinks and films but discouraged provision through insurance for protection of families and support of dependent parents.

Speaking in the budget debate, she said it was "unwise in principle" to abolish tax relief on insurance at this juncture.

She described insurance as one of the few practical forms of protection for a young family to provide against emergencies such as unemployment, sudden illness and untimely death.

"In lieu of a practicable social security system, I would have thought that our Government would and should encourage the working public to save for a rainy day for themselves and their families, rather than to let them become a public charge on society.

"Government provides insurance for the families of civil servants by making contributions to the Widows and Orphans Fund compulsory; I do not see the logic of taking away the incentive from the public," Mrs. Li said.

She also proposed that the Government should consider raising tax-free interest rate for savings accounts.

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She described this as a gesture to encourage a healthy saving habit for small investors, and to draw them away from the dangerous game of the "gold fish bowls" where they might one day get drowned.

Abolition of tax relief for dependent parents, she said, brought disappointment to a large proportion of the Chinese community and provoked a great deal of criticism.

Mrs. Li pointed out that in the first place it was Chinese tradition for the sons to look after their parents. Secondly, the increased personal allowances would benefit only those who did not support their parents and who did not take out insurance.

Housing

"Until the time when the present generation of parents die off and the next generation have made enough money in the share markets during these few years to be entirely financially independent of support from their children in 20 years' time, I urge Government to re-instate this important allowance in our tax system, for the sake of principle if nothing else."

Touching on housing, Mrs. Li said there still existed a lack of a sense of identity and a sense of belonging among those living in public housing estates.

"It is difficult to expect them to develop any sense of identity or belonging because only possession can give one a sense of satisfaction and pride."

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Most of the Estate units were designed for large families with five to 12 members, and young married couples had to sacrifice their privacy by squeezing themselves into the already crowded family unit or pay impossible rent for a cubicle in another crowded tenement.

"Perhaps it is about time for us to re-consider our housing policy to provide small units for young married couples and a home-ownership scheme on a large scale."

Referring to the present housing loan scheme, she said if the rate of interest could be calculated at six or six-and-a-half per cent, and the length of payment dates stretched to 20 or 25 years, it would go a long way to beat the current rent crisis.

Medical Services

On medical services, Mrs. Li said the Financial Secretary's mention of a future proposal to raise fees in Government hospitals would meet with some objection in principle from the public.

"It may be reasonable and less objectionable or even desirable if the fees are raised for private rooms, special foods, or other specialised charges only."

She felt that the number of beds for special groups like mentally handicapped children and elderly infirm patients were grossly inadequate. The new Siu Lam Hospital for only 200 severely retarded children still fell short of the need for such facilities and services.

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On the problem of the aged, she said there was no mention in the budget of any provision of hospital beds for geriatric care. She asked the Director of Medical and Health Services to enlighten the Council on this subject.

She also asked for information on the progress of the Government playing a more active role in providing family planning services within the Government's medical and health framework.

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ABOLITION OF TUNNEL TOLL AND STAMP DUTY ON CHEQUES

Suggested By Mr. Wang In Budget Debate

The Hon. Wilson Wang today called for the abolition of both the 50 cents toll for the Lion Rock Tunnel and the stamp duty on cheques.

He said in the Budget debate that the tunnel toll was "time-wasting and irksome" and did not appear to serve any fiscal or policy objective.

"When one considers the high cost of numerous bridges and flyovers that are free from toll tax, the retention of this tunnel toll does appear somewhat unjust," he said.

He pointed out that the estimated revenue from the toll this year amounted to only \$3 million, without taking into account the expenditure involved in its collection.

Supporting a suggestion for abolishing stamp duty on cheques, Mr. Wang noted that more and more low-wage earners were opening current accounts.

Commenting on the Financial Secretary's proposal to exclude allowances for dependent parents, Mr. Wang conceded that the allowance was open to abuse, but at the same time he noted there were fears its abolition might discourage the virtue of supporting parents.

To eliminate the risk of abuse and the cost of administering this allowance, he suggested that a dependent parent should be made to apply for a certificate from a social welfare officer to establish his or her need.

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The certificate could then be used for tax allowance or for public assistance, he explained.

As regards the proposed abolition of tax on cinema admission charges, Mr. Wang felt that this concession should apply only to tickets for films classified as "suitable for children."

On the other hand, he thought that it might be extended to other categories of films "if the cinemas concerned are prepared to restrict their audiences in careful compliance with the ruling of the censors."

However, Mr. Wang said he could see "no good reason" why life insurance should be singled out for relief.

Scheme

To encourage individual saving and at the same time enhance Hong Kong's development projects, he urged the Government to consider some scheme of utilising the vast wealth of surplus money in the middle income group.

"Such schemes," he explained, "may take the form of social security, pensions or gratuities, medical and health benefits or just simple savings bonds."

He added he would favour tax relief for a person participating in such a Government-sponsored scheme.

Turning to fiscal and administrative policies, Mr. Wang said Hong Kong was lagging too far behind in the provision of social and community services.

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These services, he stressed, would enhance Hong Kong's prosperity and ensure a healthy growth of the public purse which, in turn, would enable the implementation of further development.

"In view of the vulnerable position of the money we hold in reserve and the loss we have suffered in all these years, can we not be convinced that no investment is safer and more profitable than investment on our own soil?" he asked.

On the civil service, Mr. Wang believed that a close examination of its productivity was in order.

In this context, he questioned whether sufficient provisions were being made for refresher courses and in-service training, and other opportunities to improve the standards and qualifications of present serving civil servants.

Training

He also wondered whether enough was being done to provide apprenticeship training and career guidance for undergraduates and senior school students so that new recruits could have a better knowledge of what their new jobs demanded of them.

Commenting on the surpluses, Mr. Wang felt that improvements could be made in the provision of more up-to-date information on Hong Kong's financial position.

This would assist all those in a position to decide or to suggest, or even to criticise on matters involving finance in the administration, he said.

It appeared, he added that "there are advantages in decentralising control in certain special fields of services for more efficient administration and progressive development."

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"To say the least, their achievements and costing would be more easily assessible," he said.

The bottleneck in the Secretariat, caused by the tremendous amount of work, he went on, would go from bad to worse if the principle of delegation was not applied to a greater extent.

He felt certain that the granting of financial independence to the Urban Council was a step in the right direction, and the same applied to the newly constituted Housing Department.

"I sincerely believe that the department will receive more sympathetic support from taxpayers in general, and its tenants in particular, if everyone has a better knowledge of the actual cost of building and maintaining each individual estate," he said.

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TIGHTER COST CONTROL NEEDED WITHIN GOVERNMENT

Mr. Browne Accepts Budgeting For Surplus

The Hon. H.J.C. Browne today stressed the need for tightening up the cost control systems within the Government and asked what was being done in this regard.

"Government now has over 100,000 on the staff and in any organisation of this size there is bound to be some waste and room for economy," he said at the annual Budget debate.

He wanted to know whether the Government was satisfied with the present cost control arrangements, and with the progress being made in streamlining procedures and improving the cost effectiveness and performance of the public service.

In his opinion, there was a need for an expert and suitably high-powered team to provide advice and help with management services, in addition to the present Organisation and Methods Group in the Finance Branch.

Mr. Browne said he accepted the need for budgeting for a surplus in the next financial year in view of the extremely heavy and increasing expenditure in the fields of education, social welfare and medical among others.

On education, Mr. Browne said he was particularly concerned with the high costs of the two universities.

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"I believe the cost per student in our universities is among the highest in Asia," he said.

While he appreciated the efforts of the universities to contain costs, he felt that "a sustained effort should be made to stretch the grant from Government so that it covers more ground."

More opportunities for higher education could be made available to young people in Hong Kong at a lower cost per student, he added, by maximising the use of the facilities and resources of the two universities.

He expressed the hope that the Government and the Grants Committee would encourage the universities in this so that they could produce the right type, number and quality of graduates at a cost that the community could afford.

Lantau Island

Mr. Browne also urged the Government to consider taking "a new look" at the future of Lantau Island to see if it could and should be developed to provide for housing, industry and recreation.

He felt that if Lantau was to be opened up, the key would be improved communications, a proper road system, a vehicular ferry service and, in due course, a tunnel or bridge over Ma Wan Island to link Lantau with Castle Peak Road.

He stressed that the proposed tunnel or bridge should be available by about 1977.

The scheme, he added, was worthy of serious study as a means of relieving congestion in Kowloon and the New Territories.

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GOVERNMENT SHOULD BUILD TOWNS IN SUBURBAN AREAS

More Land Made Available Will Solve Rent Situation

Dr. the Hon. S.Y. Chung today urged the Government to develop sub-urban areas into residential townships to curb the current rent spiral in private domestic accommodation.

Speaking at the annual budget debate, he said the cause for such high rents was shortage of land for the development of residential accommodation.

The basic solution to the problem would, therefore, be making more land available.

"Land in the urban area is limited, but there is still plenty of land available (though not readily usable) in nearby sub-urban areas such as Sha Tin, Kwai Chung, Sai Kung and Yau Tong."

Dr. Chung asked the Government to urgently look into his proposal of developing sub-urban areas.

"The key points in this proposal are, first, nearby urban areas; secondly, efficient road communication between these sub-urban districts and the main urban areas; and thirdly, provision of adequate infra-structure and community services within each sub-urban residential district."

Referring to the Financial Secretary's proposal to raise fees in Government hospitals nearer to those charged in subvented hospitals in order to make maximum use of subsidised beds, Dr. Chung noted that many poor people could not even afford to enter subsidised hospitals.

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If people were reluctant to use subsidised hospitals for this reason, he said, the Government would be taking a retrograde step in its social development by raising its hospital fees.

"I do not object to the increase of fees in the first and second class wards, but I do feel strongly, like many people do, that fees in the third class ward in Government hospitals should not be raised.

"In fact, I would like to see the present charge for the third class removed so that we in Hong Kong will be able to claim the provision of free but good medical services to those less fortunate section of our community.

Taxation

"It is wrong in the modern concept of social development for Government to reduce taxation on the one hand and increase charges on medical services on the other."

On taxation, Dr. Chung asked the Financial Secretary to explain the reasons for adopting a policy of growing dependence on direct as against indirect taxation.

"After all, what is the target ratio between direct and indirect taxation in the Government policy and how is this target ratio derived?" he asked.

Dr. Chung went on to say that he supported the views of his fellow Councillors that the allowance for dependent parents should be retained.

On the proposed abolition of life insurance relief, he said: "With due respect, I think the Honourable Financial Secretary has overlooked one very important aspect of life insurance.

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"The prime objective of insuring one's own life is primarily not saving for old age but to safeguard against premature death or sudden disability.

"In a society like Hong Kong where social security is minimal, there is no or negligible financial assistance to widows, orphans and dependents when a family suddenly lost its bread-earner.

"Government has, in the first instance, failed to provide any meaningful social security for these unfortunate people and now even tries to penalise those responsible families which wish to insure themselves against financial and social disaster in case of calamity."

Disservice

Dr. Chung emphasised that the Government was doing the public a disservice if such tax relief was abolished "because considerable paper work is involved or difficulty encountered by the Commissioner of Inland Revenue in handling schemes linking life insurance and investment."

He also spoke on Hong Kong's manufacturing industry which had contributed in 1972 the largest portion amounting to \$6,319 million or over 32 per cent in the Net Domestic Product, and offered the greatest proportion of employment (about 50 per cent) of the total working population.

"The export of our manufactured goods is still and will continue to be, for a long time to come, the main pillar in our economy without which the whole Hong Kong economy will, I regret to say, be in jeopardy.

"It is therefore in the overall interest for the Government to ensure that the manufacturing sector continues to succeed in the world markets."

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At the same time, Dr. Chung also expressed his concern on the declining growth rate of exports of manufactured products, when a reduction of 50 per cent was experienced between 1969 and 1971.

The declining growth rate on the real value of domestic exports was even more severe, he added. It dropped from 16 per cent in 1968 to only four per cent in both 1971 and 1972 - a reduction of 75 per cent in growth.

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MASS TRANSIT FUND TO BE SET UP

A resolution to establish a special fund for the Mass Transit system was moved by the Financial Secretary in the Legislative Council today.

The motion stipulates that the Fund should be administered by the Financial Secretary who, with the prior approval of the Governor, might from time to time expend from the Fund monies for the purposes of or in connection with the system.

After tabling the motion, Mr. Haddon-Cave proposed that it be adjourned.

In moving the motion for the Mass Transit Fund, Mr. C.P. Haddon-Cave, said the resolution was couched in fairly general terms.

"This is deliberately so because, at this stage, consideration has yet to be given to a number of details regarding the use of the Fund and the treatment of interest, dividends and other accruals to the Fund."

When presenting his 1973-74 Budget a fortnight ago, Mr. Haddon-Cave gave notice of his intention to invite the Finance Committee to appropriate \$500 million, under a new special expenditure subhead entitled "Mass Transit Railway Corporation: Equity Contribution".

This sum was to be credited to the special fund established by resolution of the Council.

An item seeking the creation of the new special expenditure subhead, together with supplementary provision of \$500 million, had been included in the agenda for the meeting of Finance Committee later this afternoon.

Mr. Haddon-Cave said it was intended that the Fund would appear as a liability in the Hong Kong's Statement of Assets and Liabilities.

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Withdrawals would be made from the Fund for equity investment in the Mass Transit Railway Corporation which was to be set up by Ordinance in due course.

"Until the Fund is exhausted and has disappeared from the Statement of Assets and Liabilities, it is intended that interest on the matching balance would accrue to General Revenue, as would any cash dividends from the equity investment in the Mass Transit Railway Corporation."

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RAINSTORM REPORT EXPECTED TO COME OUT SHORTLY

The Commission of Inquiry into the June rainstorm in 1972 is expected to publish its Final Report at the end of this month or in early April.

The Colonial Secretary Sir Hugh Norman-Walker said today that a statement about action being taken or proposed would be made at the time of publication.

He was replying to a question by the Hon. Mrs. Joyce Symons in the Legislative Council.

The Commission has just published its Interim Report together with a Chinese translation.

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NO RICE SHORTAGE IN HONG KONG

Rice Control Scheme Helps Keep Prices Down

There is no shortage of rice in Hong Kong nor grounds for consumer fears on that account, the Director of Commerce and Industry, the Hon. David Jordan, said today.

Mr. Jordan was replying to a question by the Hon. Wilfred Wong whether the Government had any plans to stabilise the price of rice which had risen sharply during recent weeks.

He said that the Government could not stabilise the price of rice in the face of rising world prices.

But he added that the Rice Control Scheme, administered by his Department, could damp down the impact of higher prices and ensure adequate local supplies at times of international short-term supply difficulties.

"Provided adequate supplies are available and are offered for sale, normal market forces will usually determine what the consumer actually has to pay," he said.

Mr. Jordan recalled that shortly after the Lunar New Year, rising prices and reported shortages on overseas markets, and fears regarding the adequacy of local supplies, caused some speculative stockpiling by wholesalers, retailers and consumers.

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The Commerce and Industry Department intervened when some elements in the trade started to exploit the situation.

As a result of a meeting with importers and representatives of the wholesalers, Mr. Jordan said, the wholesale price of 100 percent whole Thai rice had been brought down to today's \$104 per picul from \$126 on February 26.

However, he pointed out that it would inevitably take "a little time for such reductions to work their way through to the retail price."

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TOUR OF VOLUNTARY SOCIAL WELFARE ESTABLISHMENTS

By Director's Wife

Mrs. Li Fook-kow, wife of the Director of Social Welfare, will be making the third of a series of weekly visits to voluntary social welfare establishments tomorrow (Thursday).

At 10.30 a.m. she will tour the Tokwawan Workshop for the Blind operated by the Hong Kong Society for the Blind at No. 19 Mok Cheong Street, Tokwawan, Kowloon.

Mrs. Li will be met on arrival by the Rev. K.L. Stumpf, chairman of the Society, and Mrs. Ina Chan, the Workshop Superintendent.

The workshop provides on the job training and sheltered employment for 160 blind workers and 40 who are partially sighted.

At 11.20 a.m. Mrs. Li will be visiting the Hong Kong School for the Deaf, where she will be met by the Principal, Miss S.W. Bow.

The school is situated at Hammer Hill Road, Diamond Hill, Kowloon. It trains deaf children to speak and lip-read Cantonese. There are 208 students at the school, which is the only one of its kind in Hong Kong.

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Note to Editors: You are invited to send a reporter and photographer to cover Mrs. Li's visits tomorrow.

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CLERK RETIRING AFTER 26 YEARS IN GOVERNMENT

A clerk in the Rating and Valuation Department, Mr. Ng Yat-nam, will be retiring after working in the Government for more than 26 years.

During his service, he had also worked in the Public Works Department and the Government Supplies Department.

To mark his retirement, Mr. R.A. Fry, Commissioner of Rating and Valuation, will be presenting him with a gift on behalf of his colleagues in a ceremony to be held on Friday (March 16).

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Note to Editors: You are cordially invited to send a reporter and/or photographer to cover the presentation ceremony. It will be held at the Rating and Valuation Department headquarters at No. 1 Garden Road at 4.30 p.m. on Friday.

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BILLS PASSED

The Labour Tribunal (Amendment) Bill 1973 and the Housing Bill 1973 passed their committee stage and third readings in Legislative Council this afternoon and became law.

Four bills had their first and second readings.

They were the Dangerous Goods (Amendment) Bill 1973; the Fixed Penalty (Traffic Contraventions) (Amendment) Bill 1973; the Entertainments Tax (Amendment) Bill 1973; and the Public Health and Urban Services (Amendment) (No. 2) Bill 1973. Debate on them was adjourned.

The debate on the Appropriate Bill 1973 was resumed in the Council today when seven Unofficial Members spoke on the budget proposals for the new financial year. Another seven Unofficial Members will speak in tomorrow's sitting.

Two sessional papers - the Accounts and Statements of the Grantham Scholarships Fund for the year ended August 31, 1972, and the 1971-72 Departmental Report by the Commissioner for Resettlement - were also tabled.

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LEGCO PROCEEDINGS RECORDED

Note to Editors: This afternoon's proceedings in the Legislative Council have been recorded. Press representatives are welcome to consult the tapes in the G.I.S. press room.

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Release time: 8.30 p.m.