



DAILY INFORMATION BULLETIN

Thursday, March 14, 1974

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Daily guide to wholesale prices and supply of basic food commodities

Release time: 9.00 p.m.

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PRESSURE FOR PRICE CONTROLS ON BASIC COMMODITIES HOTS UP

Unofficials Demand Action Now

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Unofficial members of the Legislative Council today continued their campaign for urgent measures to curb spiralling inflation and again united in calling on the government to tackle the problem now.

Leading the anti-inflation drive at today's resumed Budget debate was the Hon. Ann Tse-kai who emphasised that means must be devised to check and curb rising prices of essential commodities at retail level and that "the government should endeavour by visible action to see that supplies of essentials are assured at reasonably stabilized prices."

At the same time, Mr. Ann said, the government should also "make up a list of essentials and take a piercing look to find out whether there are other internally induced inflationary factors that are working and if anything can be done to arrest them without prejudicing our basic policies."

By ascribing inflation in Hong Kong all to outside factors, he said, the Financial Secretary had missed out the "skyrocketing of our land prices and consequential rent spiralling" during the fourth quarter of 1972 and first quarter of 1973.

He recalled that he had pointed out in his speech in the Council on March 15 last year that those were the locally induced inflationary factors.

"Its after-effects are still being felt these days, since under the circumstances there has not been much choice left to the average person, as landlords can always hold out for better terms while the average tenant does not move house like a bird," he said.

/Turning to

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Turning to the problem now being faced by the manufacturers, Mr. Ann said the raw material stocks acquired at advantageous price levels were diminishing.

"To replenish stocks at the present unprecedented high level makes any sensible entrepreneur shiver, because some raw materials have already gone up by 150 per cent, some 200 per cent and some 300 per cent since 1972," he added.

"In the pricing of primary commodities or so to say their market habit, after a straight uptrend the next stage is often not a plateau. It could be an accelerated upward movement or turn to a continuous downtrend. Both are horrible and daunting."

He pointed out that for some staple items, at the present moment raw material prices were higher than manufacturers could allow for their raw material cost, or their lowest selling prices of the manufactured goods would be higher than overseas buyers were willing or ready to pay.

This is a serious problem for Hong Kong, said Mr. Ann, because the manufacturing industry is the largest employer and bread earner in the first degree.

"When inflation hurts manufacturers those of them nearest to the direct consumers feel the pinch first. People will buy things which they think still relatively cheap but when they start to resist rising prices, recession is in the making."

On the approved housing plans, Mr. Ann said it must go ahead at full steam despite all difficulties and in view of the slowdown of buildings in the private sector.

/Mr. Ann

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Mr. Ann would not endorse any increase in rent in existing public housing estates whatever the reason, in 1974-75, which is such a "crucial year", with the exception of newly built estates to be entered as from now on.

But he said that other building plans, except expansion of secondary and technical education, could be deferred if the year turned out not as promising as the Financial Secretary had predicted.

Referring to the plan of raising direct tax, Mr. Ann said this should not be envisaged, as it would "only aggravate an untenable situation".

He went on: "Now the government by changing land policy has attracted new and highly technological industries. The threat of higher direct taxation will only frighten away new industries and make new comers hesitate."

Mr. Ann was glad to see that the Financial Secretary had decided to look into the propriety of the existing rates of depreciation allowance on plant, machinery and equipment.

Pointing out that the last concession was made some six years ago, he said that the question should be looked at more often and the allowances be adjusted in line with the development of new industries and new technology.

He also criticised the Financial Secretary for threatening to increase water charges in 1975-76.

Such an increase, he said, would not only affect the basic cost of living but would impose an extra burden on industry especially after the recent rise in cost of fuel and electricity. It would particularly heavily penalise the textile finishing industry.

/In general,

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In general, however, Mr. Ann described the Budget for 1974-75 as "realistic."

He said the tone of the Financial Secretary in his speech was optimistic. But many of the grounds of his proposals were founded on past performances plus statistical extrapolation.

Mr. Ann wound up his speech with an optimistic note. "Hong Kong is an island of free economy in the ocean of controlled economies," he said.

"A grand strategy of our economic policies should be, without forgetting fundamentals and within permissible scope, to allow or tolerate what other countries in the region do not, and allow people to enjoy what is not possible elsewhere, such as a low taxation structure, less bureaucracy -- for instance, a trip to Macau to gamble to their satisfaction."

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GOVERNMENT MUST PROTECT MAN IN THE STREET

From Profiteering, Says Mrs. Symons

The government has a duty to protect the ordinary citizen from being fleeced by unscrupulous profiteers, the Hon. Mrs. Joyce Symons, said today.

"While the government may not be able to bring in rigid price control of ordinary household commodities in daily use, there is the urgent need, I feel, to ensure that there is no profiteering on the sale of rice, cooking oil, flour and sugar, to mention only a few essential items," she said during the resumed Budget Debate.

Mrs. Symons pointed out that members of the public have often been hoodwinked into paying more by profit-seeking shopkeepers, and suggested instant 'hot lines' to City District Offices so that shoppers could report concrete examples of flagrant profiteering.

"These reports," she suggested, "could perhaps be tabulated and checked when the present inspectors from the Department of Commerce and Industry go round to collect figures which now are used in government statistics."

Mrs. Symons also advocated enlisting the responsible co-operation of the man in the street in the campaign against inflation.

This could be done by co-ordinating them into mutual aid committees which were so well represented in the anti-litter and anti-violent crime campaigns.

/"After all,

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"After all, while not every one throws litter, and even fewer are criminals, we all have to eat, buy certain commodities of a humble household nature and we are all genuinely concerned this time," she said.

"Give us a chance to help, too, as Government makes every attempt to curb prices."

The persuasive powers of the Government Information Services and the City District Offices should also be used, Mrs. Symons felt, to calm the fears of the common man and to dispel unfounded rumours about shortages, thus putting an end to hoarding.

In addition, she suggested that daily broadcasts could be made giving price ranges of some of the most important daily commodities.

"The shop-keeper in defending his rising prices turns round and puts the blame squarely on Government at all times," she noted.

Economic experts, she said, may argue rightly and wrongly about inflation but "all the average housewife knows is that prices are never stationary."

She urged shoppers to be selective in their patronage of stores and stalls, for "free enterprise must coincide with free choice," and the shoppers must learn that they are calling the tune.

Mrs. Symons concurred with the suggestion of the Financial Secretary that the government itself should set an example, and show that it is not extravagant in its use or misuse of manpower or physical resources.

She cited the recent case of the government practising economy in the use of electricity and fuel, and the response of the community at large, and concluded that, should the necessity arise, more could be done with the government taking the lead.

/In connection

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In connection with Hong Kong's reserves in London, Mrs. Symons pointed out that the total sum of \$3,000 million in reserve amounted to only about half a year's expenditure at the present rate.

She felt that the government should endeavour strenuously and continuously to dispel the mistaken idea that it is mean and squeezes as much as possible towards the reserves in London.

"The situation is simply that as a community we will have to pay more and more for the ever-increasing scope and cost of our social services, not to mention other provisions like transport amenities."

On the Financial Secretary's tax proposals in the sphere of transport, Mrs. Symons agreed with her unofficial colleagues that they should be delayed pending the publication of the Transport Green Paper.

The tax increases, she said, were ill-timed and she hoped that "many opportunities would be provided for frank discussion before changes in all types of vehicles licence charges are made."

She felt it was a matter of principle that policy must precede taxation.

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CIVIL SERVICE CAN BE IMPROVED

Faster Promotion Recommended

The Hon. P.G. Williams today spoke at length on improving the quality and performance of the public service which costs 43 per cent of recurrent expenditure.

Quality of the material employed must be the basis of the quality and performance of the service as a whole, he stressed during the resumed Budget debate.

Mr. Williams believed that the government, like busy managers, would often not face the fact at the end of a probation period that an employee was not up to standard.

He suggested that a pre-engagement course for various grades be conducted to test the individual and find out if the newcomer was the right material as well as giving him some pre-training.

The cost of this non-productive period, he said, could quickly be recovered by better material entering the service.

Mr. Williams questioned the standard of confidential reporting on officers.

"Too often here there is a tendency to shirk from criticism if this must be brought to the notice of the individual concerned with results in the end both unfair to the person and most harmful to the service," he said.

/On promotion,

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On promotion, he said: "Increasingly, it is the practice in business to bring on the bright quickly and this should be followed in the government service."

He warned that if an increase in the retiring age was contemplated, accelerated promotion was a pre-requisite or it would end up with good people leaving and ineffective upper echelons.

Turning to committee meetings of senior government officials, Mr. Williams said: "Many of these go on for too long a time. With proper preparation few committee meetings should last much longer than one hour."

He added that it was not easy to set a value on people's time, but tying down 10 people for more than three hours, as he had often seen happen, would be expensive.

Mr. Williams suggested that a report should be made to the Colonial Secretary for any meeting which lasts more than $1\frac{1}{4}$ hours.

"By this simple procedure some slow moving and inefficient areas in government might well be revealed," he said.

Having said all this Mr. Williams acknowledged that by comparisons elsewhere Hong Kong had a good public service.

"But as it costs 43 per cent of our recurrent expenditure, we must see this vast sum is well spent," he said.

On inflation, Mr. Williams shared the great concern of his unofficial colleagues on the problem.

He indicated that he remained worried at the threat of inflation generated internally.

/Regarding

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Regarding transport, he criticised the proposals as "untimely" coming before the Green Paper is published and discussed.

While agreeing that road users must be expected to pay more, he was of the opinion that members of the Legislative Council should have the opportunity to discuss the economic and social effects in the context of the whole transport problem before action is taken.

Mr. Williams strongly challenged the proposal to abolish the monthly parking pass. He said he could visualise chaotic conditions during the evening rush hours when motorists went to collect their cars.

"A monthly pass set at a realistic figure will reduce such congestion," he said.

Mr. Williams described the Budget as "prudent measures" to meet the challenge of the future as best one could see it.

He agreed with the Hon. Lee Quo-wei that "we must ensure our economy grows at a steadily increasing rate to meet our future needs and social expectations."

"Confidence is the motive force of our economy and this must be maintained at all cost," he stressed.

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MORE BRICKBATS FOR VEHICLE TAX PROPOSALS

Mr. James Wu Calls For Increase In Bank Licence Fees

The Financial Secretary's proposals to restructure vehicle licence fees and parking charges came under fire again today during the resumed Budget debate in the Legislative Council.

The attack came from the Hon. James Wu who described the proposals as "too hard and too soon".

He was particularly irritated by the proposal to impose a fee on every endorsement permitting people to drive different classes of vehicle.

Mr. Wu said: "Obviously little thought is given to the fact that at the very most only two driving licence endorsements (for motor cycles and private cars) might not have been held by an occupational driver.

"Whilst it is appropriate to charge what is to them a minimal registration fee for doctors, accountants and architects to practise their profession, it would be grossly unfair to levy an even larger fee (if he had enough endorsements) for a driver to practise his trade for a living which is never done for craftsmen of other trades."

Mr. Wu pointed out that managing the finance of a government was different from managing the same of a family. He quoted an authoritative economist as saying that "growing debt (public) holds little peril for a dynamically growing economy."

/"The underlying

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"The underlying truth," Mr. Wu said, "is that the real national product of a country is an ever-growing thing, by way of population growth and increased productivity through improved man-hour efficiency and new manufacturing or management techniques."

"Thus even a prudent businessman or industrialist today would not hesitate to borrow (if he can) for a viable project at a reasonable interest that he can comfortably service," he added.

Mr. Wu supported the proposal of his unofficial colleague the Hon. Lee Quo-wei to increase the license fees for banks. He said it was unselfish of Mr. Lee, being a banker, to have proposed the increase.

"It would seem that a substantial contribution from the banking sector towards public funds would be in order, if not in the Robin Hood spirit on the part of the Financial Secretary," he added.

Mr. Wu also favoured another suggestion by Mr. Lee that increased expenditure be financed by increased revenue, rendered possible by a high rate of economic growth.

He said: "It makes good economic sense, as indeed has been proven in the past by our community through industry, thrift and good business sense of our labour, management or entrepreneurs alike."

Whilst there was no cause for a pessimistic view, he said "we do need at this moment some pump-priming operations for our economy".

/Mr. Wu

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Mr. Wu referred to a recent proposal by the Secretary for the Environment to developers for joint development so that "government gets much needed flats for its employees and the developer gets the work and money".

He believed that if this was extended to low cost housing, the objective of Hong Kong's housing programme could be reached earlier and perhaps cheaper.

To this end, he suggested, low cost housing could be sold to the public and financed by increased capitalisation or borrowing of the Hong Kong Building and Loan Agency.

He stressed that people in urgent need were prepared to buy with their own means instead of renting with public subsidy.

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FAIR RENTS TRIBUNALS MOOTED

To Help Reduce Inflation

Fair Rents Tribunals should be set up by the Rating and Valuation Department to resolve disputes on high rent increases on shops and office premises.

This was one of the suggestions made by the Hon. Hilton Cheong-Leen today to help curb the current inflationary spiral in Hong Kong.

He noted that with a lower rate of inflation derived from a more stable shop and office rents Hong Kong's image as a good long and medium-term investment centre would be even more enhanced.

In face of prevailing inflation, Mr. Cheong-Leen called on the government to enlist more public support to curb profiteering in rice at the wholesale and retail levels which is "a key psychological factor in the inflationary spiral."

He emphasized that the government must be openly seen to be doing everything in its power to dampen down internal inflation, eliminate profiteering in essential commodities, and dispelling the fear of not being able to cope with runaway prices.

In this context, Mr. Cheong-Leen hailed the meetings held recently between the Commerce and Industry Department and rice importers, wholesalers and retailers groups over the control of the price of rice. However, he felt that these constructive meetings should have taken place a long time ago.

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"Why it should have taken only until now for the government to make the general public realize some decisive action is being taken to curb rice profiteering at the retail level," he said, "is a lesson which should be analysed and stored for future application bridging the communication gap."

He urged the government to co-operate with the City District Office Area Committees, the Mutual Aid Committees, the Kaifong Associations and other organisations in appealing to rice retailers to maintain reasonable retail prices and to report to the government any blatant case of profiteering.

Commenting on the budgetary proposal on vehicle licence fees, Mr. Cheong-Leen regarded as "over-simplified and wrong" the approach the government adopted in restructuring the six platforms for private car licence fees into two platforms.

"The increases based on the two platform structure are not only steep, they are also unreasonable from the point of view of the general public," he noted.

He hoped that the government would revert back to the six platform fee structure for private cars so that the burden of licence fee increases is more equitably distributed.

As regards the 100-percent increase in licence fee of public light buses, Mr. Cheong-Leen maintained that it should be replaced by some "fair and reasonable" proposals which will not impose hardship on the livelihood of their operators.

/The proposal

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The proposal to increase off-street car parking charges was one of the points to which he strongly objected. In place of the "exorbitant" charges, he suggested that the charges in public multi-storey car parks be set at \$1.50 per hour for the first 10 hours and at \$2.50 for every hour thereafter. This would, he argued, be sufficient deterrent to drivers from parking for too long periods at any one time.

Mr. Cheong-Leen also urged the government to encourage the building of more public and privately-owned multi-storey car parks.

In addition, he asked the government to rethink the proposal of charging \$50 to each endorsement on a licence which would jeopardise the livelihood of professional drivers and to adopt a simplified classification of vehicles.

Turning to public housing, Mr. Cheong-Leen reminded the government of the necessity to go full speed ahead in its plans to rebuild all the very old resettlement estates, now known as Group B estates, in a bid to improve the living standard and quality of life of the tenants.

He hoped that the government could explore all possibilities of outside long-term loans for Hong Kong's specific major development projects, which would in turn release more funds to enable the Public Works Department to keep abreast with its development programmes in public housing and new towns.

Population growth was also a theme in Mr. Cheong-Leen's speech. He drew the government's attention to the increase of the local population which "has been putting a heavy strain on our social services."

/On the Civil

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On the Civil Service, he opted for the idea of awarding interim allowances to civil servants to cope with sharp inflationary spirals as and when the situation warranted.

"However," Mr. Cheong-Leen added, "after the recommendations of any committee which has been set up to review salaries have been accepted by Government, no back pay should be allowed and the revised salaries should immediately supersede the interim salaries."

He greatly regretted the cut of \$1 million in Social Welfare subventions and said this would set back progress on the five year plan. He urged Government to restore the cut.

Mr. Cheong-Leen also urged that the 36 assisted private schools which had applied should be granted subsidy. Otherwise, he said, "these schools which are non-profit making may be forced to raise school fees due to increased cost."

He observed that at a time when the government's policy seemed to be to tighten the belt a little, all departments should keep their new manpower requirements to the very minimum and concentrate on maximum efficiency and productivity among existing staff.

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COMPULSORY REGISTRATION FOR FINANCE COMPANIES URGED
Need To Abolish Interest Tax On Foreign Currency Deposits

All finance companies in Hong Kong should be required to register with the government, after which licences can be issued subject to minimum requirements being met as to capital and the observance of the minimum deposit concept, the Hon. Guy Sayer suggested today.

Speaking during the resumed Budget debate, Mr. Sayer said a first step towards controlling the operation of finance companies would be to establish a list of those concerns that do or wish to actively seek deposits from the public, including corporate bodies.

Hong Kong, he went on, should have some idea of the extent of the activities of finance companies and the impact they have or might have on its financial structuring. At present the actual number of finance companies operating here is unknown as no definitive records are kept.

"One has only to look to the United Kingdom to see the effects on a monetary system of the uncontrolled proliferation of finance companies and secondary banks," observed Mr. Sayer.

He was sceptical of the effectiveness of self-discipline as a means of regulating the activities of deposit taking finance companies. Likewise, he questioned the feasibility of leaving the finance companies to set their house in order without any governmental intervention.

He thought that while some sort of association might be formed to maintain rules and standards, the government should take a positive lead in the matter.

/As regards

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As regards interest tax, Mr. Sayer was of the opinion that interest tax on foreign currency deposits should be abolished to make way for effective participation by licensed banks in Hong Kong.

He saw in this four distinct advantages for Hong Kong:-

- * Hong Kong would be able to offer a service for which there is undoubtedly a demand;
- * Depositors would be protected as the funds would be deposited with institutions who are obliged to observe rules and standards laid down in Hong Kong's banking ordinance;
- * The foreign currency deposits are largely term deposits -- that is they are deposited for fixed periods of time -- and consequently could and would be available to re-cycle into Hong Kong's economy, and
- * A valuable source of revenue would arise as there should be profit in the business which would be taxable.

"I would rather see the money," Mr. Sayer remarked, "under the control of institutions here and providing resources and revenue for our community than being remitted out of Hong Kong where we can reap none of the benefits I have mentioned."

Turning to the proposed tax increase and widening of the scope of taxation, he hoped that when reviewing these matters "care will be taken not to drive away investors and industrialists and those who are accustomed to using Hong Kong as their centre of operations" as they have a vital role to play in the development of Hong Kong's economy.

/He thought

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He thought that the collection of existing taxes within the present tax framework should be streamlined although he doubted very much the propriety of the present post-war devised tax system and its effective enforcement within the limited resources of the Inland Revenue Department.

Referring to the government's overall policies, Mr. Sayer stressed that it had been right in the past and "its projections for the years ahead are well tuned to the rather specialised circumstances of our existence."

"The question which must exercise our minds in the future, if we are to ensure improved living standards and an orderly development of our economy, is the extent of control we need of government and how much we can expect," he stressed.

He pointed out that there was now a better understanding and acceptance among the population of Hong Kong of the necessity for greater participation by the government in every facet of their daily lives.

"Indeed, this trend has been growing for a number of years," he observed.

To him, there is a greater willingness to put something back into the community and the government has done much to foster this spirit.

"At the same time," he added, "we must allow the enterprising and industrious spirit of our people to flourish and at all times to maintain public confidence in the future of Hong Kong."

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McKINSEY RECOMMENDATIONS MUST BE FULLY IMPLEMENTED

Control Of Finance Companies Urged

The new planning processes for monitoring and control of departmental expenditure as recommended in the McKinsey Report should be fully implemented so that more stringent and effective control can be exercised within the Civil Service, the Hon. Li Fook-wo said today.

Speaking at the resumed Budget debate, he expressed grave concern over the huge amount of financial wastage in the government as indicated by the Director of Audit in his 1972/73 annual report.

Mr. Li cited a few items from the report which covered, among others, huge sums of Miscellaneous Advances, outstanding arrears of revenue, overpayments of overtime allowance to government servants and rental paid on unoccupied premises.

"If all the above waste and mismanagement had not taken place," Mr. Li said, "the Financial Secretary might not have found it necessary to propose some of the tax increases."

In line with his plea for greater fiscal stringency within the civil service, he urged the government to build and own enough quarters and accommodations for its own use.

"If this policy is adopted, it may ultimately lead to elimination of the heavy expenditure on hotel charges, private tenancies and office rentals," Mr. Li said.

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In view of the vast sums of rents amounting to \$72.8 million which the government is expected to defray in the financial year 1974/75 for quartering and office accommodation, he suggested that it would be a better investment in the long run for it to build and own **properties**, especially since only the government would have access to 'free' land.

Turning to the operations of finance companies, he observed that while he thought their presence could contribute in enhancing Hong Kong as a major financial centre, he firmly believed that additional legislation besides the size of minimum deposits as envisaged in the Protection of Depositors Bill was necessary.

"I would envisage the deposit-taking finance companies playing a role complementary to other financial institutions and forming an integral part of our financial structure," Mr. Li said.

He felt that a full range of statutory regulations was not too complicated and difficult to enforce as it has worked well in other neighbouring countries.

However, in view of the time involved, Mr. Li advocated that simple regulations be introduced through the Protection of Depositors Bill to control those finance companies which take deposits.

The new regulations should include compulsory registration, payment of an annual licence fee, a minimum paid-up capital, a minimum liquidity ratio, a minimum size of deposit which finance companies can accept and the **filing** of monthly returns.

He felt that these requirements were not troublesome, and neither "should they be too much work for the government to police".

/On the

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On the government's subvention policy, he called for a revision with a view to applying the principle of Equal Pay for Equal Work to all.

All government-subvented organisations, he maintained, should be provided with sufficient funds to enable them to pay salary increases retrospectively to the same date as that chosen for government servants. The financial procedure should be so arranged as to enable adjustments in salary to be made at the same time as those applicable to the public service.

"Anything less can only be regarded as discriminatory and unfair to the staff concerned," Mr. Li stressed, adding that all employees of government-subvented organisations should be deemed subvented government servants as they "serve the community in exactly the same way as their civil service counterparts".

He noted that voluntary organisations on discretionary grants are not provided with funds to assist them in granting to their own staff salary increases equivalent to those approved for comparable posts in the public service during the course of a financial year though such increases were taken into account when determining their subvention for the ensuing year only.

"The present position," Mr. Li warned, "can only lead to further erosion of morale of their existing staff which in turn may lead to a decline in the quality of service to the general public."

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VACANT PREMISES TO BE EXEMPT FROM PROPERTY TAX

Owners of vacant properties will once again be entitled to full refunds of property tax on such premises, under amending legislation introduced in the Legislative Council today.

At present, they are only entitled to half refunds but the Inland Revenue (Amendment) Bill 1974 will restore full exemption of property tax on vacant premises as was the position before April 1 last year.

Moving the second reading of the bill, the Financial Secretary, the Hon. Philip Haddon-Cave, explained that when half rates were introduced under the Rating Ordinance, "we also introduced half property tax coincidentally, without realising at that time that such a move was illogical."

He gave three reasons for reverting back to full exemption.

Owners of properties used for producing profits would be able to off-set their half property tax against profits, and most corporations would not be liable for the half property tax since they are exempted, he explained.

In addition, to presume income when there was by definition no source for it was a departure from the principles underlying taxation in Hong Kong.

Another amendment introduced in the bill aims to relieve owners of pre-war rent restricted properties from paying increased property tax following a re-assessment of rateable value.

Previously, the Financial Secretary said, the restricted rent passing had in many cases been accepted as the basis of rateable value because of doubts as to its assessment for these premises.

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"These doubts have now been removed by a court judgment to the effect that rateable values cannot be restricted to the levels of rents," he said. "So on re-assessment, rateable values may now exceed the restricted rent passing by a considerable amount. The resulting tax charges could then be quite inequitable.

"To prevent this happening it is proposed to freeze the property tax charges for such premises to that payable as at April 1, 1973, notwithstanding any subsequent re-assessment," said Mr. Haddon-Cave.

Debate on the bill was adjourned.

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M.T.R. BILL PASSED

The Mass Transit Railway Provisional authority Bill 1974 completed its passage in the Legislative Council today and became law.

The bill provides for the establishment of a provisional authority for the Mass Transit Railway as an interim measure, pending the creation of a statutory corporation to bring the railway into operation.

Five other bills were introduced in Council. They were: The Inland Revenue (Amendment) Bill, the Quarantine and Prevention of Diseases (Amendment) Bill, the Landlord and Tenant (Consolidation) (Amendment) Bill, the Employment (Amendment) Bill, and the Workmen's Compensation (Amendment) Bill.

Debate on the second reading of these bills was adjourned.

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HIGHER COMPENSATION PAYMENTS FOR WORKERS PROPOSED

Two bills aimed at extending statutory protection to a greater number of Hong Kong employees and increasing workers' compensation payments were introduced in Legislative Council today.

The bills are the Employment (Amendment) Bill 1974 and the Workmen's Compensation (Amendment) Bill 1974.

They propose to increase from \$1,500 to \$2,000 the monthly income limit on non-manual employees covered by the Workmen's Compensation Ordinance and the Employment Ordinance.

In moving the two bills, the Secretary for Social Services, the Hon. Li Fook-kow said that this one-third increase in the wage ceiling would mean that a large number of non-manual workers whose wages had grown past the \$1,500-a-month mark set in 1968 would again be brought under the protection of the two ordinances. (All manual workers are covered, regardless of income).

"Both wages and the cost of living have increased since 1968," said Mr. Li. "The nominal wage index for industrial workers rose by 89 per cent from 134 in September 1968 to 253 in September 1973.

There is no index reflecting wage movements for non-manual workers. But on the assumption that their wages have been adjusted to reflect the rise in the cost of living, it would seem reasonable to assume an increase equivalent to the change in the Consumer Price Index over the same period.

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"Taking the moving annual average of the Consumer Price Index, which tends to iron out seasonal fluctuations, there has been an increase of 37.5 per cent in those five years. As there was an extremely high increase for the quarter ending September 1973, which may have distorted the position somewhat, a slightly lower adjustment would seem reasonable. Hence it is proposed to raise the wage ceiling by $33\frac{1}{3}$ per cent from \$1,500 to \$2,000 a month.

"In this way, entitlement would be restored under the ordinance to those non-manual workers whose present wages may reasonably be considered as equivalent in value to a monthly wage of up to \$1,500 in 1968. Such workers should not be denied protection merely because of a cost of living adjustment in their wages."

In moving the second reading the Workmen's Compensation (Amendment) Bill 1974, Mr. Li said that the present wage ceiling for the application of the Workmen's Compensation Ordinance and the compensation rates paid under it had been established in 1969. It was now proposed that compensation payment scales be increased by one third, in line with the proposed increase in the wage ceiling.

"Dependents of a worker killed in the course of his employment are at present entitled to compensation, under Section 6 of the Ordinance, equal to 36 months wages which should not be less than \$7,200 or more than \$45,000. Clause 3 of the bill proposes to increase these to \$9,600 and \$60,000 respectively.

/"Secondly,

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"Secondly, workers who suffer permanent incapacity are presently entitled to 48 months wages which should not be less than \$9,600 or more than \$60,000. Clause 4 of the bill aims to amend Section 7 of the Ordinance by raising these limits to \$12,800 and \$80,000.

"Finally, a workman who requires constant attention as a result of his injuries may receive additional compensation of up to \$24,000 under Section 8 of the Ordinance and Clause 5 of the bill is intended to increase this to a maximum of \$32,000.

"It is intended that the new rates of compensation should be applicable in respect of accidents occurring on or after July 1, 1974. The reason for this is to allow the insurance companies adequate time to make necessary preparations and adjustments before the bill is brought into effect on July 1, 1974 by notice in the gazette," Mr. Li said.

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TWO NEW NOTIFIABLE DISEASES

Dr. the Hon. Gerald Choa, Director of Medical and Health Services, told the Legislative Council today it was proposed to add two new diseases to the schedule of notifiable diseases.

Moving the second reading of the Quarantine and Prevention of Disease (Amendment) Bill 1974, he said the two diseases were viral hepatitis and food poisoning (excluding dysentery and enteric fever).

He explained that both diseases were at present only voluntarily notifiable in Hong Kong, but voluntary notifications were incomplete.

"On public health grounds, it is necessary to have a more comprehensive picture of their incidence and to be able, as a result, to take appropriate preventive measures," he said.

Accordingly, it was necessary to make these two diseases statutorily notifiable so as to have a more complete picture concerning them.

Dr. Choa made it clear that the proposal had been discussed with the Hong Kong Medical Association and the Hong Kong Branch of the British Medical Association, and neither had objected. In addition, the terminology describing the diseases had their agreement.

One clause of the bill seeks to extend the recovery of any reasonable costs incurred by the government when implementing the bill's provisions from the owners or agents of vessels, as at present, also to the owners or agents of aircraft.

/Dr. Choa said

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Dr. Choa said if the bill became law, certain amendments would have to be made, as a consequence, to two sets of subsidiary legislation -- the Prevention of the Spread of Infectious Diseases (Cancellations) Notifications 1974, and the Prevention of the Spread of Infectious Diseases (Amendment) Regulations 1974.

These amendments would relate to the new list of scheduled notifiable diseases, the definition of the term "infectious disease," and the payment for a notification made to the doctor concerned without the need for a special application to that effect.

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UNTIMELY DEATH OF MR. DAVID LAI

News was received from London this morning of the death of Mr. David Lai Kar-wah, a senior officer of the Hong Kong Government who was attending a course at the Royal College of Defence Studies.

Mr. Lai was admitted to a London hospital on Monday. He became seriously ill on Wednesday morning and he died the same night.

Mr. Denys Roberts, the Colonial Secretary, said that the news had been received with deep shock by his colleagues and many friends in the Government. "He was a fine and dedicated officer and his death is a great loss to Hong Kong," Mr. Roberts said.

The Governor, Sir Murray MacLehose has sent a personal message to the family and messages of condolences have also been sent by the Government to the widow and to Mr. Lai's mother in Hong Kong.

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CONVERSION OF TAXI METERS STEPPED UP

The checking and sealing of taxi meters at the new rate is to be stepped up by the Transport Department from next Monday (March 18).

A spokesman for the department said today that the two centres — at Whitfield Barracks in Kowloon and So Kong Po on Hong Kong Island — will be able to increase the number of daily appointment by between 50 and 100 per cent.

An additional machine for testing the taxi meters has already been installed at Whitfield Barracks and this will be used solely for checking the converted meters.

It is expected that the two centres will be able to handle a total of about 70 meters each day. This includes normal annual and bi-annual inspections which are being carried out simultaneously.

The recalibration of taxi meters began last Monday and up until this morning a total of 111 had been checked and sealed at the new rate of \$2 for the first mile and 20 cents for each one-fifth of a mile.

The spokesman emphasised that taxi operators should not convert their meters until they have secured an appointment with the Transport Department for the meter to be checked and sealed.

Once the meter has been sealed by the department the taxi driver or operator must remove the conversion table which was issued as a temporary measure when the new fares were introduced.

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IMPORTANCE OF PUBLIC PARTICIPATION IN COMMUNITY AFFAIRS

The Director of Home Affairs, Mr. Eric Ho, today stressed the importance of active public participation in community affairs.

Speaking at the luncheon of the Lion Club of North Kowloon, he called for greater community involvement.

He pointed out that it was through the community involvement scheme, area committees and mutual aid committees were formed in each city district to help fight violent crime and keep Hong Kong clean.

Mr. Ho outlined the work of the Home Affairs Department which has recently undergone a significant reorganization following the adoption of the recommendations in the McKinsey Report by the government.

One of the major duties was the promotion of understanding between the government and the public.

In addition to helping the residents solve their individual problems, Mr. Ho said, the staff of the department were particularly concerned with public reactions to government policies which would be reflected to higher authorities for consultation and consideration.

On the liaison work with voluntary bodies such as the Tung Wah Group of Hospitals, the Po Leung Kuk and kaifong associations, he emphasised that this was of great importance for co-ordinating government and voluntary efforts in community services.

Mr. Ho welcomed suggestions from members of the public to help improve the services of his department to the community.

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HOUSING DEPARTMENT OFFICES TO BE CENTRALISED

The Housing Department is to centralise its three offices at Ma Tau Kok, Tsim Sha Tsui and San Po Kong under one roof to enable it to function more efficiently.

Plans have been finalised for the construction of a 21-storey head office building in the Ho Man Tin area of Kowloon.

It will be erected on a 41,000-square-foot site to the north of Oi Man Estate and should be completed in two years.

Site formation work had just been completed and work on caissons which is in hand should be finished in about two months.

Meanwhile, the Housing Department is inviting tenders for the construction of the super-structure and ancillary works.

The project will provide a total of 145,000 square feet of office accommodation, of which about 10,000 square feet will be below podium level.

When completed in early 1976, the building will house the various divisions and sections of the Housing Department, which are at present located far away from each other.

A spokesman for the Housing Department said that the department will certainly function more efficiently with all its administration, operation, estate management, and construction branches under the same roof.

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ADVANTAGES OF MODERN OFFICE EQUIPMENT

A steady improvement in productivity will continue to be a key factor in maintaining Hong Kong's commercial and industrial success, the Director of Commerce and Industry, Mr. David Jordan, said today.

He was speaking at the City Hall to open the eighth business efficiency exhibition organised by the Hong Kong Office Equipment Association.

Mr. Jordan hoped that the exhibition would result in an improved awareness of the substantial technical and cost advantages that modern office equipment can offer and of what it can do to modernise operations.

Good office equipment, he pointed out, could contribute to increased efficiency in both the commercial and industrial sectors, which in Hong Kong were closely knit together.

"Industrial productivity and business efficiency must go hand in hand in the essential task of maintaining our competitive position in world markets," he said. "And it is essential because our social progress depends upon the continuance of our economic success."

He stressed that an important element in improving office efficiency was the kind of equipment used.

A more comfortable and less tiring typing desk and chair, a better typewriter, better copying facilities, a more versatile electric calculator -- all these, though apparently simple additions, could contribute greatly to increased efficiency.

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"At the other end of the scale, there is the computer, which has already revolutionised so many offices routines and decision-making processes," he added.

Mr. Jordan said that the organisation and methods ("O & M") approach to systems is now widely accepted and used as a tool of management in maximising office efficiency.

It involves a total approach with a thorough examination of aims and objects and resources employed, including manpower, utilisation of space, capital and equipment, so as to devise practical methods of achieving maximum efficiency.

He believed that O & M had not received anything like the attention it deserved, and that it was an area which offered tremendous opportunities for reducing costs.

Mr. Jordan welcomed the attachment to the Hong Kong Productivity Centre of Mr. Hitoshi Umeda, an O & M expert from the International Labour Organisation.

"I hope we can look forward to a closer relationship between office equipment suppliers and the Productivity Centre in improving the organisation and methods of working in offices, so as to get a better utilisation of new equipment in raising commercial efficiency," he said.

"Technical advances in the field of office equipment have been both rapid and wide-ranging. Just as it is essential to use office equipment wisely, it is equally important to keep track of the latest developments and cost-saving devices."

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FISHERIES OFFICER RETIRING

Mr. Kwok Cheung, a senior Fisheries Officer of the Agriculture and Fisheries Department, is retiring after over 28 years in the public service.

During his career, he served in a number of important posts, including Senior Co-Operative Officer, in which capacity he was actively associated with the introduction and development of fishermen's co-operative societies.

Mr. Kwok was transferred to the professional grade of Fisheries Officer in July 1968, and was promoted to Senior Fisheries Officer a year later.

On three occasions he undertook the duties of Assistant Director in charge of the Fisheries Branch.

To mark his retirement, Mr. E.H. Nichols, Director of Agriculture and Fisheries, will present Mr. Kwok with an electronic calculator at a farewell party tomorrow (Friday) in the Oceania Restaurant.

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Note to Editors: Reporters and photographers are invited to cover the presentation which will take place at 7.30 p.m. tomorrow in the Oceania Restaurant, Ocean Terminal.

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CONSUMER ADVISORY SERVICE

Daily Guide To Wholesale Market Prices And Supplies

The following prices were realised today (Thursday) at sales under the Rice Control Scheme and at the Vegetable Marketing Organisation Wholesale Market and the Fish Marketing Organisation Wholesale Market at Cheung Sha Wan, Kowloon:

Supplies and Wholesale Prices of Rice

<u>Grade</u>	<u>Availability of Supply</u>	<u>Wholesale Price (\$/catty)</u>
<u>China Rice</u>		<u>Average</u>
See Mow -- old crop	Good	--
See Mow -- new crop		2.0
S.C.Jion -- newcrop	Good	1.94
Po Ngai	Good	1.63
Chu Cho	-	-
<u>Thai Rice</u>		
100% Whole	-	-
10-15% Broken	-	-
A1 Super Extra	Good	1.67
A1 Super	Good	1.52
Whole Glutinous	-	-
<u>U.S. Rice</u>	Good	1.82
<u>Australian Rice</u>	-	-
<u>Pakistan Rice</u>	Good	1.7
<u>Taiwan Rice</u>	Good	1.6

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Supplies and Wholesale Prices of Marine Fish

<u>Species</u>	<u>Availability of Supply</u>	<u>Wholesale Price (\$/catty)</u>		
		<u>High</u>	<u>Low</u>	<u>Average</u>
Golden Thread	Good	3.60	2.40	3.00
Big-Eyes	Normal	2.40	0.80	1.70
Squid	Limited	6.00	3.00	4.00
Hair-Tails	Good	2.20	1.00	1.80
Lizard Fishes	Normal	2.60	1.20	1.70
Croakers	Good	2.20	0.70	1.60
Conger-Pike-Eels	Normal	2.90	2.00	2.60
Melon Coat	Good	1.80	1.00	1.60
Breams	Limited	4.50	2.50	3.50
Yellow Belly	Good	1.50	0.80	1.30
Mackerels	Normal	3.60	3.00	3.20
Red Goat Fish	Good	2.40	0.60	1.60
Fork-Tail	Limited	1.80	0.90	1.20
Horse-Head	Normal	4.50	3.20	4.00
Melon Seed	Scarce	2.80	2.00	2.30
Pomfrets	Scarce	9.00	7.00	8.00
Groupers	Normal	6.50	5.00	6.00
Yellow Croaker	-	-	-	-

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Supplies and Wholesale Prices of

Locally Produced Vegetables

<u>Type</u>	<u>Availability of Supply</u>	<u>Wholesale Price (\$/catty)</u>		
		<u>High</u>	<u>Low</u>	<u>Average</u>
Flowering cabbage	Limited	2.2	1.0	1.6
White cabbage	Normal	1.0	0.4	0.7
Chinese Lottuce	Limited	1.0	0.3	0.7
Chinese Kale	Limited	1.6	0.6	1.0
Spring onion	Good	0.6	0.2	0.4
Spinach	Limited	1.5	0.5	1.0
Water cress	Normal	1.0	0.3	0.6
Leaf mustard cabbage	Limited	0.8	0.2	0.5
Tomato	Limited	1.6	0.6	1.2

Supplies and Wholesale Prices of Pork (Live weight)

	<u>Availability of Supply</u>	<u>Wholesale Price</u>
		<u>(\$/ picul)</u>
		(Average)
Pork	Good	*300

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