



# DAILY INFORMATION BULLETIN

WEDNESDAY, MARCH 19, 1975

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ADDITIONAL TAXATION ADVOCATED  
TO FORESTALL DELAYS IN SOCIAL DEVELOPMENT PROGRAMMES  
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SOME UNOFFICIAL MEMBERS OF THE LEGISLATIVE COUNCIL TODAY ADVOCATED NEW WAYS OF RAISING ADDITIONAL MONEY — INCLUDING THROUGH HIGHER TAXATION — SO AS TO AVOID DELAYING THE MAJOR SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMMES DESIGNED TO IMPROVE THE LIVES OF THE PEOPLE OF HONG KONG.

OPENING THE BUDGET DEBATE, THE SENIOR UNOFFICIAL MEMBER, DR. THE HON. CHUNG SZE-YUEN, EXPRESSED CONCERN THAT THE PROJECTED CUT DACKS IN EXPENDITURE WOULD JEOPARDISE THE DEVELOPMENT PROGRAMMES WHICH, HE STRESSED, \*ARE NECESSITIES, NOT LUXURIES.\*

\*THE UNOFFICIAL MEMBERS ARE EQUALLY CONCERNED WITH THE LACK OF PROVISIONS FOR NEW PROPOSALS TO MEET RISING EXPECTATIONS OF THE PEOPLE OF HONG KONG AND FOR THE PROBABLE INCREASE OF DEFENCE COSTS AS FROM APRIL 1976.\*

DR. CHUNG NOTED THAT THE FINANCIAL SECRETARY HAD REDUCED ESTIMATED EXPENDITURE IN THE NEW FINANCIAL YEAR BY AN AVERAGE OF 18 PER CENT BUT HAD NOT REVEALED WHICH ITEMS HAD BEEN AFFECTED NOR HAD HE INDICATED THE IMPLICATIONS OF THE CUT DACKS ON THE MAJOR SOCIAL SERVICE PROGRAMMES.

THE GOVERNMENT WAS COMMITTED TO THESE PROGRAMMES, HE STRESSED, AND ANY DELAY MIGHT GIVE THE IMPRESSION THAT THE GOVERNMENT WAS NOT TAKING THEM SERIOUSLY.

A GOOD GOVERNMENT, HE ADDED COULD NOT IGNORE ITS COMMITMENTS AND 'STOP-GO' AS IT PLEASED, AND HE WARNED AGAINST OVER-REACTING TOO SENSITIVELY TO THE SHORT-TERM UPS AND DOWNS IN ECONOMIC PROGRESS. THIS WOULD LEAD TO INCONSISTENCY WITH DRASTIC REVERSAL OF EARLIER DECISIONS, SUCH AS IN THE CASE OF THE ADOLITION AND RE-INTRODUCTION OF ENTERTAINMENT TAX. FREQUENT RAPID CHANGES OF POLICY COULD IMPAIR THE GOVERNMENT'S CREDIBILITY, HE ADDED.

DR. CHUNG WONDERED WHETHER THE GOVERNMENT WOULD CONTINUE TO REDUCE EXPENDITURE IN THE THREE FINANCIAL YEARS FOLLOWING 1975/76 OR LOOK AT OTHER MEANS OF INCREASING THE REVENUE.

THIS WAS IMPORTANT, HE SAID, BECAUSE IT WAS ALWAYS TOO LATE TO MAKE ANY MAJOR CHANGE IN THE BUDGET ONCE IT WAS PRESENTED, BUT THERE WAS STILL TIME TO MAKE SOME IMPORTANT ADJUSTMENTS FOR THE FORECAST PERIOD 1976/77 TO 1978/79. THE REDUCTIONS OF \$1,700 MILLION, \$1,300 MILLION AND \$900 MILLION FOR THESE THREE YEARS, HE SAID, WOULD IN FACT BE MUCH LARGER IF INFLATION WAS TAKEN INTO ACCOUNT.

/DR. CHUNG .....

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DR. CHUNG SUGGESTED TWO POSSIBLE MEANS OF RAISING ADDITIONAL REVENUE - BY INSTITUTING A TURNOVER TAX OF ONE PER CENT WHICH PRESUMABLY COULD YIELD SOME \$2,000 MILLION A YEAR, AND BY SETTING UP A COMPULSORY CENTRAL PROVIDENT FUND WHICH COULD GENERATE ABOUT \$500 MILLION A YEAR BASED ON CONTRIBUTIONS OF FIVE PER CENT FROM EMPLOYERS.

ON TURNOVER TAX, HE NOTED THAT ABOUT 75 PER CENT OF THE 200,000 BUSINESSES REGISTERED IN HONG KONG MADE EXTENSIVE USE OF THE CITY'S COMMERCIAL AND INDUSTRIAL INFRASTRUCTURE WHILE PAYING NO DIRECT TAXATION AND ONLY MINIMAL INDIRECT TAXES. +I THINK IT IS TIME FOR THESE FIRMS TO CONTRIBUTE A FAIR SHARE OF OUR PUBLIC EXPENDITURE,+ HE SAID.

THERE WERE MANY OTHER WAYS IN WHICH ADDITIONAL FUNDS COULD BE RAISED, HE ADDED, AND HE HOPED THAT THE TERMS OF REFERENCE FOR THE PROPOSED INLAND REVENUE ORDINANCE REVIEW COMMITTEE WOULD BE SUFFICIENTLY WIDE AND COMPREHENSIVE FOR THIS PURPOSE.

HE AGREED THAT THE LOW TAXATION STRUCTURE IN HONG KONG WAS AN ATTRACTION TO FOREIGN INVESTORS, BUT HE DID NOT BELIEVE THAT INCREASED TAXATION, WITHIN REASONABLE LIMITS, WOULD DETER THEM FROM COMING HERE AS THERE WERE OTHER EQUALLY IMPORTANT INCENTIVES, SUCH AS A HIGHLY PRODUCTIVE LABOUR FORCE, INDUSTRIAL PEACE, GOOD SUPPORTING INDUSTRIES AND SO ON.

ON THE PROPOSED INCREASE IN WATER CHARGES, DR. CHUNG SAID THE UNOFFICIALS SUPPORTED THE PROPOSED DIFFERENTIAL PRICING SYSTEM FOR DOMESTIC CONSUMERS AS IT WAS A SOUND ONE.

HE WAS CONCERNED, HOWEVER, THAT THERE SHOULD BE NO UNDUE HARDSHIP SUCH AS IN THE CASE OF SEVERAL FAMILIES OCCUPYING THE SAME FLAT WITH ONE METER. IT WAS NOT UNCOMMON FOR FOUR OR FIVE FAMILIES TO SHARE THE SAME FLAT AND CONSEQUENTLY THE LEVEL OF CONSUMPTION WOULD BE HIGH AND COULD REACH THE THIRD LEVEL FORCING THEM TO PAY THE HIGHEST LEVEL OF \$6 PER THOUSAND GALLONS WHEREAS THEY MAY NOT BE ABLE TO AFFORD IT, HE SAID.

+THEREFORE, THERE WILL BE SOME HARDSHIP CASES OF THIS NATURE AND THE UNOFFICIAL MEMBERS WOULD LIKE THE GOVERNMENT TO LOOK MORE CLOSELY INTO THIS MATTER TO SEE WHAT PRACTICAL MEANS COULD BE DEvised TO ALLEVIATE THIS UNFAIR SITUATION WHICH IS CONTRARY TO THE SPIRIT OF THE PROPOSED DIFFERENTIAL PRICING SYSTEM.+

HE ALSO ASKED FOR AN ASSURANCE THAT THE 2,700 GALLONS OF FREE SUPPLY AND THE 14,000-GALLON LIMIT FOR THE LOWER CHARGE OF \$3 PER THOUSAND GALLONS WOULD BE MULTIPLIED BY THE NUMBER OF INDIVIDUAL FLATS FOR COMPUTING WATER CHARGES IN A MULTI-STOREY BUILDING USING ONE COMMON WATER METER FOR ALL THE FLATS.

IN THE CASE OF NON-DOMESTIC WATER USERS, PARTICULARLY INDUSTRY, DR. CHUNG FELT THAT THE FINANCIAL SECRETARY HAD NOT GIVEN A FAIR COMPARISON BETWEEN AN INDUSTRIAL CONSUMER AND A DOMESTIC CONSUMER.

^THE LATTER .....

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♦THE LATTER USES WATER FOR COOKING AND CLEANING AND THAT IS IT, ♦ HE SAID. ♦HOWEVER, AN INDUSTRIAL CONSUMER USES WATER FOR PRODUCTIVE PURPOSES AND GENERATES A CHAIN OF ECONOMIC BENEFITS NOT ONLY TO HIMSELF BUT ALSO TO THE GOVERNMENT IN THE FORM OF TAXES AND TO THE COMMUNITY IN THE FORM OF EMPLOYMENT OPPORTUNITIES.♦

MANY PEOPLE, HE WENT ON, QUESTIONED WHY THE GOVERNMENT DID NOT APPROACH THE CHINESE AUTHORITIES FOR MORE WATER SUPPLIES -- HONG KONG'S CHEAPEST SOURCE OF WATER -- PARTICULARLY WHEN OIL PRICES TODAY MADE DESALINATION SUCH AN EXPENSE PROCESS.

IF MORE WATER SUPPLIES COULD BE OBTAINED FROM CHINA, HE SAID, ♦THE AVERAGE COST OF OUR WATER WOULD BE LOWERED AND THE THREAT OF JEOPARDISING THE COMPETITIVE POSITION OF SOME OF OUR EXPORT-ORIENTED MANUFACTURING INDUSTRIES COULD BE REMOVED.♦

DR. CHUNG FULLY SUPPORTED THE FINANCIAL SECRETARY'S PROPOSAL TO RAISE THE ASSESSMENT PERCENTAGE OF THE VALUE OF SUBSIDISED QUARTERS FROM 7-1/2 PER CENT TO 10 PER CENT. IN FACT, HE FELT THE PERCENTAGE SHOULD BE HIGHER AND SHOULD BE INCREASED YEAR BY YEAR UNTIL IT EQUALS THE FULL MARKET VALUE.

HE ALSO SUGGESTED THAT FURTHER CONSIDERATION BE GIVEN TO INCLUDE OTHER BENEFITS IN KIND INTO THE TAXABLE INCOME OF AN EMPLOYEE.

DR. CHUNG FELT THAT THOSE ENJOYING FREE OR SUBSIDISED HOUSING, BOTH WITHIN AND OUTSIDE THE GOVERNMENT SERVICE, WERE BEING UNDER TAXED IN RELATION TO THE COST PAID BY EMPLOYERS FOR SUCH PRIVILEGES.

THIS STATUS IN THE SALARY TAX LAW HAD TWO UNDESIRABLE ASPECTS. ♦IN THE FIRST INSTANCE, IT IS UNFAIR TO THOSE SALARY EARNERS WHO RECEIVE THEIR TOTAL REMUNERATION IN MONETARY FORM WITHOUT SUCH BENEFITS IN KIND. SECONDLY, IT GIVES THE EMPLOYEES WHO LIVE IN FREE AND SUBSIDISED HOUSING THE INCENTIVE TO PRESS THEIR EMPLOYERS TO PROVIDE OVER-GENEROUS AND OVER-SIZE QUARTERS, ♦ HE SAID.

♦IN THE CASE OF GOVERNMENT AS AN EMPLOYER, THIS WILL MEAN EXTRAVAGANT USE OF PUBLIC FUNDS.♦

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HIGHER TAXES +INEVITABLE+ SAYS MR. WILSON WANG  
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FURTHER INCREASES IN TAXATION AND ON FEES AND CHARGES ARE INEVITABLE IF PLANS AND VISIONS FOR IMPROVED SOCIAL AND ECONOMIC SERVICES ARE NOT TO BE JEOPARDISED, THE HON. WILSON WANG SAID DURING THE BUDGET DEBATE.

LIKE DR. S.Y. CHUNG, MR. WANG WAS CONCERNED OVER THE SOCIO-POLITICAL AND ECONOMIC EFFECTS THAT MIGHT FOLLOW THE CUT-DACKS IN EXPENDITURE AND HE FELT THE TIME HAD COME TO TAKE A CRITICAL LOOK AT THE PHILOSOPHIES AND PRINCIPLES OUTLINED BY THE FINANCIAL SECRETARY WHICH MAY HAVE A SIGNIFICANT BEARING ON FUTURE BUDGETS.

MR. WANG SERVED NOTICE THAT HE WOULD POSE SEARCHING QUESTIONS TO DEPARTMENT HEADS AT A LATER MEETING OF THE ESTIMATES COMMITTEE, AND SAID HE WOULD GIVE HIS COMMENTS AT THE COMMITTEE STAGE OF THE APPROPRIATION BILL.

ON REVENUE PROPOSALS, MR. WANG FULLY AGREED THAT CLEAR CUT IDEAS WOULD HAVE TO BE DEVELOPED ON THE VARIOUS ROLES OF THE DIFFERENT FEES AND CHARGES.

HOWEVER, THE PROBLEM LAY IN HOW TO CATEGORISE THE DIFFERENT SERVICES= AND, SINCE MOST OF THEIR FEES AND CHARGES HAVE TO BE DESIGNED WITH REFERENCE TO THE COST, HE WONDERED WHETHER THE GOVERNMENT WOULD HAVE THE MACHINERY TO DETERMINE AND TO SHOW IN A COMPREHENSIVE MANNER, THE INDIVIDUAL COST OF EACH SERVICE FOR WHICH A FEE IS TO BE CHARGED.

+IT APPEARS OBVIOUS THAT IF WE ARE TO AVOID MISINFORMED PUBLIC REACTIONS, AND IMMATURE JUDGMENTS AT ANY TIME WHEN FEES OR CHARGES HAVE TO BE MADE, A MAJOR REFORM IN THE GOVERNMENT ACCOUNTING SYSTEM TO ENABLE SUCH FIGURE TO BE READILY AVAILABLE AT ANY TIME.+

AS TO GOVERNMENT SALARIES, HE SAID THE FIRST PRIORITY SHOULD BE TO DETERMINE THEIR COST IN CONNECTION WITH THE VARIOUS SERVICES PROVIDED. THE PUBLIC HAS A RIGHT TO ASK +WHAT DO WE GET FOR THE AMOUNT SPENT?+

MR. WANG WENT ON: +DOES OUR SOCIETY RECEIVE VALUE FOR THE MONEY SPENT ON SALARIES AND PENSIONS AND ALL FRINGE BENEFITS FOR GOVERNMENT SERVANTS -- HOUSING, LEAVE AND PASSAGES, EDUCATION ALLOWANCES, MEDICAL EXPENSES?

+IN SHORT, WE WOULD ALSO WANT TO MAKE AN ASSESSMENT ON THE COST EFFECTIVENESS AND THE PRODUCTIVITY OF GOVERNMENT SERVICES. IF THE GOVERNMENT IS TO PREVENT PUBLIC SPECULATION ON THESE MATTERS, THE TIME FOR THEIR COSTING WOULD BE BETTER SOONER THAN LATER.+

/REFERRING TO .....

REFERRING TO DIRECT AND INDIRECT TAXATION, MR. WANG SAID THE RATIO OF 45 TO 55 WAS OFTEN TAKEN AS A GUIDELINE RATIO BETWEEN THESE TWO FORMS OF TAX BY THE FINANCIAL SECRETARY THOUGH HE HAD NOT EXPLAINED THE LOGIC BEHIND THIS.

HE COULD NOT UNDERSTAND THE FINANCIAL SECRETARY'S STATEMENT ON THE NEED TO FIND NEW SOURCES OF INDIRECT TAXATION AND TO AVOID BECOMING OVER-DEPENDENT UPON DIRECT TAXATION.

✦ I WOULD THINK THAT DIRECT TAXATION OF ACTUAL PROFITS WOULD BE A FAIRER BASIS AND REPRESENT A MORE LOGICAL SYSTEM OF TAXATION. OVER-DEPENDENCE ON INDIRECT TAXATION MIGHT RESULT IN AN UNFAIR PROPORTION OF THE ECONOMIC BURDEN BEING SHOULDERED BY LOCAL BUSINESSMEN AND CONSUMERS, ✦ SAID MR. WANG.

✦ IF AN EMPIRICAL FORMULA HAS TO BE ADOPTED AS A GUIDELINE, AND IN THE LIGHT OF EXPERIENCE IN RECENT YEARS, IT WOULD APPEAR THAT A MORE REALISTIC RATIO WOULD BE 55:45 -- RATHER THAN THE REVERSE. ✦

INCREASES ON GENERAL RATES, MR. WANG CONTINUED, WOULD APPEAR AN EASY FORM OF TAXATION TO IMPLEMENT AND WOULD WIDEN THE TAX BASE TO A USEFUL EXTENT.

HOWEVER, HE FELT IT UNWISE TO RAISE GENERAL RATES DUE TO THE FACT THAT RENT LEVELS IN HONG KONG -- THE SECOND HIGHEST IN THE WORLD -- WOULD CONSTITUTE A HIGH PROPORTION OF COSTS IN ANY COMMERCIAL UNDERTAKING AND A CONSTANT BURDEN UPON EVERY DOMESTIC BUDGET.

RECENT RENT CONTROL POLICIES TOGETHER WITH A POSTPONEMENT OF REASSESSMENT OF RATEABLE VALUE WERE JUST BEGINNING TO DEMONSTRATE A GENERAL STABILITY IN THIS FIELD, AND MR. WANG HOPED THAT NO RETROGRADE STEPS WOULD BE IMPLEMENTED TO UPSET THIS FAVOURABLE TREND.

TOUCHING ON THE STANDARD RATE OF PROFITS TAX, HE FELT IT WAS HIGH TIME TO RECRUIT ALL THE BEST DRAINS AVAILABLE TO GIVE PROFOUND AND REALISTIC THOUGHT TO THE QUESTION OF A REALLY OPTIMUM PERCENTAGE OF STANDARD RATE FOR PROFITS TAX.

✦ IT IS OPPORTUNE BECAUSE WE CAN NO LONGER OVERLOOK, OR DENY THE FACT THAT WE ARE FACING A SITUATION, WHERE A CHOICE MUST BE MADE BETWEEN INCREASING OUR REVENUE BY TAXATION AND CUTTING DOWN ON PUBLIC EXPENDITURE ON SOCIAL SERVICES, AND THE DEVELOPMENT OF THE INFRA-STRUCTURE OF OUR ECONOMY. ✦

HONG KONG'S PROSPERITY, HE SAID DEPENDED UPON ITS ABILITY TO ATTRACT FOREIGN INVESTORS, AND A LOW RATE OF TAXATION WOULD ALWAYS BE HELPFUL.

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✦BUT 'LOW' IS A COMPARATIVE TERM. THE QUESTIONS ARE: HOW LOW SHOULD THE RATE BE SET? ARE THERE NOT OTHER FACTORS THAT EXIST IN FAVOUR OF HONG KONG AS AN ATTRACTIVE VENUE FOR BUSINESS OPERATIONS?✦

ANY CUT BACK IN EXPENDITURE, HE SAID, WOULD MEAN CUTTING DOWN THE STANDARD OF LIVING, THE QUALITY OF THE ENVIRONMENT, EDUCATIONAL OPPORTUNITY, VOCATIONAL TRAINING AND SOCIAL WELFARE.

IN ADDITION, THIS MUST HAVE AN ADVERSE EFFECT UPON THE QUALITY OF THE LABOUR FORCE.

✦THE FURTHER DEFERMENT OF OTHER PROJECTS WILL RESULT IN THE SLOWING DOWN OF THE DEVELOPMENT WHICH IS ESSENTIAL TO THE MAINTENANCE OF THE INFRA-STRUCTURE UPON WHICH OUR ECONOMY DEPENDS.

✦WOULD NOT SUCH A COURSE DETER FOREIGN INVESTORS EVEN MORE THAN WOULD A FEW PERCENT INCREASE IN THE STANDARD TAX RATE? I WOULD RECOMMEND SERIOUS CONSIDERATION OF THE LATTER COURSE,✦ HE ADDED.

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## HIGHER TAX RATE SUGGESTED

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THE HON. LEE QUO-WEI TODAY CALLED ON THE GOVERNMENT TO CONSIDER THE PROSPECT OF INCREASING THE STANDARD RATE OF TAXATION TO FINANCE ITS DEFICIT, BUT INDIRECT TAXATION, HE STRESSED, SHOULD REMAIN SIMPLE AND \*NOT TOO HIGH\*.

ADDRESSING THE LEGISLATIVE COUNCIL IN THE BUDGET DEBATE, HE NOTED THAT THE PROPOSED EXPENDITURE FOR THE COMING FISCAL YEAR WAS CLEARLY \*MUCH MORE THAN OUR FINANCIAL RESOURCES CAN PRODUCE AND MUCH LESS THAN OUR SOCIAL PROGRESS REQUIRES\*.

POINTING OUT THAT THE FORECAST FOR EXPENDITURES FOR THE THREE YEARS THEREAFTER NEEDED EVEN MORE MONEY, HE SAID FURTHER CURBS IN EXPENDITURE WOULD AFFECT THE INFRASTRUCTURE, PARTICULARLY EMPLOYMENT.

TO BORROW, HE EXPLAINED, MUST NOT EXCEED A CERTAIN LIMIT AND TO FURTHER INCREASE INDIRECT TAX, FEES AND CHARGES COULD AFFECT THE COST OF PRODUCTION AND COST OF LIVING.

HOWEVER, MR. LEE CAUTIONED THAT THE AMOUNT OF ANY INCREASE IN DIRECT TAXATION \*IS OF COURSE A MATTER THAT MUST BE GIVEN VERY CAREFUL AND SERIOUS CONSIDERATION TAKING ALL RELATIVE FACTORS INTO ACCOUNT\*.

HE ALSO EMPHASISED THAT, ONCE AN INCREASE WAS DECIDED UPON, THE GOVERNMENT SHOULD INDICATE THAT SUCH A RATE WOULD REMAIN UNCHANGED FOR A PERIOD OF YEARS SO AS TO REMOVE ANY UNCERTAINTY OF FURTHER INCREASES AND MAINTAIN CONFIDENCE FOR THE INVESTORS.

IN ADDITION, HE SAID PERSONAL ALLOWANCES SHOULD BE APPROPRIATELY INCREASED IN ORDER TO AVOID HARDSHIP BEING INFLICTED ON THE TAXPAYERS OF LOW INCOME GROUP.

THE PRESENT LOW STANDARD RATE OF 15 PERCENT, HE SAID, WAS ONE OF HONG KONG'S MOST IMPORTANT INVESTMENT ATTRACTIONS.

IF THIS PERCENTAGE WAS COMPARED WITH THOSE OF 45 PERCENT IN INDONESIA, 40 PERCENT IN MALAYSIA, 40 PERCENT IN SINGAPORE, 35 PERCENT IN THE PHILIPPINES, 30 PERCENT IN THAILAND, 27 PERCENT IN KOREA AND 25 PERCENT IN TAIWAN, \*THERE SEEMS TO BE SOME MARGIN TO PERMIT OUR TAX RATE TO GO UP, IF THERE IS SUCH A NEED\*.

COMMENTING ON THE ARGUMENT THAT SOME OF THESE OTHER COUNTRIES NOW OFFERED MORE ATTRACTIVE INCENTIVES FOR INVESTMENTS, HE SAID THE MANY BASIC FACILITIES THAT WERE UNIQUELY AVAILABLE IN HONG KONG SHOULD MORE THAN OFFSET THE LACK OF SUCH INCENTIVES AS EXISTED ELSEWHERE.

\*I AM SURE GOVERNMENT AS WELL AS MEMBERS OF THE PUBLIC MUST HAVE GIVEN CONSTANT THOUGHTS ON WHETHER OUR LOW STANDARD TAX RATE SHOULD BE RAISED. IF IT IS FORCED UPON US TO CHOOSE BETWEEN A DETERIORATING SOCIAL INFRASTRUCTURE WITH LOW TAX RATE AND AN IMPROVING INFRASTRUCTURE WITH SLIGHTLY HIGHER TAX RATE, I AM SURE THE MAJORITY WOULD PREFER THE LATTER\*.

/MR. LEE .....

MR. LEE CONTINUED THAT HE COULD CERTAINLY SEE SOME WEAKNESSES IN HAVING TOO HIGH INDIRECT TAX, FEES AND CHARGES IN THAT THEY WOULD RESULT IN ADDED COSTS TO THE PRODUCTION AND, TO A SMALL DEGREE, THE COST OF LIVING.

✦IF THEY ARE TO GO TOO MUCH FURTHER, OUR COMMERCIAL AND INDUSTRIAL COMPETITIVENESS WILL BE AFFECTED. ADDITIONALLY, THEY ARE ALWAYS OPEN TO THE ARGUMENT OF EQUITY.

✦THIS IS ESPECIALLY SO IN RESPECT OF THOSE ITEMS WHICH ARE LEVIED FOR NO OTHER REASON THAN THEY JUST HAPPEN TO BE THE CONVENIENT MEDIUM THROUGH WHICH INDIRECT TAX, FEES OR CHARGES CAN BE EFFECTIVELY COLLECTED.✦

PERSONALLY, MR. LEE THOUGHT THE TAX STRUCTURE SHOULD BE KEPT AS SIMPLE AS POSSIBLE AND SHOULD NOT HAVE TOO MANY ITEMS OR TOO HIGH AN INCREASE IN INDIRECT TAXATION, FEES AND CHARGES. ✦HOWEVER, I AM VERY MUCH IN FAVOUR OF ADDITIONS AND INCREASES IN THOSE ITEMS ON A COST OR FRANCHISED BASIS.✦

ON THE QUESTION OF FINANCING THE DEFICIT BY CUTS IN EXPENDITURE AND BORROWING, HE SAID THIS COULD ONLY BE A TEMPORARY MEASURE AND OBVIOUSLY COULD NOT BE APPLIED INDEFINITELY.

✦THERE MUST BE A LIMIT -- THE RIGHTFUL HOPES AND ASPIRATION OF THE COMMUNITY MUST BE RECOGNISED AND MET.✦

HE FELT THAT SUBSTANTIAL CUTS IN GOVERNMENT EXPENDITURE WOULD FURTHER BURDEN THE EMPLOYMENT SITUATION WHICH WAS ALREADY AFFECTED BY THE SLACKENING ECONOMY, AND ✦IT IS A MATTER WHICH DEMANDS URGENT CONSIDERATION.✦

THE GOVERNMENT, BEING THE BIGGEST EMPLOYER IN HONG KONG, INCREASED THE STRENGTH OF THE CIVIL SERVICE ESTABLISHMENT BY 8,500 PEOPLE IN 1974.

IF THE ESTABLISHMENT WAS TO BE LIMITED TO ONLY 1,600 IN 1975-76, MANY MORE PEOPLE WOULD HAVE TO TURN TO THE PRIVATE SECTOR FOR JOBS. AT THE SAME TIME, THERE WOULD BE ABOUT 3,000 POST SECONDARY GRADUATES PLUS AROUND 75,000 SECONDARY SCHOOL LEAVERS SEEKING EMPLOYMENT.

✦BESIDES EMPLOYMENT, OTHER AREAS LIKE HOUSING, EDUCATION, MEDICINE, TRANSPORT AND SOCIAL WELFARE WILL ALSO INEVITABLY BE AFFECTED IN ONE WAY OR ANOTHER,✦ HE SAID.

ON BORROWING, MR. LEE SAID ACCORDING TO THE FINANCIAL SECRETARY'S ILLUSTRATION, HE FIGURED THAT THE LOANS OUTSTANDING AT ANY TIME SHOULD BE WITHIN THE RANGE OF \$1,000 MILLION AND \$1,500 MILLION.

/BUT THIS WOULD .....

BUT THIS WOULD BE INSUFFICIENT EVEN TO COVER THE FORECAST DEFICIT OF \$2,200 MILLION IN 1976/77. \*IN ANY CASE, NOBODY WOULD DISAGREE THAT THERE IS A LIMIT TO WHICH WE SHOULD BE IN DEBT.\*

ON THE STRENGTH OF THE HONG KONG DOLLAR, HE SAID ITS FLOATING WAS SOMETHING THAT CANNOT BE AVOIDED DUE TO THE WEAKNESS OF THE U.S. DOLLAR TO WHICH HONG KONG WAS LINKED.

THE CONTINUOUS INTERVENTION BY THE GOVERNMENT AND BANKS AS WELL AS THE RECENT DRASTIC REDUCTIONS IN INTEREST RATES HAVE WORKED EFFECTIVELY AT PRESENT TO CHECK THE FURTHER ADVANCE OF THE HONG KONG DOLLAR TO A MORE ACCEPTABLE LEVEL, BUT BASICALLY THE RATE MUST DEPEND, LIKE ANY OTHER COMMODITY, ON DEMAND AND SUPPLY.

REFIXING NOW WOULD NOT SERVE ANY USEFUL PURPOSE AS LONG AS THE PRINCIPAL CURRENCIES ARE STILL FLOATING.

IN MANY OTHER OCCASIONS IN THE PAST, THE VALUE OF THE HONG KONG DOLLAR HAD TO ADVANCE QUITE WIDELY AND YET HONG KONG HAD BEEN ABLE TO DEAL WITH THE SITUATION QUITE SUCCESSFULLY.

THE SAME HAD HAPPENED TO WEST GERMANY, JAPAN AND A FEW OTHER COUNTRIES. THEREFORE, HONG KONG BUSINESS WOULD NOT BE TOO BADLY AFFECTED BY THE RATES AS LONG AS THERE ARE DEMAND FOR OUR GOODS, HE SAID.

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MODIFICATIONS RECOMMENDED IN MACAU FERRY WHARF TAX  
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UNOFFICIAL MEMBERS OF THE LEGISLATIVE COUNCIL TODAY SUPPORTED THE PROPOSED \$5 PASSENGER TAX ON TRAVELLERS TO AND FROM MACAU, BUT RECOMMENDED A REDUCTION OF \$3 IN THE CASE OF CHILDREN UNDER 12 YEARS AND FOR STEERAGE PASSENGERS.

THE HON. OSWALD CHEUNG TOLD COUNCIL THAT THE UNOFFICIALS CONSIDERED A \$2 TAX ON THESE TWO CLASSES OF PASSENGERS AN EQUITABLE ONE AND THE REDUCTION WOULD COST THE REVENUE ONLY \$2.4 MILLION. IN FACT, HE DOUBTED THAT THE LOSS WOULD EVEN REACH THIS LEVEL SINCE THE NUMBER OF PASSENGERS TO AND FROM MACAU WAS STEADILY RISING.

MORE PASSENGERS PASSED THROUGH THE MACAU FERRY TERMINAL THAN THROUGH KAI TAK AIRPORT, HE SAID, AND YET +THE TERMINAL IS A BLIGHT AND ITS FACILITIES HOPELESSLY OUT OF DATE AND INADEQUATE.+

DESPITE REPEATED EFFORTS, HE WENT ON, HE HAD NOT BEEN ABLE TO PERSUADE THE PUBLIC WORKS SUBCOMMITTEE TO GIVE ANY PRIORITY TO REBUILDING THE TERMINAL OUT OF PUBLIC FUNDS, AND NEITHER HAD THE GOVERNMENT INDICATED WHETHER IT WAS PREPARED TO ACCEPT A REQUEST FROM A GROUP WITH LARGE INTERESTS IN MACAU TO DEVELOP A NEW AND MODERN MULTI-STOREY TERMINAL COMPLETE WITH PASSENGER FACILITIES.

THE GROUP'S PROPOSAL WAS BASED ON THE CONCEPT OF MULTI-STOREYED DEVELOPMENT FOR JOINT PUBLIC AND PRIVATE USE AND THE TERMS PROPOSED WERE THAT THE GROUP SHOULD HAVE THE USE AND PROFITS DERIVED FROM THE LOWER FLOORS WHICH WOULD PROVIDE VARIOUS FACILITIES FOR PASSENGERS.

MR. CHEUNG POINTED OUT THAT THIS CONCEPT HAD ALREADY BEEN ACCEPTED BY GOVERNMENT IN THREE OTHER FIELDS AND HE URGED THAT EARLY CONSIDERATION BE GIVEN TO THE GROUP'S PROPOSAL.

ON ANOTHER SUBJECT, MR. CHEUNG SAID THE UNOFFICIALS FELT THAT THE COMMITTEE TO REVIEW THE INLAND REVENUE ORDINANCE SHOULD BE APPOINTED NOW AND BEGIN WORK THIS YEAR INSTEAD OF THE NEXT.

+WITH THE DEFICITS THAT FACE US IN THE NEXT FOUR YEARS, WE CAN BROOK NO DELAY IN RAISING NEW REVENUE, AND RAISING IT AS EQUITABLY AS POSSIBLE,+ HE STRESSED. +IN OUR VIEW THIS TASK IS OF THE HIGHEST PRIORITY.+

/BASED ON .....

BASED ON VARIOUS ASSUMPTIONS, HE ESTIMATED THAT TOTAL REVENUE FOR THE FIVE YEARS 1974/75 TO 1978/79 WOULD AMOUNT TO SOME \$39,500 MILLION, BUT MORE THAN THIS WOULD HAVE TO BE RAISED, HE SAID, IF SOCIAL SERVICES WERE TO BE RESTORED TO DESIRABLE LEVELS AND IF PROJECTS OF GREAT NECESSITY WERE TO BE PUT BACK IN THE PUBLIC WORKS PROGRAMME.

HE WELCOMED EFFORTS TO DEVISE MEANS OF RAISING MORE REVENUE FROM BETTING BY DRAWING GAMBLING AWAY FROM ILLEGAL OUTLETS, AND PERSONALLY WAS CONVINCED THAT VERY SUBSTANTIAL SUMS OF THE ORDER OF \$400 MILLION TO \$500 MILLION A YEAR COULD BE RAISED FROM GAMBLING.

+THE PUBLIC AT LARGE, INDEED EVEN A CLERGYMAN, SUPPORTS RAISING MORE MONEY FROM THIS SERVICE, AND I WOULD WISH THAT QUICKER PROGRESS CAN BE MADE IN THIS DIRECTION,+ HE SAID.

ON PUBLIC ASSISTANCE, MR. CHEUNG NOTED THAT PROVISION OF \$215 MILLION WAS NOW BEING MADE FOR PUBLIC ASSISTANCE AND DISABILITY AND INFIRMITY ALLOWANCES COMPARED TO \$35.5 MILLION TWO YEARS AGO. AT PRESENT 40,000 CASES WERE RECEIVING PUBLIC ASSISTANCE AND 50,000 DISABILITY AND INFIRMITY ALLOWANCES.

+THE MONEY IS DESERVEDLY PAID OUT,+ SAID MR. CHEUNG, BUT HE WAS ANXIOUS THAT +ASSISTANCE SHOULD NOT CONTINUE TO BE GIVEN ONCE THE RECIPIENT CEASES TO FALL WITHIN THE DEFINED CRITERIA.+ CONSTANT VIGILANCE HAD TO BE EXERCISED TO SEE THAT THIS DID NOT HAPPEN, HE STRESSED.

TOUCHING ON THE FINANCIAL SECRETARY'S PROPOSAL TO BORROW FUNDS FOR CAPITAL PROJECTS, MR. CHEUNG SAID HE WELCOMED THIS AND AGREED THAT THE FIRST VENTURES IN THIS REGARD SHOULD BE MODEST. HE RESERVED COMMENT ON WHETHER THE FINANCIAL SECRETARY'S LIMITATIONS AND GUIDELINES WERE CORRECT.

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WEDNESDAY, MARCH 19, 1975

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### HOUSING LOTTERY PROPOSED

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A SPECIAL LOTTERY FOR PUBLIC HOUSING WAS ADVOCATED TODAY BY THE HON. ROGER LOBO AS AN ADDITIONAL MEANS TO ASSIST IN THE TASK OF PROVIDING ADEQUATE HOMES FOR THE PEOPLE OF HONG KONG.

HE SUGGESTED THAT THE 'HOUSING LOTTERY' COULD BE BASED ON \$2 TICKETS DRAWN AT REGULAR INTERVALS. THIS, HE TOLD THE OPENING SESSION OF THE BUDGET DEBATE, COULD GENERATE CONSIDERABLE FUNDS AND GIVE ALL THOSE LIVING IN THE GROUP A AND B ESTATES, RESITE AREAS, AS WELL AS THOSE ON THE WAITING LIST, AN OPPORTUNITY OF OWNING A FLAT OF THEIR OWN.

THE CONCEPT OF SUCH A LOTTERY WAS NOT NEW, HE SAID, AND HE FELT THE TIME HAD COME FOR THE GOVERNMENT TO LOOK INTO THE POSSIBILITY. MR. LOBO APPRECIATED THAT THE MECHANICS OF HIS PROPOSAL WOULD HAVE TO BE CAREFULLY CONSIDERED AND WORKED OUT.

ON THE PROPOSED BUDGET FOR THE COMING FINANCIAL YEAR, MR. LOBO BELIEVED IT TO BE +A FAIR AND REASONABLE+ ONE. BUT IN SOME RESPECTS HE DOUBTED HOW CERTAIN DEPARTMENTS WOULD BE ABLE TO CARRY ON WITHOUT JEOPARDIZING ESSENTIAL SERVICES AND OTHER IMPORTANT FACILITIES.

HE NOTED THAT THE AUXILIARY SERVICES HAD SUFFERED SEVERELY IN THE BUDGET, AND HE QUESTIONED THE WISDOM OF RUNNING DOWN THE CIVIL AID SERVICES WHICH HAD SERVED THE COMMUNITY FAITHFULLY IN EMERGENCY AS WELL AS IN NORMAL TIMES FOR MORE THAN 20 YEARS.

THE COMMUNITY, HE WARNED, COULD NOW EXPECT TO BE DEPRIVED OF A LARGE PART OF THE SERVICES OF THE VOLUNTEERS ON OCCASIONS OF LARGE SCALE EMERGENCY SUCH AS DURING TYPHOONS AND RAINSTORMS.

+SO SEVERE IS THE CUT THAT THE CIVIL AID SERVICES ARE FORCED TO REDUCE THEIR STRENGTH BY DISCHARGING 1,500 MEMBERS,+ HE SAID. TO THEIR CREDIT, MANY CAS MEMBERS HAD OFFERED TO CONTINUE GIVING THEIR SERVICES WITHOUT THE PAYMENTS NOW MADE TO THEM.

URGING THE GOVERNMENT TO REVIEW THE WHOLE QUESTION OF RUNNING DOWN THE CAS, MR. LOBO SAID: +THIS IS A PEOPLE'S SERVICE IN WHICH THE PEOPLE OF HONG KONG CAN TAKE AN ACTIVE PART IN LOOKING AFTER THEIR OWN AFFAIRS AND ASSIST THE REGULAR SERVICES WHENEVER THERE IS THE NEED.+

MR. LOBO WONDERED WHETHER CUTS COULD BE AVOIDED BY A CHANGE OF POLICY IN AIR PASSAGES FOR CERTAIN CIVIL SERVANTS FROM FIRST CLASS TO ECONOMY CLASS WHENEVER POSSIBLE.

/+SENDING .....

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✦SENDING SOMEONE ON LEAVE BY ECONOMY CLASS MEANS ONLY EIGHTEEN HOURS OF LITTLE OR NO HARDSHIP ONCE A YEAR AS AGAINST THE CLOSURE OF PART OF AN IMPORTANT SERVICE, ✦ HE SAID, NOTING THAT THE DIFFERENCE IN FARE STRUCTURE COULD PRODUCE THE FINANCES NEEDED TO MAINTAIN SOME SERVICES NOW PRUNED.

MR. LOBO ALSO EXPRESSED CONCERN ON PROPOSED BUDGET CUTS IN THE MEDICAL FIELD. UNLESS THE DIRECTOR OF MEDICAL AND HEALTH SERVICES WAS ABLE TO PULL OUT A FEW RABBITS FROM HIS HAT, ✦HIS VITAL DEPARTMENT WILL NOT BE ABLE TO CARRY OUT ALL ITS FUNCTIONS PROPERLY WITH THE PROPOSED FREEZE ON FUNDS AND PERSONNEL. ✦

HE ADDED: ✦I FEAR SOME MEDICAL INSTITUTIONS MAY BECOME BEAUTIFUL SHOWPIECES WITH IMPRESSIVE EXTERIORS BUT WITH EMPTY OR PARTLY EMPTY INTERIORS. ✦

MR. LOBO ALSO CALLED FOR ANOTHER LOOK AT THE PROPOSED CUTS IN THE GOVERNMENT'S RADIO AND TELEVISION SERVICES.

THE SUMS INVOLVED, HE SAID, WERE RELATIVELY SMALL BUT WERE SIGNIFICANT TO THE DEPARTMENTS INVOLVED, AND HE ASKED FOR AN ASSURANCE THAT PRUNING WOULD BE ADJUSTED SO AS TO ENABLE RADIO AND TV SERVICES TO BE MAINTAINED AT CURRENT LEVELS OF OPERATION.

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WEDNESDAY, MARCH 19, 1975

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REVIEW OF SCHOOL FEE REMISSIONS URGED  
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THE POLICY OF SCHOOL FEE REMISSIONS AT PRIMARY, SECONDARY AND TERTIARY LEVELS SHOULD BE REASSESSED TO DETERMINE WHETHER OR NOT ECONOMIES COULD BE MADE IN THESE DAYS OF FINANCIAL DIFFICULTY, THE HON. JOYCE SYMONS SUGGESTED TODAY.

SPEAKING IN THE BUDGET DEBATE, SHE EMPHASISED THAT THE NEEDS OF CHILDREN FROM POOR HOMES MUST CONTINUE TO BE WELL LOOKED AFTER, BUT SHE QUESTIONED THE JUSTIFICATION FOR SUBSIDISING PARENTS WHO COULD WELL AFFORD TO PAY FOR THEIR CHILDREN'S EDUCATION.

“OUR YOUNG FOLK CERTAINLY DESERVE THE BEST, BUT IT MUST BE THE BEST WE CAN AFFORD IN YEARS OF DOUBTFUL ECONOMIC GROWTH— AND IT IS IN THE HIGHEST INTEREST OF THE YOUNG THAT I URGE CAUTION IN THE WISEST USE OF OUR MONEY TO ENSURE A MEANINGFUL EDUCATION TO THE MANY MORE, BOTH NORMAL AND HANDICAPPED, WE WANT TO PREPARE FOR A RIGHTFUL PLACE IN SOCIETY,” SHE SAID.

IF THERE WAS ANY DOUBT THAT THE EDUCATION WHITE PAPER COULD NOT BE IMPLEMENTED IN 1976, SHE SAID, A SERIOUS DIALOGUE SHOULD BE STARTED NOW TO STRETCH THE DOLLAR FURTHER IN THE EDUCATION VOTE BY REVIEWING THE POLICY OF THE REMISSION OF FEES AT THE PRIMARY, SECONDARY AND TERTIARY LEVELS. SHE WARNED, HOWEVER, THAT IF THE GOVERNMENT DELAYED INITIAL IMPLEMENTATION OF THE WHITE PAPER IN 1976, MOST TEACHERS AND PARENTS WOULD RIGHTLY BE MOST CRITICAL.

MRS. SYMONS STRESSED THAT THERE MUST BE A PRAGMATIC APPROACH TO THE FINANCIAL IMPLICATIONS WHEN EDUCATION IS BEING PLANNED.

PRIMARY EDUCATION, SHE NOTED, WAS PROVIDED FREE FOR ABOUT 700,000 CHILDREN IN GOVERNMENT AND AIDED SCHOOLS AT A TOTAL COST OF ABOUT \$572 MILLION A YEAR.

“WHAT IS THE JUSTIFICATION FOR ALL THIS MASSIVE EXPENDITURE TO BE FREE, WHEN MANY OF THESE CHILDREN COME FROM HOMES WHERE THERE IS NO FINANCIAL DIFFICULTY?” SHE ASKED. “NATURALLY THOSE CHILDREN WHO COME FROM NEEDY HOMES MUST NOT BE DEPRIVED OF AN EDUCATION, BUT IT WOULD APPEAR THAT THE SITUATION NEEDS TO BE REASSESSED.”

AT THE SECONDARY SCHOOL LEVEL, THE RECURRENT COSTS OF GOVERNMENT SCHOOLS WAS ABOUT \$50 MILLION AND OF AIDED SCHOOLS ABOUT \$223 MILLION. AT PRESENT FORTY-FIVE PERCENT OF THE STUDENTS IN FORMS ONE TO FIVE HAD THEIR FEES REMITTED AND 50 PER CENT OF THOSE IN FORM SIX.

/+SHOULD WE .....

\*SHOULD WE REALLY ACCEPT THAT SO HIGH A PROPORTION OF THE PARENTS OF STUDENTS AT THE SECONDARY LEVEL CANNOT AFFORD THE HIGHLY SUBSIDISED FEE OF \$400 PER ANNUM IN FORMS ONE TO FIVE AND \$610 IN FORM SIX? THIS FEE, SHE ADDED, WAS ITSELF ONLY A SMALL PROPORTION OF THE COST OF THE PLACE TO THE TAX-PAYER.

IN CONTRAST, SPECIAL EDUCATION BADLY NEEDED TO BE EXPANDED \*AND YET SUCH EXPANSION IS BEING CONTROLLED IN A NIGGARDLY FASHION.\*

GOING ON TO TERTIARY EDUCATION, MRS. SYMONS ASKED IF ECONOMISE COULD ALSO NOT BE MADE \*DESPITE THE VALIANT AND LEARNED EFFORTS OF THE UNIVERSITIES AND POLYTECHNIC GRANTS COMMITTEE.\*

THE COST OF \$290 MILLION FOR ABOUT 7,300 UNDERGRADUATES AND 3,410 FULL-TIME POLYTECHNIC STUDENTS WAS STAGGERING, SHE SAID. ON AVERAGE THE FEES IN THE UNIVERSITIES CONSTITUTED ABOUT ONE TENTH OF THE COST AND IN THE POLYTECHNIC VERY MUCH LESS.

MRS. SYMONS WENT ON TO SUGGEST THAT HONG KONG COULD DO WELL TO FOLLOW THE EXAMPLE OF A SMALL AUSTRALIAN TOWN WHERE PEOPLE ARE NOW DOING EXTRA WORK ON A VOLUNTARY BASIS IN AN ATTEMPT TO DEAT INFLATION.

THIS IDEA COULD BE CULTIVATED IN HONG KONG, SHE SAID, POINTING TO THE NEED TO MOVE AHEAD AS A COMMUNITY IN THE WHOLE AREA OF HARD WORK, DISCIPLINE AND VIABILITY.

IN PARTICULAR, SHE CALLED ON CIVIL SERVANTS TO WORK WITH RENEWED VIGOUR AND SAID THAT WHILE MANY OFFICERS WERE EXEMPLARY IN THIS, \*NOT A FEW WHO ENJOY THE CONTENTS OF THE 'IRON RICE BOWL' OF GOVERNMENT FORGET THAT MANY IN THE WORLD, AND ESPECIALLY IN OUR OWN AREA, HAVE NO WORK AND EMPTY RICE BOWLS.\*

COMMENTING ON THE \$30.5 MILLION BUDGET ALLOCATION FOR THE I.C.A.C., MRS. SYMONS SAID THE MONEY WAS IN PROPORTION TO BOTH THE INTRINSIC VALUE OF THE COMMISSION AND THE TOTAL EXPENDITURE OF HONG KONG.

THIS SUM WOULD BRING IN DIVIDENDS, SHE SAID, BOTH IN THE FORM OF FINES AND CONFISCATED CORRUPT MONEY -- AMOUNTING EVEN NOW TO OVER \$4 MILLION -- AND \*IMMEASURABLY MORE SO IN THE CLEANING UP OF THE NASTY PROBLEM OF CORRUPTION IN BOTH HIGH AND LOW PLACES.\*

SHE HOPED, HOWEVER THAT \*MANY MYSTERIES OF STAFFING COSTS AND PLANNED EXPANSION\* OF THE I.C.A.C. WOULD BE REVEALED IN ITS ANNUAL REPORT ABOUT TO BE PUBLISHED.

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WEDNESDAY, MARCH 19, 1975

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AGREEMENT NEAR ON HIGHER BETTING DUTY  
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THE GOVERNMENT AND THE ROYAL HONG KONG JOCKEY CLUB ARE REACHING AGREEMENT ON A SATISFACTORY SOLUTION TO RAISE EXTRA REVENUE FROM BETTING DUTY, THE HON. PETER WILLIAMS DISCLOSED IN THE BUDGET DEBATE TODAY.

HE DID NOT ELABORATE BUT SAID THE AGREEMENT WOULD GENERATE ADDITIONAL REVENUE FOR SOCIAL PROJECTS ON THE ONE HAND, AND MINIMISE THE RISK OF DIVERTING MORE BETTING INTO THE HANDS OF ILLEGAL DOCKMAKERS ON THE OTHER.

IN FACT, THERE HAD ALREADY BEEN A DIVERSION FROM ILLEGAL TO LEGAL BETTING IN GENERAL, HE SAID, AND +AS WE BUILD AND REFINE OUR LEGAL BETTING FACILITIES THIS SWING WILL UNDOUBTEDLY CONTINUE.+

MR. WILLIAMS, WHO IS CHAIRMAN OF THE JOCKEY CLUB, DID NOT AGREE THAT OFF-COURSE BETTING FACILITIES AND THE VARIOUS BETTING FORMS HAD ENCOURAGED PEOPLE TO BET MORE. RATHER, THEY HAD ENCOURAGED THE PERSON WHO BETS TO DO SO LEGALLY INSTEAD OF THROUGH ILLEGAL CHANNELS.

THE INCREASE IN BETTING THIS YEAR, HE ADDED, HAD COME FROM BETTING ON EXOTIC POOLS WHERE THERE WAS USUALLY A LARGE RETURN FOR A SMALL UNIT STAKE, AND THIS WAS WHERE THE ILLEGAL OPERATORS FOUND IT DIFFICULT TO COMPETE.

MR. WILLIAMS SOUNDED A WARNING THAT GREAT DAMAGE COULD OCCUR TO HONG KONG'S WELL-BEING FROM +CLUMSY AND MISJUDGED CHANGES IN OUR TAX STRUCTURE AND LEVELS,+ ONE EXAMPLE WAS THE SHARP DROP IN TOTAL REVENUE FOLLOWING HIGHER GOVERNMENT CHARGES FOR RUNNING A CAR, AND HE WAS SURPRISED THAT THIS HAD NOT BEEN REVIEWED ALTHOUGH HE APPRECIATED THAT OTHER POLICY CONSIDERATIONS MIGHT BE INVOLVED.

HE BELIEVED THAT THE ECONOMIC SUCCESS OF HONG KONG LAY IN ITS COMMERCIAL AND FINANCIAL SENSITIVITY. WHETHER OUTSIDERS SET UP BUSINESS HERE OR WHETHER THE WORLD DOES BUSINESS WITH HONG KONG, HE SAID, DEPENDS GREATLY ON OUR TAX STRUCTURE AND FISCAL POLICIES.

MR. WILLIAMS SHARED HIS UNOFFICIAL COLLEAGUES' DISAPPOINTMENT THAT ALL ROUND EXPENDITURE MUST BE CUT AND PLANS FOR THE FUTURE CHANGED.

HE STRONGLY SUPPORTED MR. ROGER LOBO'S PLEA TO AVOID CUT BACKS IN THE GOVERNMENT'S RADIO AND TELEVISION SERVICES. +THESE PROVIDE A SERVICE POLITICALLY AND SOCIALLY VITAL IN DIFFICULT TIMES AND THE AMOUNTS ARE NOT LARGE.+

/TOUCHING ON .....

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TOUCHING ON THE FINANCIAL SECRETARY'S PROPOSAL TO INTRODUCE A DIVIDEND WITHHOLDING TAX NEXT YEAR, MR. WILLIAMS SAID IT WAS MOST DISAPPOINTING THAT IT WOULD TAKE MORE THAN ONE YEAR BEFORE THE THIRD INLAND REVENUE ORDINANCE REVIEW COMMITTEE WOULD BE APPOINTED AND THE VIEWS OF THE PUBLIC ON THIS SIGNIFICANT CHANGE IN THE TAX STRUCTURE COULD BE CONSIDERED.

DESPITE THE FINANCIAL SECRETARY'S PROMISE THAT THE WITHHOLDING TAX WOULD BE A MODEST AND REASONABLE ONE, MR. WILLIAMS FELT IT WOULD STILL BE A CONTENTIOUS ISSUE BECAUSE OF THE UNDERLYING PRINCIPLES INVOLVED AND POTENTIAL INEQUITIES.

BESIDES RATHER COMPLEX LEGISLATION, HE POINTED OUT, IT WOULD MOST DESIRABLY REQUIRE TAX TREATIES WITH OTHER COUNTRIES AND THIS WOULD TAKE TIME.

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WEDNESDAY, MARCH 19, 1975

JOINT STATEMENT ISSUED BY THE HONG KONG GOVERNMENT AND  
THE UNITED KINGDOM MINISTRY OF DEFENCE

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DISCUSSIONS ARE PROCEEDING BETWEEN THE BRITISH GOVERNMENT AND THE HONG KONG GOVERNMENT ABOUT THE FUTURE FORCE LEVEL APPROPRIATE FOR HONG KONG IN THE LONG TERM AND ITS FINANCING.

THE OUTCOME OF THESE DISCUSSIONS WILL BE ANNOUNCED IN DUE COURSE AND EMBODIED IN A NEW DEFENCE COSTS AGREEMENT, WHICH WILL RUN FROM 1ST APRIL 1976.

MEANWHILE BOTH GOVERNMENTS ARE AGREED THAT EARLY REDUCTIONS CAN BE MADE IN THE LEVEL OF THE GARRISON IN ACCORDANCE WITH THE PRESENT DEFENCE COSTS AGREEMENT. ACCORDINGLY ELEMENTS AMOUNTING TO APPROXIMATELY ONE MAJOR UNIT WILL BE WITHDRAWN DURING THE NEXT 18 MONTHS.

THESE ARE :-

ROYAL NAVY. SOME SMALL REDUCTION IN NAVAL STRENGTH AND SUPPORT.

ARMY. THE WITHDRAWAL OF C SQUADRON, 1 ROYAL TANK REGIMENT AND 20 LIGHT REGIMENT, ROYAL ARTILLERY, LESS ONE BATTERY. AT THE SAME TIME A NUMBER OF RELATED REORGANISATIONAL MEASURES ARE TO BE CARRIED OUT WHICH WILL RESULT IN THE DISBANDMENT OF 54 (HONG KONG) SUPPORT SQUADRON, ROYAL ENGINEERS AND 414, PACK TRANSPORT TROOP, ROYAL CORPS OF TRANSPORT. 415 MARITIME TROOP, ROYAL CORPS OF TRANSPORT, WILL BE REDUCED IN STRENGTH. TOGETHER WITH THESE MEASURES THERE WILL BE CONSEQUENT REDUCTIONS IN SUPPORTING SERVICES AND IN HEADQUARTERS.

ROYAL AIR FORCE. THERE WILL BE SOME REDUCTIONS IN THE STRENGTH OF RAF KAI TAK.

THESE ECONOMIES IN SERVICE MANPOWER WILL LEAD TO A REDUCTION OF ABOUT 200 LOCALLY ENLISTED PERSONNEL AND 300 LOCALLY ENLISTED CIVILIANS. REDUNDANCY TERMS FOR LOCALLY ENLISTED CIVILIANS WILL BE IN ACCORDANCE WITH EXISTING REGULATIONS.

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WEDNESDAY, MARCH 19, 1975

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NEW RICE IMPORT QUOTA ANNOUNCED  
SUPPLY POSITION HEALTHY  
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THE COMMERCE AND INDUSTRY DEPARTMENT ANNOUNCED TODAY (WEDNESDAY) THAT THE RICE IMPORT QUOTA FOR THE SECOND QUARTER OF 1975 HAS BEEN FIXED AT 76,212 METRIC TONS.

THE ASSISTANT DIRECTOR OF COMMERCE AND INDUSTRY (TRADE), MR. PAUL WONG, EXPLAINED THAT THE NEW QUOTA -- SMALLER THAN THE PREVIOUS QUARTER'S QUOTA BY 2,178 METRIC TONS -- TOOK INTO ACCOUNT THE RELATIVELY LARGE STOCK (68,000 METRIC TONS) IN HONG KONG AT PRESENT AND THE IMPROVED OVERSEAS' SUPPLY POSITION.

THE RICE CROPS POSITION IN THE REGION WAS ALSO FAVOURABLE, HE ADDED.

THE DECISION TO ISSUE A REDUCED QUOTA IS ALSO IN KEEPING WITH LAST YEAR'S RECOMMENDATION BY THE CONSUMER COUNCIL AND SHOULD HAVE NO EFFECT ON RETAIL PRICES OR ON THE AVAILABILITY OF THE GRAIN ON THE LOCAL MARKET.

SINCE JANUARY 1, THIS YEAR, HONG KONG HAS IMPORTED A TOTAL OF 64,252 METRIC TONS OF RICE. OF THIS AMOUNT, CHINA SUPPLIED 27,867 METRIC TONS AND THAILAND 32,599 METRIC TONS. THE BALANCE WAS FROM THE UNITED STATES AND AUSTRALIA.

TIME: 1852 HOURS/MAN/ MARCH 19, 1975.

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COMMEMORATIVE COINS FOR LUNAR NEW YEARS  
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THE GOVERNMENT PLANS TO ISSUE A SERIES OF 12 SPECIAL COMMEMORATIVE GOLD COINS TO MARK EACH LUNAR NEW YEAR BEGINNING IN 1976, THE FINANCIAL SECRETARY, THE HON. PHILIP HADDON-CAVE, DISCLOSED TODAY.

HE ANNOUNCED THIS IN THE LEGISLATIVE COUNCIL WHEN HE MOVED A RESOLUTION TO SEEK APPROVAL FOR SETTING UP THE +SPECIAL COIN SUSPENSE ACCOUNT+ WHICH WOULD ENABLE HIM TO ISSUE AND DEAL WITH SPECIAL AND COMMEMORATIVE COINS.

THE COUNCIL APPROVED THE ESTABLISHMENT OF THE SUSPENSE ACCOUNT WHICH SHALL NOT, AT ANY TIME, BE IN DEBT TO AN AMOUNT EXCEEDING \$20 MILLION.

MR. HADDON-CAVE SAID THE GOVERNMENT INTENDED TO ISSUE UNDER THIS SUSPENSE ACCOUNT A SPECIAL \$1,000 GOLD COIN TO MARK THE VISIT TO HONG KONG BY THE QUEEN AND THE DUKE OF EDINBURGH.

THIS WOULD BE THE FIRST OF A SERIES OF 14 GOLD COINS WHICH, BESIDES BEING A SPECIAL LEGAL TENDER, WOULD HAVE COLLECTOR APPEAL.

FOR THE OTHER COINS, HE POINTED OUT THAT LUNAR NEW YEARS REPEAT THEMSELVES IN A 12-YEAR CYCLE.

+WHAT WE HAVE TENTATIVELY IN MIND IS THIS : BEGINNING IN 1976, EACH LUNAR YEAR WOULD BE MARKED BY THE ISSUE OF A GOLD COIN. THE OBLVERSE SIDE OF THE COIN WOULD BEAR A PORTRAIT OF HER MAJESTY THE QUEEN AND THE REVERSE WILL DEPICT THE ANIMAL ASSOCIATED WITH THE LUNAR YEAR OF ISSUE.

+THE FIRST OF THESE LUNAR NEW YEAR COINS WOULD, THEREFORE, SHOW A DRAGON ON THE REVERSE SIDE,+ HE SAID.

THIS WOULD MAKE A TOTAL OF 13 COINS, +BUT SO AS NOT TO DISCOURAGE THOSE COLLECTORS WHO FIND THE NUMBER 13 UNLUCKY, A SET OF 14 COINS WOULD BE MADE. THE 14TH COIN WOULD BE ISSUED TO MARK A FUTURE NOTEWORTHY AND IMPORTANT EVENT, AS YET UNDETERMINED.+

IN ADDITION, MR. HADDON-CAVE SAID A SPECIAL HIGH QUALITY CASE CONTAINING 14 COIN WELLS WOULD BE DESIGNED AND SOLD TO THOSE WHO DECIDED TO COLLECT THE FULL SET OF COINS.

+IN MY VIEW, A COMPLETE SET WOULD PROVE TO BE A VERY VALUABLE INVESTMENT INDEED TO HAND DOWN TO OUR GRANDCHILDREN.+

REFERRING TO THE COIN TO BE ISSUED IN MAY FOR THE QUEEN'S VISIT, HE SAID THAT THIS FINE QUALITY COIN, TO BE ISSUED IN PROOF AND IN UNCIRCULATED CONDITION, WOULD NOT ONLY SERVE TO COMMEMORATE A UNIQUE EVENT BUT ALSO, THROUGH THE OVERSEAS MARKETING ARRANGEMENTS BEING MADE, FURTHER ENHANCE HONG KONG'S IMAGE ABROAD.

FULL DETAILS OF THE COIN AND THE SALES ARRANGEMENTS WOULD BE RELEASED SHORTLY, HE SAID.

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NEW NARCOTICS COMMISSIONER APPOINTED

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THE APPOINTMENT WAS ANNOUNCED TODAY OF MR. E. I. LEE AS THE COMMISSIONER FOR NARCOTICS TO SUCCEED MR. NORMAN ROLPH WHO LEAVES HONG KONG ON FRIDAY (MARCH 21) ON PRE-RETIREMENT LEAVE.

MR. LEE IS CURRENTLY DEPUTY SECRETARY IN CHARGE OF THE MANAGEMENT UNIT OF THE COLONIAL SECRETARIAT.

MR. ROLPH WILL BE LEAVING HONG KONG AFTER SERVING ALMOST 30 YEARS WITH THE GOVERNMENT.

HE FIRST JOINED AS A POLICE CADET IN 1946 AND LATER THAT YEAR WAS APPOINTED AN ASSISTANT SUPERINTENDANT, WHICH WAS THE FIRST OF A SERIES OF PROMOTIONS CULMINATING IN HIS APPOINTMENT AS DEPUTY COMMISSIONER OF POLICE IN 1969.

DURING HIS SERVICE WITH THE POLICE HE WAS AWARDED THE COLONIAL POLICE MEDAL FOR MERITORIOUS SERVICE IN 1961 AND THE QUEEN'S POLICE MEDAL FOR DISTINGUISHED SERVICE IN 1966.

MR. ROLPH LEFT THE POLICE FORCE IN 1972 AND ASSUMED THE NEWLY CREATED POST OF COMMISSIONER FOR NARCOTICS IN AUGUST OF THE SAME YEAR.

IN THIS POSITION, HE WAS RESPONSIBLE FOR ADVISING THE GOVERNMENT ON THE ERADICATION OF DRUG TRAFFICKING AND FOR THE REHABILITATION OF DRUG ADDICTS.

HIS PREVIOUS EXPERIENCE IN THE NARCOTICS FIELD IN THE POLICE PROVED INVALUABLE IN THE DEVELOPMENT OF GOVERNMENT PLANS WHICH LED PROGRESSIVELY FROM THE INTRODUCTION OF THE METHADONE MAINTENANCE PILOT SCHEME IN 1972 TO THE PREPARATION OF THE WHITE PAPER ON THE PROBLEM OF DANGEROUS DRUGS IN HONG KONG APPROVED BY LEGISLATIVE COUNCIL IN MAY LAST YEAR.

IN JANUARY 1973, MR. ROLPH WAS AWARDED THE O.B.E.

MR. LEE SERVED IN TANGANYIKA AS A DISTRICT COMMISSIONER AND IN THE MINISTRY OF FINANCE FROM 1950 BEFORE TRANSFERRING TO HONG KONG IN 1961 AS A SENIOR ADMINISTRATIVE OFFICER. HE WAS PROMOTED TO ADMINISTRATIVE OFFICER, STAFF GRADE B, IN 1968.

IN JUNE 1972 HE WAS SECONDED FOR SPECIAL DUTIES WITH THE MANAGEMENT CONSULTANTS, MCKINSEY AND CO., WHO HAD BEEN HIRED TO EXAMINE THE MACHINERY OF GOVERNMENT. ON THE CONSULTANTS' DEPARTURE IN JULY 1973 MR. LEE WAS APPOINTED TO HEAD THE NEW UNIT CREATED TO OVERSEE THE IMPLEMENTATION OF THE CONSULTANTS' RECOMMENDATIONS.

/PRIOR TO .....

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PRIOR TO HIS PRESENT APPOINTMENT AS DEPUTY SECRETARY (MANAGEMENT) HE HELD A NUMBER OF SENIOR POSTS INCLUDING DEPUTY FINANCIAL SECRETARY AND DEPUTY DIRECTOR OF COMMERCE AND INDUSTRY.

HIS APPOINTMENTS IN THE COMMERCE AND INDUSTRY DEPARTMENT WHERE HE HELD THE EX-OFFICIO RANKS OF ASSISTANT COMMISSIONER AND DEPUTY COMMISSIONER OF THE PREVENTIVE SERVICE, HAVE GIVEN HIM CONSIDERABLE EXPERIENCE OF THE METHODS USED AND THE PROBLEMS ENCOUNTERED IN COMBATTING THE TRAFFICKING IN DANGEROUS DRUGS, BOTH LOCALLY AND ON AN INTERNATIONAL SCALE.

IN THIS LATTER FIELD HE ATTENDED THE FIRST REGIONAL CONFERENCE ON TRAFFICKING IN NARCOTICS DRUGS HELD IN CANDERRA, AUSTRALIA, IN 1971.

MR. LEE WAS AWARDED THE O.B.E. IN JUNE 1973.

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LEPROSY CASES CLARIFIED

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THE MEDICAL AND HEALTH DEPARTMENT WISHES TO CLARIFY THE POSITION IN REGARD TO LEPROSY AS A DISEASE AND THE LEPROSY CASES IN THE LAI CHI KOK HOSPITAL.

THERE SEEMS TO BE A NUMBER OF MISCONCEPTIONS REGARDING THE NATURE AND THE MODE OF TRANSMISSION OF THE DISEASE.

A SPOKESMAN FOR THE DEPARTMENT TODAY EMPHASISED THAT LEPROSY HAS BEEN SCIENTIFICALLY PROVEN TO BE A DISEASE OF LOW INFECTIVITY, AND TRANSMISSION EVEN THROUGH LONG AND CLOSE CONTACT DOES NOT INVARIADLY HAPPEN.

THE DISEASE IS NOT TRANSMITTED THROUGH THE AIR. IT IS ALSO NOT POSSIBLE FOR THE DISEASE TO BE TRANSMITTED THROUGH EXCRETA OR THROUGH CONTAMINATION OF FOOD OR DRINK.

IN FACT, THE WORLD HEALTH ORGANISATION, WHO, RECOMMENDED THAT ISOLATION OF LEPROSY CASES IS NOT NECESSARY BECAUSE ONCE A PATIENT IS UNDER TREATMENT HE IS RAPIDLY RENDERED NON-INFECTIOUS.

THE OLD BELIEFS THAT LEPROSY IS HEREDITARY OR SEXUALLY TRANSMITTED ARE TOTALLY UNFOUNDED.

AS FOR THE PRESENT PATIENTS IN LAI CHI KOK HOSPITAL, THE MAIN REASON WHY THE MAJORITY ARE BEING ACCOMMODATED THERE IS BECAUSE THEY ARE NOT REALLY PATIENTS IN THE TRUE SENSE OF THE WORD, BUT HAVING NO HOMES TO GO TO THEY ARE GIVEN +HOSTEL+ ACCOMMODATION IN THE HOSPITAL. A FEW OF THESE CASES ARE THERE ALSO BECAUSE THEY REQUIRE ATTENTION FOR THEIR RESIDUAL DEFORMITIES. THE CASES AT LAI CHI KOK HOSPITAL, THEREFORE, POSE NO SIGNIFICANT HEALTH THREATS TO THE STAFF AND OTHER PATIENTS AT THE HOSPITAL ITSELF AS WELL AS PEOPLE IN THE SURROUNDING AREAS.

AS FOR THE FACILITIES FOR THIS GROUP OF PATIENTS AT THE HOSPITAL, IT IS CONSIDERED THAT THESE ARE MEDICALLY ADEQUATE. IT IS TO BE POINTED OUT THAT THE PATIENTS THEMSELVES ARE SATISFIED WITH THE PRESENT ARRANGEMENT AND ARE WELL SETTLED IN THE NEW ENVIRONMENT.

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NOTE TO EDITORS:

IN VIEW OF THE PRESS INTEREST IN THIS MATTER, THE DIRECTOR OF MEDICAL AND HEALTH SERVICES CORDIALLY INVITES MEMBERS OF THE PRESS WHO ARE INTERESTED TO PAY A VISIT TO THE LEPROSY WARD OF THE LAI CHI KOK HOSPITAL. THEY ARE REQUESTED TO ASSEMBLE AT THE LOWER MAIN ENTRANCE OF THE LAI CHI KOK HOSPITAL, CASTLE PEAK ROAD, NOT LATER THAN 10.30 AM TOMORROW (THURSDAY 20TH MARCH, 1975). HOWEVER, FOR ETHICAL REASONS AND TO SAFEGUARD THE PRIVACY OF THE PATIENTS, MEMBERS OF THE PRESS ARE RESPECTFULLY REQUESTED TO ENSURE THAT NO PHOTOS ARE TO BE TAKEN.

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WEDNESDAY, MARCH 19, 1975

### COMMUNITY CENTRE CELEBRATES 9TH ANNIVERSARY

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THE SOCIAL WELFARE DEPARTMENT'S COMMUNITY CENTRE IN TAI HANG TUNG WILL CELEBRATE ITS NINTH ANNIVERSARY BY ORGANISING AN EVENING OF ENTERTAINMENT ON FRIDAY (MARCH 21) FOR CHILDREN AND RESIDENTS OF THE AREA. GUESTS FROM SCHOOLS AND WELFARE AGENCIES WILL ALSO BE INVITED FOR THE OCCASION.

THE CELEBRATIONS BEGIN AT 7.30 P.M. WITH A BRIEF OPENING CEREMONY OFFICIATED BY MR. ALFRED CHUI, PRINCIPAL SOCIAL WELFARE OFFICER (OPERATIONS).

AT THE SAME TIME, WINNERS OF COMPETITIONS ORGANISED OR SPONSORED BY THE CENTRE, INCLUDING COMPETITIONS ON ANTI-DRUG SLOGAN, ESSAY AND POSTER DESIGN, WILL RECEIVE THEIR PRIZES.

THE PERFORMANCES TO FOLLOW WILL INCLUDE CHINESE INSTRUMENTAL MUSIC, FOLK SONGS AND DANCES, AND A PLAY.

THE TAI HANG TUNG COMMUNITY CENTRE WAS OPENED IN 1966 AND APART FROM OFFICES OF THE GROUP AND COMMUNITY WORK DIVISION UNDER WHICH IT OPERATES, PROVIDES ACCOMMODATION FOR OTHER TYPES OF SOCIAL WELFARE WORK. ONE OF THESE IS A DEAF CLUB RUN BY THE REHABILITATION DIVISION OF THE DEPARTMENT AND ANOTHER IS THE LUTHERAN WORLD SERVICE'S DAY NURSERY.

LATER THIS MONTH, THE DEPARTMENT'S SOCIAL SECURITY DIVISION'S FIELD UNIT FOR SHEK KIP MEI AREA WILL ALSO BE MOVING INTO PREMISES IN THE CENTRE.

THE COMMUNITY CENTRE PROVIDES A CENTRALISED BASE IN TAI HANG TUNG FOR YOUNG PEOPLE AND SERVICE GROUPS INTERESTED IN DOING COMMUNITY WORK ON A VOLUNTARY BASIS. MEMBERSHIP IN THESE GROUPS STAND AT 735 MADE UP INTO FOUR SELF-PROGRAMMING GROUPS, 17 INTEREST GROUPS AND 21 CLUB GROUPS.

ITS LIBRARY WHICH SERVES PEOPLE OF ALL AGES IN THE NEIGHBOURHOOD HAS 16,055 BOOKS IN STOCK AND 6,213 REGISTERED BORROWERS. NEARLY 900 PEOPLE USE ITS FACILITIES DAILY.

THE CENTRE IS ALSO THE HEADQUARTERS OF THE DEPARTMENT'S LIBRARY AND RURAL MOBILE SERVICES UNIT WHICH OPERATES IN THE NEW TERRITORIES BRINGING BOOKS AND ARRANGING VARIOUS TYPES OF ACTIVITIES FOR VILLAGE YOUTH.

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WEDNESDAY, MARCH 19, 1975

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PRE-WAR BUILDING DECLARED DANGEROUS  
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THE BUILDING AUTHORITY TODAY DECLARED A TWO-STOREY PRE-WAR BUILDING AT NO. 231 MAIN STREET, APLEICHAU TO BE IN A DANGEROUS CONDITION.

ACCORDING TO THE PRINCIPAL GOVERNMENT BUILDING SURVEYOR, THIS BUILDING HAD BEEN UNDER PERIODIC OBSERVATION FOR SOME TIME IN VIEW OF ITS ADVANCED STATE OF DETERIORATION, FOLLOWING THE RECEIPT OF A COMPLAINT.

IT WAS FOUND THAT THE SAGGED MAIN ROOF TIMBERS, SEVERELY BULGED NORTH-WEST FLANK WALL AND THE ROTTED STATE OF THE STRUCTURAL TIMBERWORK AROUND THE STAIRCASE AREA OF THE BUILDING WOULD LEAD TO A COLLAPSE. IT IS THEREFORE NECESSARY TO ORDER THE CLOSURE AND DEMOLITION OF THIS BUILDING.

NOTICE OF INTENTION TO APPLY FOR A CLOSURE ORDER IN VICTORIA DISTRICT COURT AT 9.30 A.M. ON APRIL 16 WAS POSTED TODAY.

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