



DAILY INFORMATION BULLETIN

Wednesday, March 13, 1974

CONTENTS

	<u>Page No.</u>
Government is urged to take counter measures against inflation	1
Call for price controls of essential commodities	5
Government should make use of reserves	8
Need to provide more secondary school places stressed	11
Proposal for the setting up of a price stabilization body .	13
Greater government involvement to assist in further growth of Hong Kong's economy is called for	17
White Paper on narcotics tabled	20
Ferry companies to be asked to expand services to rural areas	24
Renewal of bus franchises	25

Daily guide to wholesale prices and supply of basic food commodities

Release time: 8.30 p.m.

Wednesday, March 13, 1974

- 1 -

UNOFFICIALS SPEAK WITH ONE VOICE

Mr. Woo Calls For Counter Measures Against Inflation

Unofficial members of the Legislative Council are strongly against any scaling down of the social targets set in the fields of education, housing, social welfare and other community services, despite the difficulties involved in raising the huge sum to pay for them.

"We remain committed to programmes which will provide a better life for all in the 1980s," the Senior Unofficial Member, the Hon. Woo Pak-chuen, stressed during the resumed Budget debate today.

"It is an enormously expensive programme," he added, "but to turn back now because of inflation and other difficulties would be an admission of defeat."

He pointed out that new sources of revenue would have to be found to meet the targets, but he and his unofficial colleagues disagreed with the Financial Secretary that the money should be raised by increasing the rate of direct taxation.

"We do not believe that an increase in direct taxation is the right way," said Mr. Woo.

When the time came to look for new sources of revenue, the unofficials favoured indirect taxation and a system which would share the burden equitably among those more readily able to bear the cost.

/"We must

Wednesday, March 13, 1974

- 2 -

"We must look for means of taxation which take money out of the hands of the more well-to-do," he said, emphasising that the form of taxation adopted should not have the effect of inflating the cost of essential basic commodities.

The approach recommended by the unofficials to help meet the vast capital development programme was to borrow as far as it was possible to do so, negotiate a loan from the World Bank and, at the same time, float government bonds in the local market.

"Utilisation of a portion of our reserves need not be regarded as out of the question," Mr. Woo added, "though we do accept the case for maintaining a substantial sum by way of reserves."

He also repeated his call for speeding up sales of land -- Hong Kong's "greatest potential cash asset" -- for private development.

He urged that a study be made of various means by which a policy of increasing indirect taxation, as suggested by the unofficials, could be put into effect. The results of the study should be published and opportunity should be given for the maximum consultation and discussion.

Turning to the Financial Secretary's tax proposals in the sphere of transport, Mr. Woo described them as "premature" and called for them to be deferred for the time being pending the publication of the green paper on transport.

"Decisions should first be taken on the policy to be adopted in relation to various types of public transport," he stressed.

"The general public have for long been promised the opportunity of putting forward their views in accordance with the philosophy of open government. Only after these views have been considered and policy decided should licence and other fees be raised."

/He added

Wednesday, March 13, 1974

- 3 -

He added that if it was imperative for fiscal reasons to raise additional revenue at once, then other sources of indirect taxation should be considered. Mr. Woo emphasised, however, "the government's policies must be related to the need to keep down the basic living costs of the man in the street."

"The greatest criticism of the budget is the failure to recognise or propose counter measures against inflation" said Mr. Woo.

"Consideration must be given to means of stabilising the prices of at least essential commodities and of keeping down price rises in respect of those commodities to the absolute minimum," he said.

Mr. Woo welcomed the measures being taken to curb profiteering in rice and suggested that the similar steps should be taken to deal with other foodstuffs.

He again underlined the importance of setting up an Economic Advisory Committee. It should have unofficial representation and should keep constantly under review the economic problems of the day. "At the present time the number one problem is inflation and its effect on the cost of living."

Mr. Woo noted that the unofficials welcomed the proposal for a Consumer Council to which people could take complaints on prices and other consumer matters. It would be up to the Council to prevent profiteering, but if profiteering did take place extensively "legislation against it will have to be considered."

/Commenting on

Wednesday, March 13, 1974

- 4 -

Commenting on government spending, Mr. Woo said that at a time when increased taxation was being discussed the need arose for much closer control of government expenditure.

While the Financial Secretary had made the point that heads of departments must keep to their budgeted sums and cut out unnecessary waste of expenditure, Mr. Woo suggested that savings could be made for instance in quartering leasing of accommodation, travelling expenses, and consumption of stationery and office equipment.

Mr. Woo said the Financial Secretary's speech showed that Hong Kong was or had almost come to the crossroads. "Gone are the days when automatic revenue surpluses provided for all our needs both for current and also for capital expenditure. The pace of public spending is very much greater now."

He said all members of the community would inevitably have to tighten their belts and adjust their standard of living.

"But the period of austerity need not be too long if we all pull together, work somewhat harder and a little longer, and exercise economy and restraint."

- - - - 0 - - - -

/5

Wednesday, March 13, 1974

- 5 -

CALL FOR PRICE CONTROLS OF ESSENTIAL COMMODITIES

Inflation Biggest Problem Today Says Mr. Szeto Wai

The Hon. Szeto Wai today called for urgent measures with effective legal control over the prices of rice and other foodstuff and essential commodities.

Speaking in the resumed Budget debate in the Legislative Council, he said that more than anything else, "inflation is the one worry that looms large in everyone's mind today".

"In the course of last year," he said, "prices of staple foodstuff and essentials have spiralled and continue to spiral today while government remains reluctant to interfere."

He stressed that the time had come that the government must be seen to be genuinely concerned with the situation created by "unscrupulous merchants and profiteers in our midst".

On the accounts for the current year, Mr. Szeto noted that the \$425 million excess in expenditure is 9.6 per cent over the approved estimate and 13 per cent over the actual expenditure in 1972-73.

However, he considered a good part of the increase was due to inflationary prices in Public Works Non-Recurrent projects and thus the true increase value should be much smaller, say about five to six per cent, taking into consideration the proportionate cost of public works projects to total capital expenditure.

"In comparison, it is much lower in true value than the 9.8 per cent increase in 1969-70 over 1968-69 or the 11.2 per cent increase in 1968-69 over 1967-68 when building prices were stable," he added.

/"Clearly,

Wednesday, March 13, 1974

- 6 -

"Clearly, we are now suffering from our tardiness in expanding our community services in early years, especially in transport," Mr. Szeto said.

Roadworks, he noted, had for years come second in importance to waterworks and housing and it was not until 1972-73 when its expenditure was boosted to \$113 million.

"This year's original provision of \$144 million demonstrates the government's determination to resolve our transport problems," he said.

Mr. Szeto recalled that roadwork expenditure for 1969-70 was a mere \$42 million. This went up to \$50 million in 1970-71 and \$68 million in 1971-72.

He emphasized, however, that he was not comparing likes with likes as "we are caught by escalating costs and have to pay over double for what we could have achieved in early years".

Turning to the 1974-75 Budget, Mr. Szeto commended the Financial Secretary for his considerably more realistic proposals than those in previous years, and in particular for his courage to break away from the long held policy of budgeting for surplus.

He regretted, however, that the Financial Secretary found it necessary to balance the deficit by cutting back \$205 million in public works projects and "by resorting to certain fiscal measures even at the risk of jeopardizing the public's faith in 'open government'".

Referring to the 1974-75 estimated capital expenditure, Mr. Szeto said it had a \$294 million or 26 per cent increase for projects in the Public Works Programme over the current year's revised estimate.

/Of the

Wednesday, March 13, 1974

- 7 -

Of the total Non-Recurrent Public Works expenditure of \$1,408 million, \$255 million is for roadwork which is 78 per cent up on 1973-74, 125 per cent up on 1972-73 and as much as 275 per cent up on 1971-72. "Of course, these increases are in terms of cost which have escalated almost 100 per cent since 1971," he said.

Nevertheless, he added it was exhilarating to know that "our transport problems are given the proper priority in that our long neglected roadwork programme is being expanded and accelerated."

Mr. Szeto labelled the Financial Secretary's proposals to restructure vehicle licence fees and parking charges as a "bitter pill" for the already suffering motorists.

He recalled that the Legislative Council was promised by the Financial Secretary that he would refrain from proposing any restraint measures on road use until after a debate on a comprehensive transport policy had taken place.

By putting forward the proposals, he said, the Financial Secretary would pre-empt the public from the opportunity of debating the much publicised Green Paper on Transport Policy which the government had pledged to it.

For this reason alone, Mr. Szeto said, he was unable to support his proposals.

He said that since it was the Financial Secretary's chief aim to raise additional revenue to off-set deficit, it would be prudent to forgo a fraction of the anticipated additional revenue and defer the proposals for three or four months until after the publication and subsequent debate in the Council on the policy after the Green Paper had emerged as a White Paper.

The resultant loss of revenue, he added, would be minimal and might be recovered from other sources without tears.

- - - - 0 - - - -

/8

Wednesday, March 13, 1974

- 8 -

'MAKE USE OF RESERVES' MR. WILFRED WONG TELLS GOVERNMENT

Merits Of Deficit Budgeting Outlined

Hong Kong's budgetary policy should ideally be to go into deficit and draw on its reserves, according to the Hon. Wilfred Wong.

Speaking during the resumed Budget debate, Mr. Wong said: "As future revenues will be lower and as expenditure will be higher, the benefit of our large reserves should reach the present generation as well as the future generation."

He noted that reserves were derived from taxes which came from the public and as such the public expected the reserves to cushion them against taxes on rainy days.

"Surely," he added, "reserves are means to an end and not an end in themselves." They should not be our 'sacred cow'.

Mr. Wong expressed surprise over the Financial Secretary's statement that there can be no question of our compounding our future problems by carrying forward a deficit, no matter how small, to the general revenue balance.

"This statement," Mr. Wong said, "appears to rule out any possibility of drawing on our reserves and points directly to the probability of increasing taxation in the future."

But should Hong Kong go into deficit financing taxes need not be raised, he said. Any tax increase would not only discourage local enterprise, but also foreign investment which plays a key role in Hong Kong's financial structure.

/In view

Wednesday, March 13, 1974

- 9 -

In view of the significance of foreign investment, he urged the government to reconsider the imposition of withholding tax. "Secondly there is no need to raise money by taxation since we have a large reserve", Mr. Wong said.

The economy, he went on, remained basically strong despite the falling stock market, inflation and the world energy crisis.

Whereas the world economy had experienced five business cycles of boom and recession between 1890 and 1939, he said, Hong Kong had enjoyed, with most of the world, continued prosperity since the end of World War II in 1945. He attributed this phenomenon to the existence of free enterprise and low taxation here.

He noted that while revenue increased from \$4,900 million in 1972/73 to \$5,200 million in 1973/74 -- an increase of nearly seven per cent -- expenditure went up by more than 12 per cent, from \$4,300 million in 1972/73 to \$4,800 million in 1973/74. "This will probably establish a pattern and a warning must now be sounded because economic forces not only have a tendency towards fluctuations, but the effects of man-made energy crisis which permeate every economic activity cannot be under-rated."

He also envisaged the financial problem that the long-term development programmes would pose to Hong Kong.

With Hong Kong's ever increasing social, community, economic and general services, coupled with the planned expansion of the ten year programmes in education, medical services and housing, he said, the odds are that someday expenditure will greatly exceed revenue.

/Hong Kong

Wednesday, March 13, 1974

- 10 -

Hong Kong will therefore have to face these problems long before the ten year programmes are completed, he stressed. The public works programme for the next 10 years alone will absorb \$28,000 million at the present price of materials and labour.

Turning to the mass transit railway system, he endorsed the government's intention to adopt, as a means of financing the balance apart from equity, a funded debt which is a sort of government bond.

On inflation, Mr. Wong observed that while he agreed that it is a world-wide phenomenon, he did not agree that Hong Kong could not plan ahead so as to alleviate, to a certain extent, its own rise in food prices.

"This will, however, require special techniques for dealing with rice imports, the encouragement of vegetable planting and fishing," he added.

Countering an assertion that an economic advisory committee would erode the position of the Executive Council, Mr. Wong defined the Executive Council as "a sort of cabinet with policy-making powers", whereas the economic advisory committee would be a committee and its functions advisory in nature.

"We like to think of the Hong Kong government as the most efficient government, but even the most efficient government may benefit from the advice of the advisory committees," he stressed.

Generally, Mr. Wong expressed admiration for the "brilliant and thorough presentation" of the budget.

- - - - 0 - - - -

/11

Wednesday, March 13, 1974

- 11 -

"MORE SECONDARY SCHOOL PLACES NEEDED NOW" - MR. W. WANG

The government was today urged to take immediate steps to provide sufficient secondary education school places for primary school leavers this year.

According to the Hon. Wilson Wang, some 30,000 pupils will not be able to continue their education after the Secondary School Entrance Examinations results are published, "a very frightening figure indeed."

To this must be added the number of children who dropped out of primary school altogether and it could be assumed that there were at least 30,000 of them, he said, sounding a warning that "time is running short if improvement is to be made to reduce the hardship of our primary school leavers this summer."

In view of the importance he attached to education, Mr. Wang devoted his entire speech in the Budget debate to this subject.

A study of the situation, he said, showed that the present provision of education is inadequate and government assistance unrealistic.

Referring to the interim target set by the Education Green Paper for the provision of aided places to 80 per cent of children between the ages of 12 and 14 by 1981, Mr. Wang said this will not offer a satisfactory solution.

An ad hoc group of the unofficial members of the Legislative Council was formed after the publication of the Green Paper and a report of its findings had gained the unanimous support of all unofficial members, he said.

And in order to create 20,000 to 30,000 more places to make good for the coming academic year, two conditions must be accepted.

/First, he

Wednesday, March 13, 1974

- 12 -

First, he said, bi-sessionalism or some form of maximising the usage of present school facilities must be adopted.

He recognised that bisessionalism in the form described in the Green Paper had been strongly criticised but suggestions including those from professional groups had been made to make good its apparent weakness, he said.

Secondly, Mr. Wang went on, more financial provision should be made for the additional expenditure involved.

"I, for one, believe that there should not be any difficulty in such a provision which I estimate to cost no more than 0.5 percent of the total expenditure estimate or three per cent of the \$1,070 million appropriated for the total expenditure for education in the coming year."

Outlining the differentiation in government subsidy, Mr. Wang said those granted free-remission for five years get some \$8,000, those with three-year places about \$4,800 in subsidized schools and \$1,800 in assisted schools, those allocated a bought place in private schools about \$1,350, while those studying in private schools have to pay about \$700 a year at no cost to the government.

"What is even more our deeper concern is those 30,000 drop-outs, among whom not a few are not necessarily inferior in quality or academic standards," he said.

Those able to study in private schools, he added, were only able to do so because they did not belong to poorer families.

- - - - 0 - - - -

/13

Wednesday, March 13, 1974

- 13 -

PRICE STABILIZATION BODY PROPOSED

To Check Rising Prices

Dr. the Hon. S.Y. Chung today called for the setting up of a price stabilization committee to find ways and means to reduce the rate of inflation.

Speaking during the resumed Budget debate Dr. Chung said that the committee should consist of senior government officials, economic experts and community leaders.

He pointed out that it was during the first half of last year when the significant rate of inflation began to creep in. By June 1973, the 12-month moving average of consumer price index had gone up by 10 per cent as compared to that of a year ago.

"Three months later, by September last year, it moved up to 15 per cent and at the end of 1973 the average annual rate of inflation reached almost 20 per cent which is the highest since 1963/64 when the index was introduced," he said.

On the other hand, Dr. Chung went on, nominal wage increase during the same period was only 11 per cent.

Therefore, for the first time since real wage index was compiled in 1963, there was a reduction in real wages of nine per cent in the manufacturing industry and of seven per cent in all industries.

/Turning to

Wednesday, March 13, 1974

- 14 -

Turning to the rising prices of foodstuffs and other commodities, he said: "It is true that a large element of Hong Kong's inflation is imported ... but it is equally true that there is profiteering and hoarding by some unscrupulous merchants."

Dr. Chung referred to a list of statistics distributed a few days ago to Umelco by the Secretary for Economic Services showing monthly average prices of certain foodstuffs for 1972 and 1973.

He pointed out that in the case of pork, the average import price during the last quarter of 1973 as compared with the corresponding period in 1972 showed an increase of only \$60 whereas the wholesale price had increased by \$85 and the retail price by \$155.

In the case of poultry, the element of local inflation was worse, with the average increase in retail price tripling the average increase in import price.

The worst of these three cases was beef. "The average import price in the last quarter 1973 was in fact lower than that in the first quarter of 1972, but the average wholesale price had increased by \$60 and the average retail price by as much as \$170," he said.

On the subject of depreciation, he said rapid inflation in many countries -- developed and developing alike -- in recent years had created new problems.

One of the problems was the growing disparity in capital return between investment in appreciating assets (real estate property) and investment in depreciating machinery (manufacturing companies).

/Dr. Chung

Wednesday, March 13, 1974

- 15 -

Dr. Chung expressed the hope that the government would look at the issue of 'inflation accounting' with an aim of providing a more equitable tax policy for the manufacturing companies vis-a-vis the property companies.

He said that in the past when inflation was low, there might not be a need for inflation accounting. But with an annual inflation rate of 15 to 20 per cent the situation had changed.

He recalled that some years ago a proposal was made to the government for changing the depreciation formula from reducing balance to straight line. The proposal was not accepted at that time.

"Since the Financial Secretary is now anxious to offer encouragement to manufacturers to re-equip and upgrade their plant and equipment in the light of changing conditions," he said, "it is hoped that he will reconsider this particular matter and permit the use of straight line method for depreciation."

Dr. Chung supported the Financial Secretary's proposal that it is now time to have a review on the moratorium policy of banking licences.

But he stressed that any newcomer, whether foreign or local, must be thoroughly scrutinized and be able to fulfil Hong Kong's strict banking conditions and to meet Hong Kong's high banking standards.

Like some of his unofficial colleagues, Dr. Chung criticised the proposals on transport tax increases.

/He urged

Wednesday, March 13, 1974

- 16 -

He urged that the increases be deferred for about four months until the Green Paper on Transport has been debated in the Council.

He admitted that this might mean a possible loss of \$30 million in revenue. "But when compared to an estimated revenue of \$5,679 million for the year 1974-75, this represents only about one half of a per cent."

Summing up, Dr. Chung said: "It is likely that mild economic recession might occur in some of Hong Kong's markets and therefore demand for Hong Kong's largely non-essential products could be eased." But manufacturers and exporters are exerting greater efforts to develop new markets.

However, Hong Kong's manufacturing industry was well-known for its resilience and he believed that this time was no exception. He therefore expected that exports will continue to expand by 20-30 per cent, though much of this increase will be due to price inflation.

- - - - 0 - - - -

/17

Wednesday, March 13, 1974

- 17 -

DC & I NEEDS UPGRADING SAYS MR. Q.W. LEE

The Hon. Lee Quo-wei today called for greater government involvement to assist in the further growth of Hong Kong's economy.

To this end he suggested that the Department of Commerce and Industry, which has been playing a vital role in protecting our access to world markets and industrial output, be strengthened.

He said it was time to look into its staff resources, especially at the senior level, to meet successfully the many tasks and challenges in the years ahead.

5 Mr. Lee believed that the post of the head of the Commerce and Industry Department should be upgraded to Secretary level, in line with his counterparts in other countries whose economy depended so heavily on external trade and industry like Hong Kong.

On the long term planning of social and economic development, Mr. Lee said: "Our problem should best be tackled by an outward looking expansionist economic policy supported by a much increased government effort and involvement.

"This should be in concert with the best brains available in the private sector, channelled into a system of consultation, advice and action."

He recalled that for many years the Hon. Wilfred Wong had proposed some kind of a mechanism whereby economic planning could be studied and discussed for recommendation to the government.

In the present circumstances, he said, the government should at least take a new look at this matter.

/Turning to

Wednesday, March 13, 1974

- 18 -

Turning to trade, Mr. Lee said: "Our internal and external circumstances dictate that we must intensify all our efforts to expand trade and industry.

"We are aware of the great work and the effectiveness of the Trade Development Council. And now is the time for the Council to seek to redouble its efforts, not only in our major markets, but also in opening up new markets."

Commenting on the Budget for 1974-75, Mr. Lee said he was opposed to the increase of the rate of direct tax. However, he agreed that fees and charges should be updated.

Referring to licences, he said: "No doubt some of their fees are antiquated. For example, there would seem to be a case for increasing banking licence fees to meet a larger portion of the cost of running the office of the Commissioner of Banking.

"But for some categories, the principle that they should be set in terms of what the market can bear should not be applied too arbitrarily, otherwise it would lead to internally-generated inflation and cause social uneasiness."

On loan financing, he agreed that it was most important that it should only be used for direct self-liquidating projects.

"Perhaps government may also consider raising funds from the World Bank as well as in the international money market, besides from the Asian Development Bank, to establish Hong Kong's eligibility and credit worthliness." he added.

/Mr. Lee

Wednesday, March 13, 1974

- 19 -

Mr. Lee was strongly against the idea of deferring some of the capital projects amounting to an estimated \$1,960 million, the accumulated shortfall mentioned by the Financial Secretary if the projects were to be carried out.

"Our problem cannot be solved simply by increasing direct or indirect taxation. Nor can it be solved by utilising our already reduced reserves because this would weaken our ability to deal with unforeseen contingencies. Nor can it be solved by deferring the implementation of our programmes, because this would defeat our objective of social development and meeting the needs of our people," he said.

"The long term solution is to ensure that our economy will continue to grow at a steadily increasing rate commensurate with our needs for social development."

- - - - 0 - - - -

/20

Wednesday, March 13, 1974

- 20 -

WHITE PAPER ON NARCOTICS TABLED

Views Of Unofficials On Drug Trade Will Be Sought

The Action Committee Against Narcotics (ACAN) is conducting a comprehensive review of all present treatment programmes.

Results of the review of treatment programmes will be used to advise the government about facilities required to tackle addiction decisively.

This was announced in the government's White Paper "The Problem of Dangerous Drugs in Hong Kong" which was tabled at the Legislative Council today.

In tabling the White Paper at the Legislative Council the Secretary for Security, Mr. L.M. Davies, said it was proposed to introduce a motion in April "to give members an opportunity to express their views about the illicit drug trade, the suppression of which was a cardinal importance to the well being of the people of Hong Kong."

ACAN will be assisted by a Narcotics and Drugs Administration Division which is being set up in the Medical and Health Department. This division will provide it with the essential advice, be responsible for developing treatment plans for consideration, conduct research, and implement and supervise all programmes and projects approved by the government for the treatment and rehabilitation of drug addicts.

The White Paper sets out the present position and problems of the illicit drug trade in Hong Kong and the measures being taken to combat it. It details the progress made over the past 10 years and makes recommendations on future policies.

/The document

Wednesday, March 13, 1974

- 21 -

The document also forecasts stiffer penalties for those trading in dangerous drugs. It says that although the Dangerous Drugs Ordinance is proving a satisfactory piece of legislation to deal with offences committed in connection with the illicit drug trade, there is a need to increase some of the penalties for engaging in it for profit. Therefore an amending Bill will be introduced into the Legislative Council.

The White Paper continues: "Many addicts need and should continue to receive treatment. But there is no doubt that deterrent sentences on offenders who profit, at whatever level, from the trade could materially help to overcome the drug problem; and such sentences are increasingly common elsewhere. The importance of the courts' role must thus be recognised, and all proper steps taken to enable them to play it".

There is also a warning that in the future Hong Kong could become more implicated in heroin export. It says: "Some overseas critics consider it already has, and have drawn attention to this. It is thus essential that effective action be taken to safeguard against this danger".

It also warns of "the obvious risk that the abuse of factory-made drugs (amphetamines and barbiturates) may spread; particularly as the supply of opium products is reduced.

"Hong Kong should thus not shelter people from overseas who are convicted of trafficking in, or abuse of, any drugs.

"The law provides for their removal in appropriate cases — a provision which has been, and will continue to be, used where necessary.

/"In addition

Wednesday, March 13, 1974

- 22 -

"In addition more education about the dangers of drugs will be needed as a safeguard for all young people here.

"Proper control of factory-made drugs will also be of importance. They are at present dealt with in the Pharmacy and Poisons Ordinance. This is designed primarily to control pharmacists and to regulate the sale of poisons, not to deal with the problems connected with the abuse of these drugs. Thought is now being given to its revision. A Bill to provide specifically for factory-made drugs of abuse is envisaged."

In its conclusion the report states: "It is a major object of the government to stop the illicit trafficking of drugs into the through Hong Kong and to eradicate drug abuse from the community. The problem falls into four major parts. First is the illicit production of opium. This leads to the extensive clandestine traffic from the growing areas to places of embarkation, and then to Hong Kong. Next follows internal distribution, manufacture, sale and consumption, creating the fourth and ultimate problem of many thousands of addicts.

"Over the first, and to a great extent the second, Hong Kong has no jurisdiction. The need is for international action and the closest possible co-operation between the governments concerned. In this Hong Kong stands ready to play its part. Smuggling operations within Hong Kong's boundaries, internal traffic and manufacture, and the prevention, cure and after-care of addiction here, are domestic matters, principally for local action. Those who engage in the business for profit will be pursued, while sufficiently large programmes of treatment for drug addicts will be developed to reduce substantially, and eventually to eradicate, drug abuse from the community.

/"The four

Wednesday, March 13, 1974

- 23 -

"The four parts are nevertheless interdependent. Success in interdiction will be shortlived, and might even have very serious social consequences, if not coupled with adequate facilities for treatment. Facilities for treatment will not be much used if cheap and abundant supplies of drugs are available. Action is thus needed on all simultaneously, and on a continuing basis. The welfare of our community requires this, and the government is determined to achieve it."

- - - - 0 - - - -

/24

Wednesday, March 13, 1974

- 24 -

FERRY COMPANIES TO BE ASKED TO EXPAND SERVICES

To Rural Areas

The Colonial Secretary, the Hon. Denys Roberts, today gave an assurance that the police will continue to do all they can to prevent boats from carrying passengers for hire unless they are licensed to do so.

However, the area involved is big and would require extensive patrols, he pointed out when replying to a question by the Hon. Mrs. Joyce Symons concerning the recent tragedy in Tolo Harbour in which three people died when a boat capsized.

Their deaths would be the subject of a Coroner's enquiry or of criminal proceedings, he said, and he was therefore unable to comment further on the facts of the incident.

The Colonial Secretary said the government would do its best to persuade the larger ferry companies to expand their services to the New Territories to cope with the increase in holiday traffic to rural areas.

He added, however, that it would still be necessary to licence a sufficient number of other craft to carry passengers because some of the services were needed only intermittently and were unlikely to attract large operators.

But he emphasised: "We must ensure that adequate standards of safety are maintained, particularly by limiting the number of passengers and by prescribing a minimum quantity of life saving equipment."

- - - - 0 - - - -

Wednesday, March 13, 1974

- 25 -

RENEWAL OF BUS FRANCHISES

Plans For Govt. Representation On KMB And CMB Boards

The Kowloon Motor Bus Company and the China Motor Bus Company have both been informed that their franchises, which are due to expire in February 1975, will not be renewed under the present terms.

Announcing this today, a government spokesman said that detailed negotiations will be held with the companies regarding the terms for new franchises which will be embodied in fresh legislation.

"These franchises will ensure that the government is in a position to influence the operations of the companies effectively by closer participation in their affairs," he added.

"Proposals are under consideration which will allow the government to obtain a portion of the equity and to nominate government officers to serve on the boards of the two companies.

"It is hoped that agreement can be reached soon so that plans for improvements to the companies' services can proceed with all due speed."

- - - - 0 - - - -

Wednesday, March 13, 1974

CONSUMER ADVISORY SERVICE

Daily Guide To Wholesale Market Prices And Supplies

The following prices were realised today (Wednesday) 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>Average</u>
<u>China Rice</u>		
See How -- old crop	Good	-
-- new crop		2.00
S.C.Jion -- old crop	Good	-
new crop		1.94
Po Hgai	Good	1.63
Chu Cho	-	-
	Good	1.91
<u>Thai Rice</u>		
100% Whole		
10-15% Broken	Good	1.89
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>	Good	1.80
<u>Pakistan Rice</u>	-	-
<u>Taiwan Rice</u>	-	-

/Supplies and

Wednesday, March 13, 1974

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	4.0	2.8	3.5
Big-Eyes	Good	2.4	0.8	1.8
Squid	Limited	6.0	2.5	4.5
Hair-Tails	Normal	2.8	1.5	2.0
Lizard Fishes	Normal	2.75	1.2	1.8
Croakers	Good	2.2	1.3	1.8
Conger-Pike-Eels	Normal	3.4	2.0	3.0
Melon Coat	Good	1.6	1.0	1.4
Breams	Limited	4.8	3.5	4.0
Yellow Belly	Good	1.4	0.6	0.85
Mackerels	Normal	4.0	3.0	3.5
Red Goat Fish	Good	1.2	0.6	1.0
Fork-Tail	Normal	1.4	1.1	1.2
Horse-Head	Normal	5.5	3.0	4.0
Melon Seed	Normal	3.2	2.0	2.5
Pomfrets	Limited	9.0	8.0	8.5
Groupas	Normal	7.0	5.0	6.0
Yellow Croaker	Good	6.2	3.7	4.5

/Supplies and

Wednesday, March 13, 1974

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	Scarce	2.0	1.0	1.5
White cabbage	Normal	1.0	0.4	0.7
Chinese Lettuce	Limited	1.0	0.3	0.6
Chinese Kale	Limited	1.5	0.6	1.0
Spring onion	Good	0.6	0.2	0.4
Spinach	Limited	1.5	0.5	1.0
Water cress	Normal	0.9	0.25	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

----- 0 -----