

28 July 2003

Ref: FIN-HKG-FC/046/03

Hon CHAN Kam-lam, JP
Chairman of the Bills Committee
Boundary Facilities Improvement Tax Bill
Legislative Council Secretariat
3/F, Citibank Tower
3 Garden Road
Central, Hong Kong

Dear Mr. Chan

Re : Boundary Facilities Improvement Tax Bill

In reading through the Bill, we support in principle the objective of the Bill to:

- Help finance the improvement of boundary facilities, and
- Mitigate the fiscal deficit

With HK\$ 14 billion worth of capital works on HKSAR Government facilities, it is important the HKSAR Government exercise sound financial discipline to ensure these capital works are funded via a **fair tax** to **mitigate** the **fiscal deficit**.

(A) Fair Tax

Ocean Terminal is a private terminal. The facilities for berthing of vessels are provided for by Wharf. Even the facilities for clearance of passengers including the immigration counters and necessary data lines for communicating with HKSAR Government host computer are paid for by Star Cruises who is the major user of terminal facilities at the Ocean Terminal.

Therefore, the passengers who depart from Ocean Terminal do not enjoy any border facilities provided for by the HKSAR Government, as compared to passengers who depart from the Airport, China Ferry Terminal, Macau Ferry Terminal and land control points, and thus should be exempted from paying such a tax.

If the HKSAR Government should impose such a tax on the passengers, this would be an **unfair tax** since such tax collected by the HKSAR Government would not be spent for the benefit of passengers departing from Ocean Terminal.



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(B) Mitigate Fiscal Deficit

We do not think it is the full intention of the HKSAR Government to raise tax to pay for the fiscal deficit, but an intention to exercise financial prudence to ensure the capital works on border facilities owned by the HKSAR Government are funded via a special purpose tax.

Such a tax would **mitigate** the **fiscal deficit** since it is not necessary for the HKSAR Government to allocate existing fiscal resources to fund the capital work projects on border facilities that would now be funded via a special purpose tax.

Yours faithfully,
for and on behalf of
STAR CRUISES (HK) LTD

Kam Fung
Vice President
Finance & Corporate Service

KF/aw