

1st April, 1948.

PRESENT: —

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K. C. M. G.)

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL G. W. E. J. ERSKINE, C. B., D. S. O.)

THE COLONIAL SECRETARY (HON. D. M. MACDOUGALL, C.M.G.)

THE ATTORNEY GENERAL (HON. J. B. GRIFFIN, K.C.)

THE SECRETARY FOR CHINESE AFFAIRS (HON. R. R. TODD).

THE FINANCIAL SECRETARY (HON. C. G. S. FOLLOWS, C.M.G.)

HON. V. KENIFF (Director of Public Works).

DR. HON. I. NEWTON (Director of Medical Services).

DR. HON. J. P. FEHILY, O.B.E. (Chairman, Urban Council).

HON. D. F. LANDALE.

HON. CHAU TSUN-NIN, C.B.E.

HON. LO MAN-KAM, C.B.E.

DR. HON. CHAU SIK-NIN.

HON. R. D. GILLESPIE.

HON. M. M. WATSON.

MR. ALASTAIR TODD (Deputy Clerk of Councils).

ABSENT: —

HON. LEO D'ALMADA, K.C.

MINUTES.

The Minutes of the meeting held on 30th March, 1948, were confirmed.

PAPERS.

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the following paper: —

Report of the Select Committee on the Appropriation for 1948/49 Bill, 1948.

MOTIONS.

The debate on the Second Reading of the Appropriation for 1948-49 Bill, 1948, continued.

HON. V. KENIFF: Your Excellency, since the Public Works Department will have to expend considerable sums of money for various services for which provision has been made in the 1948/49 Estimates, it has been perhaps natural that Honourable Members who have spoken on the second reading of the Appropriation Bill should seek further information regarding matters for which the Public Works Department will be responsible.

I shall first try to clear up certain questions relating to applications made by the public for land for houses in response to Government's announcement in August 1947. These applications fall into two distinct groups, namely schemes for building a number of houses, for sale, or for renting to the public, and secondly applications for single house sites for occupation by the owners.

Dealing first with what I shall call the housing schemes, only nine of the twenty schemes submitted complied with the stipulated requirements, one of the principal of which was the limitation of profit to be derived from the undertaking. All the twenty applications had to be carefully examined before deciding that any should be refused. Preliminary conditions under which Government will be prepared to lease each of the sites for these schemes have now been decided and the promoters of the nine acceptable schemes will be advised of these conditions in the very near future. It will, I hope, be appreciated, that in schemes of this nature it is necessary to ensure that they are practical in all their details and that road access, drainage, water supply and the like will be readily available. All these and other allied matters unfortunately take time to investigate, but if the promoters of the acceptable schemes are genuine in their proposals the results should soon be evident.

As regards the individual house sites, all the forty-eight sites which are still under investigation are in a hitherto undeveloped area, and it has not been found possible to arrange for the allocation of these sites separately until the whole area has been properly planned. The missing thirteen sites, about which the Hon. M. K. Lo has enquired, have all been refused. Some of them were for foreshore sites, which it is considered must be reserved for use by the general public. Others were for areas which would preclude any further development of suitable adjacent property.

Turning now to the question of Children's Playgrounds—it will, I trust, be agreed that housing, and materials for housing, had in the first place to take precedence over even this desirable work, and it has therefore not been possible so far to do much towards the rehabilitation of children's playgrounds. Funds are however provided in the Schedule of Expenditure under the Rehabilitation Loan to continue the rehabilitation of public recreation areas, and I hope that these funds will prove sufficient to enable at least some of the playgrounds to be restored during the coming year.

I am sorry if my Honourable friend Mr. D'Almada has had to resort to the pastime of "bouncing round Kowloon" due to the bad condition of the roads in that area, but when it is remembered that all the Colony's road making equipment and quarry plant disappeared during the war, and has not yet by any means been fully replaced, and that the roads received no care or maintenance during the occupation of the Colony, it is I consider remarkable that the roads exist at all. The roads in Kowloon and the New Territories are subjected to very heavy traffic, both by commercial and military vehicles, and therefore without proper plant and equipment it has been difficult to keep them in reasonable repair until major resurfacing can be undertaken. The policy has been to 'patch and save' until plant and equipment is available to remake the roads. Considerable lengths of Chatham Road and Shanghai Street have already been reconstructed and I can assure the Hon. Member that all that is possible is being, and will be done, for other roads in Kowloon which require attention from the provision made under the Rehabilitation Loan, to continue in 1948/49 the restoration of roads, footpaths and bridges.

Considerable concern has been expressed by several speakers at the cost of the maintenance of Government Transport. It should perhaps be explained that provision is made for running costs and certain repairs to all vehicles under the estimates of the departments to which the vehicles are allocated, whilst the cost of major overhauls and repairs are met from the subhead Transport under Public Works Recurrent. The cost of keeping in running order the army type vehicles on which all Government services depended, until imports of new vehicles commenced, has been expensive. These vehicles are however gradually disappearing and the total fleet of some 700 vehicles now includes only about 50% of this type of vehicle. In addition, Government carries its own insurance and the cost of repairs resulting from accidents to Government vehicles has to be met from the funds

provided. As indicated in the foot-note to the Estimates under Head 28 subhead 7, increased costs of labour and materials have necessitated some increase in the provision made for the coming year. The innovation of requiring departments to bear the cost of the maintenance of the vehicles they operate will, it is hoped, reduce the expenditure on repairs to be undertaken at the transport depot and it should be possible to make some savings on the amount of \$1,100,000 provided under the Public Works Head. I can assure Hon. Members that much has been done to reduce the cost of Government transport, and that no effort will be spared during next year to maintain the fleet of vehicles in good condition at the lowest possible cost. Before leaving this subject I would add that the outgoings on transport are in part balanced by returns under revenue under which head will be found three items estimated to bring in a sum of \$610,000.

Reference has been made to the Revenue item of almost \$5,000,000 for water and it was indicated that although water should pay for itself no more than actual expenditure should be charged. This is the aim of Government but under the abnormal conditions prevailing it has not been possible to strike that happy balance, and I regret to say that since the reoccupation of the Colony water has not paid for itself. In 1946/47 the loss on working was over \$1¼ million and in 1947/48 approximately \$100,000. On the figures presented in the budget now under review the deficit is anticipated to be about \$500,000. The only way to meet this gap is to increase the charges for water, a step which is inevitable if the wish of the Hon. Member is to be met.

DR. HON. I. NEWTON: Your Excellency, the subject of tuberculosis has cropped up a number of times during this debate. As you have pointed out, its prevalence gives rise to very serious concern. To deal with it effectively however, presents a very formidable task and I welcome any suggestions put forward by honourable members that may help in reducing the incidence.

My honourable friend, Mr. Lo, has suggested a sanatorium for convalescents. Something to prevent those who have been nursed through the more acute stages from relapsing. There is no doubt that in many cases that risk is very real, more especially where the return to home means overcrowded conditions and perhaps indifferent food.

Our plan of attack on tuberculosis includes many fronts, but my honourable friend has put his finger unerringly on the weakest of them. I and my colleagues are well aware of this weakness and have given it a great deal of thought.

The difficulties in the way of providing a convalescent home are very great, not the least of them being the enormous expense that such an undertaking would involve. That is, of course, if the homes were to be sufficiently large to house an appreciable proportion of those needing assistance. In this connection it should be remembered

that there is no quick turnover in a convalescent home. A stay of one or more years is not uncommon, and a very great number of beds would therefore be required.

I have, needless to say, discussed this relapse problem with members of my department. It has various aspects and fortunately the convalescent home is not the only way of dealing with it. In the coming year it is proposed to work along two lines. In the first place full use will be made of the hospital at Cheung Chan for cases of the type that my honourable friend has in mind. This hospital is very suitable for such cases, its only fault being that it is nothing like large enough. In the second place, provision has been made in the Estimates for a sum of \$365,000 for additional food for tuberculosis patients. This food will be distributed by a team of almoners and health visitors who will assist the convalescent patients in their own homes. Everything possible will also be done to improve the home conditions and to assist patients in finding suitable work during their rehabilitation period. These health visitors and the medical staff will be keeping a watchful eye on the progress of convalescents for many months, and maybe years, and I hope in this way that the relapse rate will not become unduly high.

Another reference to tuberculosis, of a different nature, was made by my honourable colleague Dr. Chau. He raised the very important point of the risk of notification with subsequent action by the health authorities in driving tuberculosis underground. Such a risk has been carefully considered by my colleagues and myself and it is hoped that our adoption of different procedures for different types of cases will result in the least possible upset in the patients' household and will allay any possible resentment. Where a case is notified by a private practitioner a letter is sent to him concerning contacts and inviting him either to examine the contacts himself, or, if he prefers it, to advise them to attend the Government Tuberculosis Clinic. There is no compulsion about this and if the doctor decides to take no further action that is the end of the matter; naturally, of course it is in the interests of the contacts and of the community that they should be examined.

Where a case is notified by a government institution an almoner or health visitor interviews the contacts and advises them to attend the Government Tuberculosis Clinic. Again there is no compulsion.

The third procedure, that of disinfection of the premises, is only undertaken where the patient is so ill as to need admission to hospital or has died of tuberculosis. In such cases the house is almost certainly heavily infected and disinfection becomes a real necessity. This necessity needless to say is fully explained to the occupants beforehand.

Education of the public in the importance of notification and of the examination of contacts is of course essential, as my honourable colleague has said, and I can assure him that it has not been, and will not be, forgotten.

The honourable Dr. Chau has also referred to the regulations requiring official signatures on international health certificates. He has stated the case for the private doctors very fully. That these regulations deprive them of a right which they might reasonably expect as registered medical practitioners is undeniable; but it is also undeniable that these same regulations depriving them of their rights are not made by this Government. If the Philippines, China, Macau, Australia, Irak, the Union of South Africa, Egypt and a number of other countries announce in an Official International Epidemiological Bulletin that only certificates with official signatures will be recognized by them, and they have all done so, then no regulation or relaxation of regulations in Hong Kong can affect the issue.

The expert committee on quarantine of the interim commission of the world health organization at its meeting in Geneva in October, 1947 while not insisting on official signatures, did recognize, by implication, the right of governments to demand them. Those governments that have demanded them have done so, because the standards of private medical practice vary very considerably in different parts of the world, as do also the private facilities for storing vaccines so that they will retain their potency. This latter is an important point which honourable members will appreciate.

My honourable colleague stated that the secretary of the Chinese Medical Association in Shanghai has informed him that private doctors' signatures are recognized there. That, I regret to say, does not tally with the instructions that I have received from the health authorities of Shanghai and other Chinese ports.

I should like to make it clear that regulations made in Hong Kong for official signatures on international health certificates only affect incoming passengers. Certificates for outgoing passengers, which are those in which the Hong Kong doctors are most concerned, are governed by regulations made by other countries over which we have no control.

The honourable Mr. Gillespie and my honourable colleague Dr. Chau have both referred to the Mental Hospital. This hospital is old and not in accordance with modern ideas on such institutions. All are agreed that it should be replaced as soon as possible. Plans have been submitted to the Colonial Development and Welfare Committee for the building of a Mental Hospital in the New Territories. This project I consider an important one; but as a result of the long war years with their destruction there are many other important projects and this will have to be considered with the others in its proper turn.

Fortunately, the treatment in a hospital does not depend entirely on the building and negotiations are going ahead for the appointment of a psychiatrist. I have interviewed a suitable candidate who intends to return to Hong Kong when he has completed some special work at the Maudsley Hospital in London. This will, I hope, result in the introduction of some of the latest methods of treatment that are being employed in England.

The unsatisfactory surroundings of the Mental Hospital are apt to give a false impression of the amount of work achieved there and it may interest honourable members to know that last year out of 353 cases admitted, 225, or nearly two thirds, were discharged either cured or so much improved that it was safe for them to return to their own homes.

I give this information not with any idea of supporting a perpetuation of the present conditions but to show that unfortunates admitted to this hospital do have very good prospects of recovery even with the facilities for treatment at present available.

DR. HON. J. P. FEHILY, O.B.E.: Your Excellency, my friend, Hon. M. K. Lo, has raised the question of recreation grounds and has pointed out that clubs and associations should be given some security of tenure with regard to those that have been allotted to them.

The delay in dealing with this matter has been due to the fact that we have been awaiting the report of the Town Planning expert and the establishment of the Municipal Council. Since the delay has been longer than was anticipated, Your Excellency had already decided that we must wait no longer and, therefore, a representative Committee is to be set up to examine the whole position in the light of changed conditions and report to Government at an early date. It is hoped, therefore, that in a short time the various sports clubs will know exactly how they stand. It is admitted that, hitherto, the position of these clubs was not altogether satisfactory as the available grounds were allocated annually by a large and rather unwieldly Committee.

My honourable friend has referred in particular to that very popular club, the South China Athletic Association. I am unaware of any serious proposal that Government should resume the ground occupied by that Club. Naturally, I cannot predict the recommendations of a Committee which has not yet been appointed, but I do feel safe in saying that the South China Athletic Association may rest assured that its claims will receive most sympathetic consideration.

My colleague and friend, Dr. the Hon. S. N. Chau, referred the question of bathing facilities in general and, in particular, of popular facilities at Kennedy Town and North Point.

This question has been carefully considered. Both the Urban Council and Government were most anxious to give first priority to the provision of swimming pools in the urban area. It has been found quite impossible, however, to get the necessary equipment, and it would seem to be a physical impossibility for the first of these swimming pools to be available before 1950.

In view of this fact, the question of bathing facilities in the waters of the harbour is being re-examined. Your Excellency has asked for consideration and report as to whether the objections which

exist on the score of health can be met by the application of special precautions, so that bathing in places easy of access may be made available to office-workers, school children and other members of the public who "cannot afford the luxury of a trip to Repulse Bay."

With regard to bathing beaches, it is regretted that Government, owing to shortages of staff and materials and in the face of more pressing needs, is at present unable to implement its declared policy of constructing bathing sheds on the smaller and less popular beaches. Consequently, it has been decided that, for this year, existing bathing sheds, whether intact or partially demolished, as well as sites for matsheds, will be allocated by ballot for one season to genuine Hong Kong residents. The intention is that those who obtain sites in this way will be able to put up temporary structures such as matsheds which can be taken down at the end of the season. Anything remaining on the site after the season is over will automatically become the property of Government so that it is entirely up to the owners what sort of temporary shelter they erect and what they do with it at the end of the summer, so long as they understand that they will lose it if they leave it behind. There will be room on the smaller beaches and on specified areas of others for private tents to be pitched for the day.

For the large popular beaches plans have been prepared for the erection of pavilions, eight of which are to be erected on the main beach at Repulse Bay. Excellent designs have been prepared, for which the Hon. D.P.W. and the Chief Architect are to be congratulated, and, if the necessary funds are voted by this Hon. Council, it is proposed to place a contract for the construction of three pavilions at Repulse Bay this year.

The Urban Council has assumed responsibility for the provision of bathing facilities in the Urban District but its functions have been delegated to the District Officer, New Territories, so far as the Mainland beaches are concerned. The District Officer will consult the Kowloon Residents' Association and other representative bodies regarding the facilities to be provided on Mainland beaches.

THE ATTORNEY GENERAL: Sir, In the course of the debate of this the Second reading of the Bill before Council, two Honourable Members touched on the question of the Fish and Vegetable Marketing Schemes. Honourable Members are aware that, upon the liberation of the Colony, it was very necessary to stimulate the produce of fish and vegetables in order to meet the food supply of the Colony. For this reason, by the method of proclamation issued during the British Military Administration and by the method of order under Regulation 50 of the Defence Regulations, legislation was made, setting up and controlling a marketing scheme both for fish and for vegetables. As the Honourable Member, Mr. Lo, mentioned in his speech, he touched on this self-same point on the debate on the budget last year and he again took the point that legislation dealing with the marketing of produce, such as fish or vegetables, should more appropriately be dealt with by legislation enacted by this Council. Consequent upon

that criticism, the situation was considered, and it was thought that by the enactment of a Co-operative Society's Ordinance, the situation would be met because the marketing schemes would then be canalised into the co-operative movement. In fact, Sir, the Co-operative Society's Ordinance was enacted by this Council as No. 43 of 1947, but unfortunately the Ordinance has not yet been brought into force because Government continues to experience difficulty in obtaining a suitably experienced Registrar of Co-operative Societies without whose services the formation and control and guidance of the co-operative movement could not progress. Nevertheless, it has been considered, the doubt had arisen before this debate as to whether, even if the Co-operative Society's Ordinance were fully in force, it would suffice to enable the Colony to dispense with special legislation dealing with the marketing of fish and vegetables and, as a result, the matter is again under consideration to decide whether, and if so, in what form legislation should be enacted which will attain and maintain the objectives of the marketing schemes which are, in the main, to ensure that the primary producers get a sufficient return for their labour.

THE COLONIAL SECRETARY: Sir, I would like to deal with a number of points raised in Tuesday's debate which have not been touched upon by previous Members on the Government side.

The first is requisitioning. The question was raised by my Honourable Friend, Mr. T. N. Chau and concerns a subject about which this Council consistently and rightly in my opinion has taken a very deep interest. The situation in regard to requisitioning is still very difficult. We have kept up the pressure on ourselves and on the Services and the figures are not too bad. A year ago today there were 322 premises under requisition and today there are 112. That is a very substantial reduction I think for one year, but I can assure this Council that the Government will continue to exercise the utmost pressure. I must however warn Council that we are now approaching the bard core of requisitioning and much substantial progress beyond this point depends largely on the construction of new buildings.

My Honourable Friend Dr. S. N. Chau mentioned the Post Office. I have seen letters over the past weeks which have appeared in the newspapers on this subject making much the same complaint as Dr. Chau has made. It is a curious thing that in spite of the correspondence columns in the newspapers and in spite of Dr. Chau's remarks the Postmaster General has had very few complaints from the public. It would greatly assist him if people who had complaints would go to the Controller of Posts in the Post Office Building with their complaint. Dr. Chau referred specially to air mail. The facts there are that the Postmaster General endeavours to maintain and claims to maintain, except in abnormal circumstances, a schedule which ensures that three hours after the plane touches down at Kai Tak the mail is sorted and in the Post Office boxes ready for delivery. If that sorting is completed in the morning the mail is delivered in the

afternoon of the same day. If the sorting is completed after 2 o'clock the mail is delivered by first post the next morning. If anyone observes in his own correspondence any marked deviation from that schedule he would be helping the Postmaster General if he would take or send the cover to the Controller of Posts. You will notice that I qualify the schedule by saying "in abnormal circumstances". I did that because someone had delivered to him yesterday a Christmas card with the correct address posted in Hong Kong on the 24th December last year. So let us keep it—in abnormal circumstances.

My Honourable Friend Dr. S. N. Chau raised again the question of Police housing. Government fully accepts the importance which he attaches to this subject and you, Sir, in your speech stressed the Government's interest in this question. We have had for this year to concentrate on Police Stations rather than Police accommodation and we are planning to build nine Police Stations this year including one large Divisional Headquarters in Kowloon. The majority of these new Police Stations will include some provision for accommodation.

My Honourable Friend Dr. S. N. Chau mentioned the question of the University and he questioned whether the Government had correctly assessed the relative importance of schools on the one hand and the University on the other. His phrase was I think "putting the cart before the horse". As to the schools the recurrent expenditure seems to have settled down at about \$12,000,000 p.a. In addition to that we are starting this year the complete rebuilding of three schools. These three schools are King's College, the Kowloon Junior, the Gap Road Primary School and there is a fourth, a large undertaking which is an extension of the Central British School. This programme will entail a very large sum which I think will match the four million for the University. But the real thing to look at is the recurrent cost. I venture to think that Dr. Chau's figure of speech was wrong. I think that the horse is the University and the cart is the schools. If that is correct then we have a one and a half million dollar horse pulling a four million dollar cart and that to Government seems to be about the right proportion. I think Dr. Chau's unofficial colleagues will agree that to assess the value of the University you have only to look around the ranks of professional men. Look at Dr. Chau himself. Again Dr. Chau mentioned the subject of technical education and again Government agrees with the importance attached to this. The present situation is that the technical college has now been fully rehabilitated and practically fully re-equipped. It will start normal operations both as to day and evening classes in September. At the moment, incidentally, it is taking 600 pupils at evening classes alone. Next year we plan to nearly double the technical education facilities. The Trade School is still not rebuilt and there are plans for rebuilding as soon as funds, equipment and instructors are available. Government does not claim that provision for technical education is nearly enough but it is as much as we can manage for the time being.

My Honourable Friend, Mr. M. K. Lo, raised the question of Treasury control. Now Treasury control is never popular but I think it may be regarded quite fairly as the price of reassurance against financial catastrophe in the future. In any case my Honourable Friend may take some comfort from the fact that the probation period of three years is now nearly half over. I can assure him that his remarks on this subject will be brought to the attention of the Secretary of State.

I would now like to come to the question of the department of Supplies, Trade and Industry. I would like to congratulate my Honourable Friend, Dr. S. N. Chau, for his courage in speaking publicly of what has hitherto only been whispered and I welcome the opportunity of saying what has long needed saying. First let me take the specific subjects which Dr. Chau raised. In the case of cotton yarn—the facts about cotton yarn are that in March last year the Government secured a large consignment of about 10,000 bales of cotton yarn. The Government secured it because the sources from which it came, China and Japan, were not open to any buyer other than Government. The Hong Kong Government brought this to the Colony and tried to get it into the factories. They were unsuccessful, however, because the factory owners had no capital to buy this consignment. Their prospects were very uncertain but, above all, they had no capital. Now no private agent came forward to offer to relieve Government of these 10,000 bales. We did not invite them as we naturally wanted to pass the consignment direct to the consumer and to control price. In any case no private agent came forward with any offer. Government, on the other hand, were very unwilling to be stuck with this consignment because it tied up a very considerable amount of Government funds. The end of this was that the Chinese factory consumers themselves got together, such as the Association of the Chinese Manufacturers Union, the Chinese Textile Mills Association, the Hong Kong Cotton Cloth Manufacturers Association and so on. These bodies got together and they formed themselves into a co-operative to buy this cotton yarn and feed it into their own factories. They had to secure private finance to undertake this transaction which they did, and the cotton yarn was handled by this co-operative on a basis of 7½ per cent. commission—not 7½ per cent. profit—from which had to be deducted expenses of handling charges, storage and so on.

If anyone thinks this figure is rather high it must be remembered that the situation was uncertain, the prospects were uncertain and not at all good. Since that time prospects have become much better and as they have improved the rate of commission slipped down and I am glad to say is now standing at 2½ per cent. It is interesting to know that private agents to-day are handling cotton yarn at 12 per cent.

Rice. The incident to which Dr. Chau referred concerns an experiment in extended distribution which the Controller of Rice was anxious to try. He wanted to extend the distribution and see how it worked. For that purpose he selected as a trial the two largest

rice firms in the Colony and made a trial distribution. It was entirely successful as a distribution because we followed the transaction through and they made less than 1¾ per cent. profit on the deal. However, the main thing was the distribution was successful and in accordance with plan. The experiment was then extended to the whole membership of the rice dealers. Succeeding distributions have been and will continue to be made through the rice guilds. The rice guilds will themselves allocate the division of the rice among their members. Incidentally, the quality of the rice to which Dr. Chau referred; my own submission is that lately it has been improving. It is still not first class rice—we question whether it ever will be. We are unaware of any recent consignment which could be characterized as unfit for consumption. The nigger in the woodpile here is Egyptian rice which is not popular in this region. No one likes Egyptian rice. We are, however, entirely in the hands of the United Nations allocating machinery. We cannot pick and choose. We cannot refuse. We have to take what we are given like everyone else. Unfortunately we have had at least two consignments of Egyptian rice but hope we get no more. The quality is slowly, improving and we have kept up pressure there. The fourth thing that Dr. Chau mentioned was rubber. I regret I have totally failed to trace the transaction of which he complained. I most respectfully ask for more details. When I have those I will carry further investigations out. The reference rather puzzles me because the facts are that the export control on rubber is for the purpose of exchange control only. Korea, which is not in the same category as a hard currency area is therefore fairly free for the import of rubber from here if it is required for use in Korea. The only grounds we can have for refusing a consignment of rubber into Korea would be some suspicion that Korea was not itself the destination. We have in the past few months refused at least one large consignment on these grounds and may be other smaller ones. It may be one of those consignments. In any case, if he will supply me with some details, I will furnish him privately with the results of the further investigations. While I am about it I would like to mention the correspondence in this morning's paper about sea food. The letter carried the implication that sea food through the machinations of the Department of Supplies, Trade and Industry was being made into a monopoly of a favoured few. The facts are that the allocation of sea food and of all other commodities in Japan have nothing whatever to do with the Supplies, Trade and Industry Department—they are in the hands of S. C. A. P. The Department of Supplies, Trade and Industry's functions in these matters are to estimate the proportion of the total trade which any one firm may have, the pre-war record of the firm, etc. But with the allocation of individual commodities in Japan he has nothing whatever to do. It seems to be a sore point. Honourable Members may have noticed the news agency report from Tokyo to the effect that Chinese traders in Tokyo are complaining that the Hong Kong Government were refused import licences into Hong Kong for sea food and that the object of this was to reserve a monopoly for European firms. In point of fact ninety per cent. of the sea food brought into Hong Kong is taken by Chinese firms. I

have gone into these things in detail to show why Government is disinclined to accept the suggestion of a commission of enquiry. Of course, Government has heard these stories and they have been investigated and pursued. Honourable Members of this Council are aware that last year we selected a very able and senior and experienced Police Officer and gave him ample funds and charged him with the duty of combatting corruption. The results of his labours may be seen daily in the Press. It will take a long time but he is having rather more success than we hoped. Our one complaint is that he is having very bad co-operation. He is helpless unless the public will come forward and if necessary give evidence. On that score he is receiving very poor co-operation indeed. This officer, whom Members know and respect, has, of course, had the Supplies, Trade and Industry Department under his investigation together with many other Government departments. But in view of the stories that have been going round he has been paying special attention to the Supplies, Trade and Industry Department and as soon as the rumours are spread he has investigated them. As he investigates them so the rumours disappear. If it is a question of confronting the accused person they refuse to do so. Now if any Member of this Council or any member of the public hears rumours about the Supplies, Trade and Industry Department I beg of them to go straight to Mr. Shaftain. The story will be investigated and if we can get our hands on anything we will have an enquiry and a Police court case if we have sufficient evidence. But very often you cannot get tangible evidence. We do not necessarily need to have a Police court case—so long as there is a reasonable suspicion we can act administratively, but we must have something. We cannot act on rumours. We cannot surrender wholly to the dictum that where there is smoke there is fire. I think I may say I have a somewhat personal interest in seeing that Government does not act on this because my own name has been mentioned in the rumours as one of those who has shared in the profits of the Supplies, Trade and Industry Department, so I hope Government will continue to require a little more than smoke. On this subject I would like to say a special word about the officers of the Supplies, Trade and Industry Department. The Supplies, Trade and Industry Department exists only and solely because commodities and supplies are in short supply. If there was enough of everything there would be no Supplies, Trade and Industry Department. Everything they handle is in short supply, has to be shared out. Their whole duty, therefore, is selection. It is an unwelcome and an invidious task. In every case the Director has to select—you can have some, you can have none. Now he and his predecessor have been operating on a buyers' market. The profits have been very large and human nature being what it is he has made enemies. I think he could cease from doing that only if he ceased doing his job. Government is convinced and many in the commercial world that both the acting Director and the previous Director have done their jobs well and fairly and with marked ability. I don't, of course, pretend that the department is perfect but in difficult circumstances even if staffed by angels and headed by arch-angels it would still not be perfect. We have found nothing upon which we can base even administrative

action. I do not say yes or no to these rumours—I am simply stating the facts and let me assure this Council that every effort will be made to get at the truth if only members of the public will come forward if they come across suspicious circumstances.

I will conclude by referring to the question of staff which all members on Tuesday mentioned. It is admitted on all hands that at \$64 million the cost of the public service is very high. It is in fact this rise in cost which induced us over a year ago to seek the services of an efficiency expert. Government is very much in earnest about this reduction. The \$64 million must be reduced. Efficiency experts, as Mr. Watson said, appear to be rare birds but I am happy to say now that we appear to be on the track of a suitable candidate. I hope that when he does arrive he will not disappoint the hopes that we are placing in him. I was a little taken aback at the enthusiasm engendered by the proposal that an efficiency expert should visit Hong Kong. Government expected interest but the fervour with which unofficials have greeted this has given us much thought.

On the question of the present rate of salaries I would just like to give a word of warning. It may be that as the city of Hong Kong develops, and grows to a more modern municipality, we shall have to grow accustomed to a higher rate of salary than anything we have previously experienced. Our target in this connection should be the old-established and yet modern municipalities of England. I have taken the trouble to look up one or two figures of municipalities in England that may be of interest. For instance a municipality in England with a population of 300,000 persons spends 40 per cent. of its revenue on salaries—the actual figure in Hong Kong dollars is 51 million—for a population of 300,000. Another one, said to be the finest and most modern in England with a population of just over one million spent 57 per cent. of its revenue on salaries. Incidentally its water revenue is \$19,000,000, for a population of one million. While as I say I make no deduction from these figures I think we may have to accustom ourselves to a higher level of salary rates than previously.

THE FINANCIAL SECRETARY: Your Excellency, I find my task in winding up this debate a comparatively light one. My Honourable Friends have dealt with a large number of the points raised and I shall now endeavour to deal with those which remain.

The Hon. D. F. Landale complained that he had not been able to give the Estimates the consideration which was their due. It is unfortunate that the Honourable Member, owing to absence from the Colony, was only able to attend the last meeting of the Estimates Committee, so he did not have the same opportunity as his colleagues of examining the Estimates Head by Head and he had to depend on the copy finally circulated. I must apologise for the fact that some figures in this draft were transposed and that the Estimates of Revenue were bound into the centre of the expenditure section instead of at the beginning. I think, however, that when I give the Honourable Member some indication of the background against which

the Estimates this year were prepared, he will agree that the word "disgraceful" which he used in describing the printing arrangements was hardly merited and that "unsatisfactory" might have been a more appropriate adjective.

As Honourable Members are aware, the salary scales for the whole Government Service, from the highest to the lowest grades, have been revised. General approval of the new scales was not received until January. This only related to basic salaries, and even so, the scales for several branches of the Service were not finally agreed upon. The rates of expatriation pay were approved quite recently and outstanding points in connection with certain basic salary scales and the cost of living allowance have only just been finalised.

Most Government officials are on incremental salary scales, and when the scale is changed, it is necessary to determine the conversion point from the old to the new. This is far from being a straightforward operation and it was almost inevitable that Personal Emolument figures from departments were delayed until a few weeks ago, and those of some of the larger departments were not in their final form until the Tuesday afternoon, less than 72 hours before the First reading of the Appropriation Bill was due to be taken. Of course, departmental Other Charges had been completed months ago and had been printed, but these were not of much use without the Personal Emoluments.

I do not know whether Honourable Members have any conception of what it means to prepare Estimates with no final figures available until the last possible moment. It was not possible in many cases to check departmental figures until after the Estimates had been circulated. This has since been done and some amendments in the Personal Emoluments totals have proved necessary.

Incidentally, it is of course not possible to print the Schedule to the Appropriation Bill until all figures are final so this could only be sent to the printer a little more than 24 hours before it was required. In these circumstances, it was not possible to obtain a second proof, and unfortunate transpositions of figures occurred.

That the Draft Estimates were not in proper sequence and that some pages were missing was also due to the time factor. Two attempts were made to have the sequence put right but on each occasion further mistakes were made and one must make allowance for the fact that these pages of figures are meaningless to the average employee in a non-Government printing establishment. The Europeans in charge of such establishments cannot be expected to be familiar with the general lay-out of the Estimates in the same way as a Government printer who has spent a large portion of his life turning out such publications. The moral is that rush jobs are just not possible without the aid of a proper Government printing office such as exists in most other Colonies. It would then be possible, in circumstances such as those obtaining this year, to give a particular task absolute priority and to require the staff to work overtime, if

necessary far into the night. But we have no Government printing office in the ordinary sense of the word and there seem to be great difficulties in establishing one. We cannot expect a private firm to give absolute priority to Government work. Government is just one of many customers and, though it may be a good customer for the moment, there is no certainty that this state of affairs will continue. Considering the cramped space in which they work, I consider that the firm concerned did their best to turn out the work, and indeed, did all that could reasonably have been expected from them in the rushed conditions prevailing.

The Hon. D. F. Landale also asked for further information regarding a revenue item of \$1,000,000 derived from the S.T. & I. Department. It has been our aim, in the case of purely temporary Government departments such as the Custodian of Property and the S.T. & I. Department, which earn revenue in the form of fees or trading profits, to place them at least on a self-supporting basis, and revenue items have, where possible, been inserted, approximately balancing the department's expenditure. The S.T. & I. Department, when it is finally wound up, will, we hope, have proved to be more than self-supporting but, in the meantime, it has been our policy only to credit to Revenue sufficient profits to balance expenditure. For various reasons this was not done last year and the position is being restored this year by crediting to Revenue rather more than the total departmental estimated expenditure during the coming year. We are satisfied that the amount estimated for will be forthcoming.

This is not to be confused with the floating balances available on the S.T. & I Account regarding which another Honourable Member requested information. These arise because there is often a time lag between the receipt by us of money for goods actually sold here and the time when we pay the supplier for those goods. These balances naturally fluctuate a good deal and they have recently been reduced by \$24,000,000. We shall continue to save interest as long as possible by utilising these balances but if they become exhausted we shall, of course, have to resort to further borrowing.

The Hon. D. F. Landale also pointed out that the new Head "Subventions" did not cover all the Colony's charitable grants, and he suggested that the grants to the Tung Wah and Alice Memorial Hospitals and the provision for the relief of destitutes should also be included under the Subventions Head. I am afraid that there are objections to this as the hospital grants are administered by the Medical Department and the destitute provision by the Social Welfare Officer. The amounts voted should therefore be shown under those departmental Heads in accordance with normal practice. But there is no reason why a footnote should not be inserted under the Subventions Head calling attention to the fact that these further charitable grants are made under other Heads. I hope that this will meet the Honourable Member's point, and, if so, arrangements will be made for such a note to be included in next year's Estimates.

While I am on the subject of grouping together expenditure of the same type under one Head, I should like to refer to the somewhat similar case of the cost of upkeep of Government vehicles. My Honourable Friend, the Director of Public Works, has dealt with this and I should like to endorse his statement that we are hopeful that we shall be able to exercise some economies in regard to this item. In order to comply with Colonial Regulations, it is necessary for the running costs of these vehicles to be shown under the departments to which the vehicles are allocated, and indeed, if this expenditure was all charged to a central vote, there would be loss of control and less incentive for economy. I appreciate the Honourable Member's desire to have the full cost of this transport shown in easily accessible form and I think this would be met by adding a schedule at the end of the Estimates giving the information. I propose that this should be done in future years.

Two Honourable Members suggested that revenue from land sales should be credited to a special fund instead of to general revenue. This is a suggestion which has been put forward in other parts of the Colonial Empire, and the proposal undoubtedly has its attractions. The argument against this is that the first charge on all revenue collected during a particular year must be the expenditure for that year. Colonial Governments work on a cash basis and the Estimates are framed with a view to showing the true cash position. In our own particular case, at any rate until things become more normal, if we paid this land revenue into a separate fund, we should have to replace it by increased taxation or, alternatively curtail our expenditure.

The Hon. D. F. Landale also doubted the wisdom of financing Public Works Extraordinary from Revenue and suggested that all such expenditure should be taken out of the annual Budget and financed from loan funds. As I have just explained, Colonial Governments normally operate on a cash basis and they use their borrowing powers reluctantly. It would not, therefore, be practicable for them to go on regularly borrowing comparatively small amounts in order to finance annual programmes of capital works. The balance between Revenue and normal expenditure should be such that there is always a margin for a reasonable Public Works Extraordinary programme and the general practice is for a Colony only to use its borrowing powers when it wishes to carry out some capital work of considerable magnitude and preferably one which is revenue producing.

The Hon. R. D. Gillespie suggested that it would be interesting to know how many firms and how many individuals had so far paid Earnings and Profits Tax and what proportion had been paid by the non-European section of the community. Up to the present time 181 assessments to Corporation Profits Tax have been made to a total of \$6,644,000 while 675 demand notes have so far been issued in respect of other businesses and professions to a total of \$5,268,000. I hope that these details may be of some interest to the Honourable Member and such further statistical information regarding the working of the Ordinance as may be made available, without infringing the

provisions regarding secrecy, will appear in due course in the departmental report of the Inland Revenue Department. It is not possible to distinguish between taxpayers of different races. They are all just taxpayers.

Before leaving the subject of Earnings and Profits Tax, I will deal with the point raised by the Hon. M. M. Watson. He enquired whether, in estimating receipts in respect of this tax during the coming year, due allowance has been made for adjustments and refunds. Such adjustments always complicate estimates of receipts from this type of revenue but due allowance has, in fact, been made and the revenue shown in the Estimates is a net figure.

The Hon. Leo D'Almada suggested that money could be saved by closer examination of tenders, and he cited the case of the Prisons Department where he understood the cost of feeding a prisoner was \$2.50 a day. He argued that if the quotations contained in other tenders were on a par with this, they were unnecessarily high. They most certainly would be but the Honourable Member has, through no fault of his own, been rather misled over this question. It is true that at a meeting of the Estimates Committee at which the Prison Estimates were discussed, the Commissioner of Prisons quoted a figure of \$2.50 a day as the cost of feeding each prisoner, but he subsequently wrote in, pointing out that this figure of \$2.50 included not only the cost of food but the cost of clothing, medical treatment and supervision as well. This was explained to the Estimates Committee at the next meeting but the Honourable Member was prevented from being present owing to business engagements, and he did not, therefore, hear this explanation.

The actual cost of feeding a prisoner is \$1.40 a day, and, under the new contract just commencing, the cost is being reduced to \$1.18. I can assure the Honourable Member that the Tender Board do scrutinise tenders very carefully. It may be, as has been suggested, that tenderers do put up their prices when Government is calling for tenders, but it is difficult to see how this can be overcome. The lowest tender is usually accepted. If all tenders are considered too high and they are all refused, there may be a reduction when a fresh attempt is made, but it may equally well be found that all quotations have increased. It is a difficult question and I think that Honourable Members must rely on the Tender Board to do its best to ensure that Government is not overcharged. As an illustration that the Tender Board is doing its job, the House will, I am sure, be interested in our experience in regard to tenders for teak. The Board recently refused all tenders for this wood as they were considered unreasonably high. We decided instead to send an officer of the Stores Department to Bangkok and we purchased our teak at a saving of \$95,000.

HON. LO MAN-KAM: I ask your leave, Sir, to make a few remarks arising from a statement of my Honourable Friend, the Colonial Secretary, which I know has come as a surprise and a shock to all Unofficials, and that is that he said that his name had been coupled with rumours concerning the S.T. & I., Sir, in case this

debate closes without any of the Unofficials getting up, in case any misapprehension may arise, I feel I am interpreting the wishes of all my Unofficial colleagues when I make a few observations. I know, Sir, that every Unofficial Member of this Council, and indeed, as far as I know, every member of the public has been most impressed by the work, the ability and the integrity of our Colonial Secretary, not only as the Chief Civil Affairs Officer, but as the Colonial Secretary of Hong Kong. We all have the most complete confidence in him and none of us would ever believe one word of the nature that he said he had heard. If any such thing were said none of the Unofficials would believe it, but I would like to tell him that none of us has in fact heard it, and on behalf of all Unofficials, I would like to say that we are appalled that any such suggestions should be made, and we repudiate it with abhorrence and with the utmost contempt and I would like to assure my Honourable Friend that we, the Unofficials, have the most complete confidence in him and I feel we can say so on behalf of the public.

H.E. THE GOVERNOR: I am afraid that I cannot allow any other member of this Council to speak because the debate is closed. The only person who is allowed to speak now is the President and this I propose to do very briefly. I should like to thank the Unofficial Members for their great help and assistance in consideration of this Draft Bill and of the Estimates. They have given commendation where they thought commendation was justified; they have criticised where they thought criticism was justified. No Government is perfect, not even the Hong Kong Government, but I trust that the replies that have been given this afternoon by the Official Members will have satisfied them, at any rate on some of the more important points which were raised when we met last Tuesday. The Financial Secretary and his staff have been labouring under very great difficulties in the preparation of the Estimates this year and I am sure that I am speaking for both the Officials and the Unofficials of this Council when I congratulate him, Mr. Hetherington and others with him for the really excellent job they have done under extremely difficult conditions (Applause). A great deal has been said about the efficiency expert. I think I was the one who started the ball rolling. Now I look forward with confidence to getting a good deal of use out of this gentleman, but I do not expect anything spectacular. We, all of us, think that there is a certain amount of overstaffing in some Government departments and also that the machinery of some Government departments could do with a little bit of overhauling, but I do not think that any of us consider that there is gross overstaffing or that there is gross inefficiency, and if we expect him to come here and save us millions and millions of dollars on our Personal Emoluments, we will be deluding ourselves. As I say, I look forward with confidence to his producing useful results, but not spectacular results. Now there is one point that has not been replied to on the official side because it does not concern Government but it concerns the University. It is a remark that was made by the Honourable Member, Dr. Chau, where he said "It is regrettable that in the re-organization of the University its alumni association was not consulted as to its own representatives." I take it he was referring to the Court of the

University and no doubt his remarks were made under, shall I say, a misapprehension. The position is this, that in the Statutes of the University, provision is made for three registered graduates to be nominated by the registered graduates themselves. The registers were destroyed during the war and new ones are being prepared, and until those new ones have been prepared, it is not possible for registered graduates to put forward three names. As soon as the registers have been prepared, they will be invited to nominate three of their members and those will be duly appointed. Meanwhile, I have appointed three other persons under my general authority, who happen to be graduates, and that, possibly, is how the whole misunderstanding has arisen. Ultimately the position will be that graduates will themselves choose three of their own members and, in addition, there will be these three others whom I have already appointed. Again, on the University, he stated that it catered for the education of approximately 280 students. That is quite true, I think; there are 280 or 300 students at the University. As I am sure the Honourable Member himself must know, it is the intention to build that number up year by year until we get to the proper figure of 700. The University is not a matter of British prestige only; it is not a matter of Hong Kong prestige only: it is a real need for a Colony of this importance to have a University of which it can be proud.

The question was put and agreed to, and the Bill was read a Second Time.

THE COLONIAL SECRETARY moved the following resolution:

"That the Estimates of Revenue and Expenditure for 1948-49, incorporating the amendments proposed by the Select Committee, be adopted."

He said: Sir, I rise to move the adoption of the Report of the Select Committee, and I think I need mention only one change. There are many changes, mostly minor, except under Head 29 where the Committee has recommended the insertion of an item of \$400,000 for the Wholesale Vegetable Market. The necessity for this was outlined by the Financial Secretary when he introduced the budget. A second item introduced under the same Head of \$360,000 is for bathing beach pavilions. This was in accordance with Government's policy and the Committee agree that it should be inserted at the last minute. Water Works repairs at Shing Mun of \$250,000. The only explanation for its insertion here is that it was inadvertently omitted in error.

The Financial Secretary seconded, and the question was put and agreed to.

Council went into Committee to consider clause by clause a Bill intituled "An Ordinance to apply a sum not exceeding one hundred and forty-nine million five thousand and seven dollars to the Public Service of the financial year ending 31st March, 1949."

Clause 2.

THE FINANCIAL SECRETARY: Your Excellency, I beg to move that in Clause 2 for the words "One hundred and forty-nine million five thousand and seven" there shall be read the words "One hundred and fifty million two hundred and eighty-four thousand one hundred and five".

Clause 2, as amended, was passed.

Schedule.

THE FINANCIAL SECRETARY: Your Excellency, I beg to move that the Schedule be amended in every detail as recommended in the Report of the Select Committee, so that for the total of "One hundred and forty-nine million five thousand and seven" there shall be read the figures "One hundred and fifty million two hundred and eighty-four thousand one hundred and five".

The Schedule, as amended, was passed.

Preamble.

THE FINANCIAL SECRETARY: Your Excellency, I beg to move that in the Preamble for the words "One hundred and forty-nine million five thousand and seven" there shall be read the words "One hundred and fifty million two hundred and eighty-four thousand one hundred and five".

The Preamble, as amended, was passed.

Enacting Clause and Title.

THE FINANCIAL SECRETARY: Your Excellency, I beg to move that in the Enacting Clause and Title for the words "One hundred and forty-nine million five thousand and seven" there shall be read the words "One hundred and fifty million two hundred and eighty-four thousand one hundred and five".

The Enacting Clause and Title, as amended, were passed.

Upon Council resuming,

THE FINANCIAL SECRETARY reported that the Appropriation for 1948-1949 Bill, 1948, had passed through Committee with certain amendments recommended by the Select Committee, and moved that it be read a Third time and passed into law.

THE COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed.

ADJOURNMENT.

H.E. THE GOVERNOR: That concludes the business, gentlemen. When is it your pleasure that we should meet again?

ATTORNEY GENERAL: I suggest 14 days from now, on Wednesday, 14th April.

H.E. THE GOVERNOR: Council will adjourn until Wednesday, 14th April, at 2.30 p.m.