

30th March, 1949.

PRESENT:—

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

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. B. C. K. HAWKINS, O.B.E., *Acting*).

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

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

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

HON. A. NICOL, (Acting Director of Public Works).

HON. D. F. LANDALE.

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

HON. SIR MAN-KAM LO, K.T., C.B.E.

DR. HON. CHAU SIK-NIN.

HON. LEO D'ALMADA, K.C.

HON. M. M. WATSON.

HON. P. S. CASIDY.

MR. J. L. HAYWARD (Deputy Clerk of Councils).

ABSENT:—

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS
(MAJOR-GENERAL F. R. G. MATTHEWS, C.B., D.S.O.)

MINUTES.

The Minutes of the meeting of the Council held on 16th March, 1949, were confirmed.

OATHS.

The Hon. A. Nicol took the Oath of Allegiance and assumed his seat as a Member of the Council.

MOTIONS.

THE ATTORNEY GENERAL moved the following resolution:—

Resolved pursuant to section 3 of the Public Officers (Changes of Style) Ordinance, 1937, that the following addition be made to the Schedule to the Public Officers (Changes of Style) Ordinance, 1937:—

Old Style of Officer, Office or Department.	New Style of Officer, Office or Department.
Principal, Queen's college	Principal, Education Department.
Principal, Queen's college	Principal, Education Department.
Principal, Northcote Training College	Principal, Education Department.
Principal, King George the Fifth School, Hong Kong	Principal, Education Department.

Resolved further that the said resolution shall have effect from the 1st April, 1949.

He said: Sir, the purpose of the resolution, which is to give effect to changes of title in the Education Department, is to make such changes which will have the effect of increasing administrative convenience, because by doing away with separate titles for each of the headmasterships of the schools named in the resolution, transfers between officers in the Education Department of the same rank will be facilitated.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

THE ATTORNEY GENERAL moved that:—

WHEREAS by sub-section (2) of section 6 of the Telephone Ordinance, 1925, the Hong Kong Telephone Co., Ltd. may not borrow on mortgage except with the consent of the Legislative Council.

AND WHEREAS the said Company has requested such consent and the granting of such consent is considered desirable.

IT IS RESOLVED that consent be given for the said Company to mortgage any of the lands and buildings of the said Company as security for a loan not exceeding six million dollars from the Hong Kong and Shanghai Banking Corporation.

He said: Sir, Section 6(2) of the Telephone Ordinance requires that the Hong Kong Telephone Co., Ltd. shall not borrow on mortgage unless the consent of this Council, expressed by resolution, has been obtained. The Company desires at the present time to borrow money on mortgage, and, consequently, this resolution is before this Council so that the consent of the Council can be forthcoming for that objective

THE COLONIAL SECRETARY seconded, and the Motion was carried.

REGISTRAR GENERAL (ESTABLISHMENT) BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to establish the office of Registrar General to define the duties thereof and to make provision incidental thereto." He said: Sir, at the present time the Registrar of the Supreme Court, assisted by one deputy, discharges all the functions of the offices mentioned in the schedule to the Bill before Council except the functions of Land Officer and Registrar of Marriages. As a consequence of this arrangement the Registrar of the Supreme Court has insufficient time to devote to the administrative and judicial functions of Registrar of the Supreme Court. It is desired that he should have a greater opportunity to attend to this side of his work and it is also desired to add to the responsibilities of the Registrar of the Supreme Court the powers which can be exercised by a Registrar or Master of the Supreme Court in England. To achieve this objective it is intended that there should be set up a department called the Registrar General's Department which will take charge of all the miscellaneous registries now attaching to the office of Registrar of the Supreme Court, together with the functions of Land Officer and Registrar of Marriages. By this process Hong Kong would align itself with the practice in other colonies of comparable status where a division of labour or of work of this kind has been found useful and convenient.

The purpose of this Bill is to give legislative effect to the objectives which I have outlined, to bring them into operation from the 1st April of this year, and at the same time, by the process of clauses 7 and 8, to avoid complexity of gazette notification in regard to the changes which are to take place.

In conclusion, I would stress that the changes visualised will not entail any increases of staff, but will merely entail a readjustment of the existing personnel of the judicial and legal departments.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

1. In the interests of efficiency and economy it is proposed to create the post of Registrar General. In accordance with the practice in other Colonies the Registrar General will be responsible for the discharge of the duties of the following offices: —

- (a) the Land Officer;
- (b) the Registrar of Companies;
- (c) the Registrar of Trade Marks & Designs;
- (d) the Registrar of Patents;
- (e) the Registrar of Marriages;
- (f) the Official Receiver in Bankruptcy;
- (g) the Official Trustee.

2. Functions (b), (c), (d), (f) and (g) are at present discharged by the Registrar of the Supreme Court assisted by a Deputy Registrar. It is proposed that henceforth the Registrar of the Supreme Court shall, without the aid of a Deputy, discharge the functions of Registrar of the Supreme Court and Official Administrator and also such of the functions normally discharged by a Master of the Supreme Court in England as the Chief Justice may delegate to him.

3. The officer now discharging the duties of Deputy Registrar of the Supreme Court will thus be available together with officers now acting as Assistant Land Officers and other legal officers to fill three appointments as Deputies to the Registrar General. The existing post of Land Officer, as a salaried post, will disappear, being merged in the new post of Registrar General. The Registrar General and his Deputies will discharge all the duties enumerated under heads (a) to (g) inclusive in paragraph 1 of these Objects and Reasons.

4. The object of the Bill is to give legislative effect to the proposals above described, while leaving undisturbed (clause 5) the structure of the law (e.g. the New Territories Regulation Ordinance, 1910, and the Companies Ordinance, 1932) which provide independently for the various offices enumerated above and for deputies and assistants to such offices.

5. It has been considered desirable to bring these changes into effect as from the beginning of the financial year. Clause 7 of the Bill accordingly gives the Ordinance retrospective effect from the 1st of April, 1949, and clauses 7 and 8 are designed to prevent overlapping of appointments and enable the officers who will now administer the various Ordinances to discharge their duties as from the 1st of April, 1949.

GAMBLING AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Gambling Ordinance, 1891."

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

Council then went into Committee to consider the Bill clause by clause.

Council then resumed.

THE ATTORNEY GENERAL reported that the Gambling Amendment Bill, 1949, had passed through Committee without amendment, and moved the Third reading.

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

SUMMARY OFFENCES AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Summary Offences Ordinance, 1932." He said: Sir, in so doing I wish to forecast that I will, at the Committee stage, seek to move certain minor amendments to the Bill.

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

Council then went into Committee to consider the Bill clause by clause.

Clause 3.

THE ATTORNEY GENERAL:—Sir, I rise to move that in paragraph (*d*) of Section 3 to be amended by this clause the wording of paragraph 14 should read as follows: —

"(14) kindles, discharges or lets off any firework save under and in accordance with the conditions of any such general or special permit as the Secretary for Chinese Affairs in his absolute discretion may issue, and/or save under and in accordance with the conditions of any such special permit which in his absolute discretion the District Commissioner or District Officer, New Territories, may issue."

Sir, the intention of this amendment is to enable special permits to continue as hitherto to be granted by the District Commissioner and District Officer in respect of New Territories' applications.

This was agreed to.

Clause 11.

THE ATTORNEY GENERAL:—Sir, I rise to move that the amendment proposed by this clause should be amended by the substitution of the title “Director of Commerce and Industry” for the title “Superintendent of Imports and Exports” which occurs in the clause as drafted.

The purpose of the amendment is to bring the title into line with the change which, as Council is aware, has taken place in the title of the Superintendent of Imports and Exports.

This was agreed to.

Clause 12.

THE ATTORNEY GENERAL:—Sir, I move that in the Section 19(B), proposed to be inserted by this clause, an amendment be made to the definition of “Uniform” by the insertion of the word “Force” after the word “Reserve” occurring in the fifth line of the proposed new definition.

This was agreed to.

Clause 13.

THE ATTORNEY GENERAL:—Sir, I move that this clause be amended by a variation of the Section 20 which it is intended to place in the principal Ordinance by clause 13 to read as follows:—

“Improper
possession of
alarms or
clothing of
police officer
or member of
police reserve

20. Every person who, not being a police officer or a member of the Hong Kong Police Reserve Force, as the case may be, has in his possession any article forming part of the clothing, accoutrements or appointments supplied to any such officer or member and is not able satisfactorily to account for his possession thereof shall be liable to a fine not exceeding two hundred and fifty dollars.”

Further, that the relevant marginal note be altered accordingly.

The purpose of this change is merely to conform with the fact that in the Police Force Ordinance now in force, that of 1948, the term “Police Officer” is used throughout and not the term “Officer of Police.”

This was agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Summary Offence Amendment Bill, 1949, had passed through Committee with four amendments and moved the Third reading.

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

MEDICAL REGISTRATION AMENDMENT BILL, 1949.

THE DIRECTOR OF MEDICAL SERVICES moved the Second reading of a Bill intituled “An Ordinance further to amend the Medical Registration Ordinance, 1935.”

THE COLONIAL SECRETARY seconded.

DR. HON. CHAU SIK-NIN:—Sir, I am gratified to see that Government has at long last decided to abolish Part II of the Medical Register. This decision has given great satisfaction to the medical profession. Part II of the Medical Register was originally designed to permit the registration of persons graduated from the College of Medicine whose qualifications were not recognised by the General Council of Medical Education and Registration of the United Kingdom, and was never intended for other than those mentioned; but this part of the Register was used as a loop-hole for admission of those whose qualifications precluded them from Part I. A perusal of Part II of the Medical Register revealed the startling fact, for instance, that up to as late as 1948 even medical graduates from Japan were being placed on the Register, and at least four doctors who did not possess registrable qualifications have been placed on the Medical Register since 1940. Since the College of Medicine was incorporated into the Medical Faculty of the University of Hong Kong, the number of graduates of that College was limited, thus rendering Part II of the Register obsolete, the abolition of which has become long overdue. It is therefore a matter of satisfaction that Government has now decided to abolish Part II of the Register to protect the legitimate interests of the medical profession.

Due to the present shortage of medical personnel, Government has employed on a yearly basis certain persons whose qualifications are not recognised here. It is earnestly hoped that this expedient is only a temporary measure, and that so soon as a sufficient number of medical graduates from the Hong Kong University is available the practice will be discontinued.

H. E. THE GOVERNOR:—Does the Director of Medical Services wish to reply?

THE DIRECTOR OF MEDICAL SERVICES:— No, Sir. The Bill was read a Second time.

Council then went into Committee to consider the Bill clause by clause.

Clause 2.

THE DIRECTOR OF MEDICAL SERVICES :—Sir, I move that clause 2 be deleted and replaced by the amendment as set out in the paper before Honourable Members. The effect of the proposed amendment is to insert the words “in Chinese” after the word “using” in the first line of paragraph (a) of subsection 2: of the new section and to add at the end of the paragraph the following proviso: —

“Provided that in any English translation of such characters the word “Herbalist” must be included.”

The reason for this amendment is that it has been found that a literal translation of the last group of characters in paragraph (a) of subsection (2) of the new section introduced by this clause would be "Chinese Medical" whereas the correct interpretation should be "Chinese Herbalist Medical" and that if this group of characters were used to denote an association of herbalist practitioners a literal translation would be "Chinese Medical Association", a title which is already used to denote a local association of registered doctors.

This was agreed to.

Clause 5.

THE DIRECTOR OF MEDICAL SERVICES:—Sir, I move that clause 5 should be deleted and replaced by the amendment as set out in the paper before Honourable Members. The effect of the amendment is to add to section 11 of the principal Ordinance a new paragraph (e) as follows:—

"(e) any licentiate of the former Hong Kong College of Medicine."

This amendment has become advisable because it appears that there is one at least, may be more, persons who qualified in the Hong Kong College of Medicine who now wish to register.

The amendment also substitutes in the additional proviso the expression "Medical Registration Ordinance 1935" with the expression "principal Ordinance."

This was agreed to.

Council then resumed.

THE DIRECTOR OF MEDICAL SERVICES reported that the Medical Registration Amendment Bill, 1949, had passed through Committee with two amendments and moved the Third reading.

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

APPROPRIATION FOR 1949-1950 BILL, 1949.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to apply a sum not exceeding one hundred and seventy-nine million five hundred and eighty-six thousand nine hundred and seventy dollars to the Public Service of the Financial year ending 31st March, 1950."

THE COLONIAL SECRETARY seconded.

HON. D. F. LANDALE:—Sir, in the concluding remarks of your address you informed us that we were about to lose three of our leading citizens. Many of us already knew of the impending departure of Mr. Sloss and Mr. Kenniff and we had become reconciled

to our loss. It would be platitudinous to recite here all that Mr. Sloss has done for the Colony in general and the University in particular, especially in connection with the rehabilitation of the latter since the re-occupation.

Mr. Kenniff, although he has only been with us for the last three years as Director of Public Works, will leave an indelible mark behind him. He has had no easy or enviable task; in fact the very nature of his job, in a 'Colony that is trying to rehabilitate itself, tends to make him a target for criticism. But the fact remains that he leaves a Department behind him in an infinitely more efficient state than it has ever been before, and this in itself is no mean achievement.

On behalf of my Unofficial colleagues, and in this I am sure I am also voicing the opinion of the Colony as a whole, I would like to extend our sincere thanks for all they have done and to wish Mr. Sloss, and I would like to include his bride-to-be, and Mr. and Mrs. Kenniff, many years of health and happiness in retirement.

But, Sir, the news that you also gave us of the impending departure of our Colonial Secretary has come as both a surprise and a shock to all of us, and has been received with very real feelings of regret. I venture to think that no previous announcement of the departure of a high Government Official has ever been received with such genuine feelings of dismay on the part of all sections of the community. We all know how much he has done for the Colony, as Head of the Hongkong Planning Unit in London during the Japanese Occupation; as Chief Civil Affairs Officer immediately after its re-occupation and, for the last three years, as Colonial Secretary. His departure will leave a void that will be extremely difficult to fill. My Unofficial colleagues have perhaps more opportunities than most to appreciate the sterling work he has done and they have expressed the wish that I should speak on their behalf as well as on my own, so that what I have said, and propose to say, represents the unanimous views of all of us.

Inspired by a real desire for social service and social betterment, utterly devoid of any racial prejudice, readily accessible radiating an atmosphere of friendliness wherever he moved, he has endeared himself to all sections of the community.

I would like to mention that all my Unofficial colleagues of both Councils have already indicated to Mr. MacDougall their strong desire to organise a public farewell dinner in his honour. While expressing his appreciation of this gesture, and in the modest way which is typical of the man, he has conveyed his personal wish that we should not do so. Nevertheless, we should all like to convey to him our most sincere appreciation and thanks for all he has done for the Colony on behalf of the whole community, and to assure him that he will leave us with our most sincere wishes for his future happiness and success in whatever new sphere he takes up. Our loss will indeed be someone else's gain. (Applause).

Sir, when your predecessor did me the honour of inviting me to be an Unofficial Member of this Council on the re-institution of Civil Government in 1946, I accepted in the knowledge that this Council, as it was then constituted—and still is, would only be of a caretaker variety pending the setting-up of the new Constitution. Little did I then think that I would still be caretaking three years hence, and have the privilege of addressing this Council in four Budget Debates.

May I, for a brief moment, soliloquize over those last three years and take as a simile the Mad Tea Party out of Alice in Wonderland. I will not be so bold as to cast all the characters in this amusing sketch of Lewis Carroll's, but the Dormouse seems to depict admirably the Colonial Office. The Dormouse, as most of us know, slept, all through the Tea Party (laughter) and was only woken up on rare occasions by the Hatter pouring tea on its nose, and it was during one of these uneasy moments of wakefulness that it told the story of Elsie, Lacey and Tilly, who lived in a well. These three can take the part in my soliloquy of the people of Hongkong. The Dormouse never finished its story, it just went to sleep again, leaving Elsie, Lacey and Tilly in the well. That, Sir, is rather how we are to-day, patiently waiting for some more tea to be poured on the Dormouse's nose so that we can find out what is to happen to us.

Three years, Sir, may be a long time to wait; it may have exasperated some, but it has also given time for others to think. All that is so far known of our new Constitutional Reforms is the broad outline set out in the announcement of the Secretary of State for the Colonies on the subject of Sir Mark Young's proposals. This announcement was made in the House of Commons on July 23rd, 1947, and published in the Hongkong Press the next day. Whether this broad outline is what the genuine Hongkong people want is, to my mind, debatable.

Last year we voted \$500,000 as an initial contribution to the Municipality of Hongkong, and no information is available as to how this money has been spent. This year we are being asked to vote \$250,000 for the same purpose. I feel, Sir, very strongly, that before any further moneys are voted for this purpose, an opportunity should be given to this Council to debate the advisability, or otherwise, of the new Constitution taking the form of a Municipal Council. There is, I believe, a strong body of opinion that does not favour this form, and would rather see a larger and more representative Legislative Council working in conjunction with a larger and more representative Urban Council than through the cumbersome machinery of the proposed Municipal Council which, of necessity, would overlap a lot of the functions of the Colonial Government.

It is not clear to me, Sir, what the Legislative machinery will be to bring in these Constitutional Reforms, but presumably there must be some Ordinances, in which case I would like to suggest that these draft Ordinances be published at an early date, and that at

least two months be allowed to lapse before they are debated in this Council and thus give my Unofficial colleagues a chance to ascertain whether the proposals meet with the general approval and, if not, whether they should be wholly rejected or amendments considered.

I would now, Sir, like to endorse most whole-heartedly the remarks you made in your address at our last meeting, in connection with increasing taxation and killing the goose that lays the golden eggs. I have, in my three previous Budget speeches, consistently made the remark that I could not support any proposals for increased rates of taxation until I was convinced that our administration was being efficiently and economically run and that taxes falling under the Inland Revenue Ordinance were being equitably, economically, and incorruptibly collected.

As for the former, I am delighted to hear that the Efficiency Expert of whom you spoke in your address at our last Budget has at last arrived, but until he has had a chance of acquainting himself with the machinery of Government in Hong Kong and made his recommendations, it is difficult for me to form an opinion as to whether Government is being run efficiently and economically. But there are certainly signs that it is not. The figure of seventy-four million dollars that my Hon. Friend the Financial Secretary gave as the cost of the existing Government Service (excluding Pensions of over six and a half millions for past services) seems to be an inordinately high figure. The mere fact that Government, or bits of it, are spread all over the town must, in my opinion, tend towards inefficiency and extra cost. One small example, every Department has its own establishment of messengers, presumably for inter-departmental communication. There are some three hundred of them. If Government offices were more centralised perhaps some of these would not be necessary. Even as decentralised as they are, is there any reason why the Postal Service should not be utilised for this work? And another instance is that under the Secretariat for Chinese Affairs I notice that a Private Force is run in the form of a District Watch Force which costs some \$190,000. This seems to me a relic of the past, and greater economy might be achieved if the functions of this Force were taken over by the Police.

I have no doubt that had time permitted one could find other instances of uneconomic operation, but I wish the Efficiency Expert every success in his unenviable task,

As for taxation falling under the Inland Revenue Ordinances, no information has been placed before us as to how this experiment is working in practice. It is difficult, therefore, for me to make any comments, but I would suggest that when publishing the Annual Comparative Statement of Revenue and Expenditure, the actual revenue received from Earnings and Profits Tax be shown separately, in the same way as the actual expense of the Inland Revenue Department is shown on the contra side of the Statement. I refer to the

Comparative Statement of Revenue and Expenditure for the period ending 30th September, 1948, that was published in the Extraordinary Gazette of the 4th March.

I am, however, more convinced than ever that the law of diminishing returns would set in very abruptly if taxes generally, and these in particular, were precipitately or materially increased.

My Hon. Friend the Financial Secretary told us in his address at the First reading of the difficulties that he has had in balancing our Budget but, having had three years' experience of his conservatism, and despite his assurances that departmental expenditure has been pruned to the utmost, I am sure that he has got a number of tricks up his sleeve. It is not always easy, as with most magicians, to detect these tricks, and in the case of the figures presented to us it is almost impossible.

I have in previous years frequently commented on the unsatisfactory method of presenting the Colony's finances. For instance, here we are considering Estimates for the year 1949/50 and we still have not got the actual figures of expenditure and revenue for the current year 1948/49 beyond September, 1948; we are always about six months behind with our information on the true state of our affairs.

And again, the Statement of Assets and Liabilities as at 30th September, 1948, does not seem to tell us very much and it omits any reference to what must be the Colony's major liability, that of the Public Debt.

As for the individual Heads of Expenditure, here again the figures presented do not give us a clear picture. There are certain departments which may be regarded as self-balancing, or even profit-making—the Post Office, the Kowloon-Canton Railway, the Department of Supplies & Distribution, the Water Works—can all be put into this category, but it is well-nigh impossible to ascertain from the figures before us whether the revenue of these, departments is meeting the full expenditure. Even the total personal emoluments of each department is not readily ascertainable because of the system of amalgamating 'all cost of living allowances which, after all, are a very personal emolument, and showing them as one sum—\$28,000,000—under the head of Miscellaneous Services. It seems to me, therefore, Sir, that in addition to the Efficiency Expert to reorganise the administration of Government, an Accountancy Expert is also needed to put the Government's methods of accounting on a more modern and understandable basis.

My Hon. Friend the Financial Secretary is correct when he says that there was unanimity of opinion in the Committee of this Council that considered the Estimates and we all agreed the policy of balancing our Budget, but I expressed the strong opinion that I did not approve of the methods by which we were attaining this object; that is by

increasing taxation. The increases proposed in themselves are of no great consequence, but it is the principle with which I disagree. Increasing taxation is the easiest way of achieving a balanced Budget, and Government is, in my opinion, all too prone to follow the easiest course; I maintain that we could have achieved our object by other methods of sounder finance.

The Public Debt of the Colony stands at the comparatively insignificant figure of eighty million dollars, and I believe further capital expenditure has been undertaken by borrowing from the rather nebulous S.T. & I. surplus funds which brings our total borrowings up to approximately a year's revenue at the present scale. Surely if we have any faith in ourselves we could, without being accused of over-borrowing, carry a Public Debt of two or three times that figure and thus relieve the Annual Budget of all the capital items set out under Public Works Extraordinary and so enable us to equip ourselves with all the necessary Schools, Hospitals, Police Stations, etc. more expeditiously.

I drew attention to this same point last year. In the Public Works Extraordinary estimate, nearly all the items set out are of a capital nature and could, with every justification, be financed out of Loan Funds provided the necessary authority could be obtained from the Secretary of State for the Colonies to permit us to increase our borrowings.

I have heard it said that even if we did finance our capital expenditure from Loan Funds it would be the recurrent expenditure necessary to maintain these capital assets that would frighten some and tend to upset our Budget equilibrium. I cannot subscribe to this fear. If all the capital items out of the Public Works Extraordinary were taken out of our recurrent Budget and financed from Loans, we would be left with a very substantial sum for maintaining these assets and building up the reserve funds, which is so desirable, to tide us over a lean period.

In the Budget now before us our Public Debt of eighty millions is costing us annually, in interest and sinking fund provision, just under four millions or 2.2% of our estimated total revenue. At the same time we are asked to provide nearly twenty millions out of current revenue for Public Works Extraordinary Expenditure. By simple arithmetic it would seem that we could, without any further increase in taxation, borrow an additional four hundred million dollars to finance expenditure of a capital nature some of which will inevitably be of a revenue-producing nature. Surely our descendants should expect to foot the bill for some of the benefits they will undoubtedly receive.

I therefore, Sir, intend to move an amendment, when the Bill is referred to the Select Committee, to the effect that Vote No. 31, Public Works Extraordinary, amounting to \$19,618,000 be deleted from the Schedule to the Bill and the total adjusted accordingly. In doing so, Sir, I hope that you will see your way to make urgent

representations to the Secretary of State for the Colonies for approval to increase our borrowing power and thus enable the work set out under Head 31 of the Estimates to be proceeded with without any hold up.

I am perhaps taking unto myself the role of the Hatter in my soliloquy, but I do so only in the hope that it may have the same effect as the hot tea on the Dormouse. (Applause).

HON. CHAU TSUN-NIN:—Sir, once again we are asked to approve a record Budget for the coming financial year. In the last debate the Unofficial Members warned the Government that Hong Kong could not bear any additional taxation; and there has been general relief when it was found, that although an extra \$30,000,000 was proposed to be spent next year, this expenditure would necessitate only the moderate and indirect tax increases announced by the Honourable Financial Secretary in his able and lucid speech.

Public Security accounts for a large part of our increased commitments. In view of the unsettled state of this part of the world—indeed, the whole world—there can be no quarrel with this. We can only regret that the premium to be paid on this “insurance”, as it has been called, rules out so many urgent and worthy projects.

To achieve the balancing of such a large Budget is a difficult task, and as the Honourable Financial Secretary has pointed out, it has been necessary to prune all the estimates submitted. Nevertheless, it is disappointing to find that the only mention of war claims is the sum of three and a half million dollars under Miscellaneous Services. I understand that denial claims—for instance the sinking of ships by the services—amount to something in the region of twenty millions. It is now three and a half years since the end of the war, and yet nothing definite has been announced in respect of the settlement of those claims. Shipping and many other commercial firms must be in need of funds for rehabilitation, and it is to be hoped that their case will receive prompt consideration.

One of my main interests in the Estimates is again Education. I note that the Budget caters for an increased expenditure of almost \$1,000,000 under this Head, but there remains a great need for new schools—and many of them. I see from the Annual Report that there are in the Colony an estimated 100,000 children between the ages of five and twelve, who are still receiving no education. This is almost half of the estimated 225,000 children in this age group in the Colony. In addition, there are the children above the age of twelve, for whom no figures are given. The figures published illustrates how pressing is the need for expanded educational facilities.

The question of secondary education, too, demands careful attention—especially in view of Your Excellency’s announcement that draft bills setting up the proposed Municipal Council will soon be published. The efficient working of the Council will depend largely upon public opinion, and for a sound public opinion we must look to

a public educated sufficiently well to understand the complexities of local administration. In this field of secondary education I would particularly emphasise the need for a new Queen's College, which has a long history and tradition in the Colony. I hope that there will be no unnecessary delay in the choice of a site for the new building.

And now, Sir, a word about Personal Emoluments. \$74,000,000 is truly a staggering figure. In this connection, I note that in his speech introducing the 1947/48 Estimates, which called for \$22,000,000 under this Head, the Honourable Financial Secretary forecast a gradual reduction in that amount. Admittedly the astounding development of the Colony in the last two years has brought about a situation which could not then have been foreseen, but there can be no doubt that the present figure is too high.

The arrival of the long-awaited Efficiency Expert, Mr. Boss, is most welcome, and I hope and believe that he will soon be able to point the way for a substantial reduction in the expenditure under this Head. Nobody wants to see a reduction of the Government's efficiency, but there is "dead wood" in some departments which must be cleared away.

Lastly, Sir, as the Senior Chinese Member, and on behalf of the whole Chinese community, I would like to associate myself with my Honourable Friend Mr. Landale in his remarks about the three officers whose services we are about to lose. The work which Mr. Kenniff and Mr. Sloss have done for the Colony is well known, and its effects will remain long after they have gone to remind us of their unstinting service on our behalf.

I must make special mention of our Colonial Secretary, whose departure is deplored by all the Chinese press, and, I feel sure, by all who know him, however slightly. Mr. MacDougall's outstanding ability, his knowledge of local conditions, and his understanding of and sympathy for the Chinese, have made him an invaluable asset to the Colony during all the time he has served us. I can add little to what my Honourable Friend has said in his praise, but I take this opportunity to assure Mr. MacDougall that it is with very real regret that we hear of his departure. He takes with him our sincere thanks and best wishes for his future.

HON. SIR MAN-KAM LO:—Sir, as my Honourable Friend the Financial Secretary has pointed out, the Unofficial Members of this Council has had an opportunity of scrutinising the Budget figures before they were presented. Because of this and in view of the 70 minutes able and lucid address of the Financial Secretary on the 16th March, which elicited well deserved tributes from the press—tributes with which I should like to be allowed to be associated—I have nothing to say on the Estimates themselves. As, however, the Budget debate, according to the venerable tradition of this Council, is considered to be the occasion for the Unofficial Members of this Council to speak on general topics of interest, I crave the indulgence of this Council for making a few general observations.

Before proceeding with these general observations I would like to say one word in regard to the concluding remarks of my Honourable Friend Mr. Landale on the topic of public loans.

Sir, there can be little doubt that to finance capital expenditure by a public loan and not out of current revenue is in accord with sound economic theory. But it seems to me that the practical applicability of this theory to any given circumstances must depend both on the nature of the capital commitment and on the degree of our existing burden. Undoubtedly, the existing practice of paying everything, including capital items, out of current revenue, operates in favour of posterity. Posterity may, however, have to bear an infinitely greater burden than that which we now have to shoulder, and I confess to some sympathy with the existing practice as long as it is confined to reasonable limits.

Sir, I am in wholehearted agreement with Mr. Landale in his view that our loan liabilities are small in relation to the Colony's wealth and importance, and I share his hope that Your Excellency may be kind enough to make representations to the Secretary of State for increasing our borrowing powers. Surely this Council can be trusted to decide what loans should be contracted in the general interests of the Colony.

Emergency Legislation.

Sir, I make no apology for referring once more to the subject of Emergency Legislation. In the recent debate on the Hotel Bill I had occasion to refer to the Resolution adopted by this Council on 20th October, 1948 in regard to emergency legislation, and I then welcomed that Bill not only because it was an earnest of Government's intention to carry out the spirit of this Resolution, but also because it afforded an opportunity to Honourable Members to consider and, if necessary, criticize the provisions contained in that Bill. Sir, in the debate on the October Resolution, I reminded this Council that the Fishing Industry and Marketing of Vegetables Schemes were then still the subject of emergency legislation. I now venture to remind Council that the position is as it ever was since the resumption of Civil Government and I once more invite Government's attention to this matter.

From time to time I have come across complaints and criticisms in regard to both schemes, and to the people affected I should like to say this; I hope that if and when the Bills are published in the *Gazette* for replacing the emergency legislation, the interested parties will lose no time in considering them and making such representations in regard thereto as they may think fit. The point I wish to emphasize is that in my opinion the proper time for making representations is the period between the publication of the Bills and their passage into law.

Personnel and Salaries.

The over-all costs for the personnel of Government has once more been referred to with concern by the Financial Secretary. The fact that the pay-roll comes to the staggering amount of nearly \$74,000,000 is necessarily a matter of concern. The Salaries Commission, in their Report, whilst pointing out that they had proposed what they considered to be the lowest adequate terms on which Government might expect to get competent responsible officers, expressly recommended that Government should satisfy itself and the public generally by enquiring, through a Committee or using the services of a special officer, that the public services were not overstaffed nor the asylum of inefficient officer. We are therefore delighted to hear that an Efficiency Expert is at last in the Colony and we await the result of his expert investigations with great eagerness. In the meantime, as a member of the Salaries Commission and Chairman of the Cost of Living Allowances Committee, I deem it my duty to make some general observations.

Sir, it is my conviction that the basic pay plus cost of living allowances now paid to Government servants are no more than being just adequate and that they certainly do not err on the generous side. Indeed, as regards certain professions in which there is a world-wide dearth, Government even with its present revised fixed salary scales is not in a strong position to compete with commercial firms for the services of these men, or to offer inducements sufficient to counter the attractions of private practice.

One of the tasks of the Cost of Living Allowances Committee was to recommend new base rates for cost of living allowances having regard to the then rates of remuneration paid by firms both European and Chinese, in Hong Kong. Frankly, this proved to be an impossible task so far as European firms were concerned for the simple reason that the rates of remuneration including cost of living allowances, Provident Funds, annuities on retirement, etc., paid by them to their expatriate staff differed widely from those paid by them to their local staff at various rates depending on whether the employee is a Portuguese, Indian or Chinese. The salary structure of Government is not based on the nationality of the holders of posts except in so far as officers who come to serve in the Colony from overseas qualify for expatriation pay which is set out in the salary scales. The Cost of Living Allowances Committee found that commercial firms paid salaries much in excess of what Government pay even now to their expatriate staff but as a result of their recommendations, local officers in Government service now receive approximately similar remuneration. The idea that a person's remuneration should depend upon the colour of his skin—which could never have been justified—is obviously outmoded and cannot be tolerated in this post-war world. The recognition that a person should be paid according to his ability and responsibilities is gaining some ground in the commercial world and I venture to hope that this sound principle may be universally introduced as soon as possible before its acceptance should be forced upon employers.

I confidently hope that, as the result of the Efficiency Expert's recommendations, which may for all I know include a recommendation for greater mechanisation in some departments, and, as the Financial Secretary pointed out, for the elimination of departments whose functions are not really essential at the present time, some substantial saving in personnel will be effected. But it must be obvious that every advance in social services, which the public properly demand and have a right to expect, may result in an increase in the overall establishment. For instance, we all know the great importance of measures to combat tuberculosis. Well, the increase in personnel as the result of opening two tuberculosis clinics will result in an annual recurrent expenditure of at least \$100,000 in basic salaries and approximately the same amount for cost of living allowances. In the meantime I remain to be convinced that the existing departmental establishments are not too big and that the public would not be better served by a smaller but more efficient staff adequately paid.

Housing

This question is of course one of vital importance to the public and I therefore feel I should say a few words on this matter.

To begin with I venture to think that some of the bitterness which has crept in in the criticisms of Government housing policy, especially in regard to building houses for Government employees, which have appeared in the local press, has been due to an inadequate appreciation of some of the circumstances affecting this problem, which include the following:—

1. The majority of domestic premises are old buildings subject to controlled rent. (Incidentally I may mention that since the landlord's expenditure is increased, say, from 3 to 6 times as compared pre-war, and since his permitted increase in rent for domestic premises is only 30% on pre-war rentals, this arbitrary restriction in rentals represents an important subsidy to the cost of living in Hong Kong by the landlord.)
2. It costs so many times more to build a house now than pre-war.
3. A fair return on any new building must be governed by 2 above. Moreover in case of a slump in property, when there is no housing, shortage, and when rentals of new buildings cannot compete with rentals of pre-war buildings, the owners of new buildings must "carry the baby"—unless, indeed, they charge such premia and rent as will enable them to depreciate within a short time the value of the building to pre-war value,
4. A fair remuneration to an employee must be such an amount as will enable him to obtain accommodation suitable to his position by expending a reasonable percentage of that remuneration for this purpose,

It is because of the consequences and of the inter-play of these circumstances that large employers have found it expedient to provide accommodation for their employees. In so far as the rent charged to the employee does not represent a fair return on the cost of the accommodation, under 3 above, it represents a subsidy to the employee, and the justification is that the employer regards such a subsidy as a necessary and proper expenditure to retain the services of a contented staff.

This policy has in fact been followed by large commercial firms in the Colony for a great number of years, and is being followed today. And it should be appreciated that, in so doing, they do make a contribution to the solution of the housing problem itself; to the extent to which new accommodation is created the shortage would thereby be eased.

I can see nothing against, and every reason for, Government as employer to adopt a similar policy and I can only hope that this policy will be continued so that in time Government may have buildings to house their white-collar employees and the labour class as well as their senior officers.

It is suggested that Government should build houses for members of the public, rather than its employees. I confess I cannot follow this argument. Let us however assume that Government is to build for members of the public. On what principle are the members of the public to be chosen for the honour of being Government tenants? Then what is the rent to be charged? If the rent is to be a "fair return" under 3 above, these tenants will get no special benefits, and the only effect of Government's enterprise is that Government will have become landlords and builders. If however the rent is to be so fixed as to include an element of subsidy, then all I can say is I do not 'see why the taxpayers who include the humblest artisan who smokes a few cigarettes should be made to pay for this subsidy!

Finally how many houses or flats is Government to build? Say, 1,000 flats? Well, on the basis that each flat costs \$100,000 the capital sum involved is 100 millions!

Sir, I support Government's policy of building houses for its employees.

But I am not satisfied that Government has made any real effort to encourage private enterprise. For instance, despite all official explanations, I cannot escape the feeling that there is something radically wrong in the operation of the Sand monopoly. I submit, Sir, for your consideration that an impartial committee should be appointed to enquire into this question and to make recommendations.

Another matter which "is obstructing development in a large residential area in Kowloon is the inability of the parties interested to obtain Government approval for the installation of water-closets.

When I had the honour of serving on the Urban Council, then known as the Sanitary Board, the excuse put forward for disallowing water-closets in this area was that the then main sewage drain ran into the Yaumati Typhoon Refuge. It was, however, solemnly stated that the laying of a new drain which would obviate this objection was to be carried out in the immediate future. The plea of the residents that in the meantime they should be allowed to get over the difficulty of the main drain by installing at their own expense properly constructed septic tanks was rejected on the ground that septic tanks could not be allowed in an urban area. This was the position many years ago. It is the same today.

For the life of me I cannot understand why septic tanks should not be allowed in an urban area. But surely one attribute of an urban area is that people residing therein do have certain hygienic facilities such as water-closets. If this area has not got this essential attribute of an urban area, Government has no right to forbid the installation of septic tanks even if for some mysterious reason they may not be suitable for a truly urban area. I invite a statement by Government on this question.

Then the question of delay! The time consumed in correspondence with Government certainly does not have an encouraging effect on the public. Let me quote one instance: a local resident on the 17th June, 1946 applied through my firm to Government for the terms on which a renewal of a certain Crown Lease could be granted which would expire in 1951. A speedy reply dated 21st June, 1946 was received from Government asking for certain particulars, enclosing a copy of the then recent Government announcement and stating that on our reply the matter would be referred to the Land Officer. Full particulars were furnished to Government on the 25th June, 1946. These were 'acknowledged on 3rd July, 1946 and the applicant was informed that the papers were now being forwarded to the Land Officer and the Director of Public Works and the terms would be communicated to him in due course. Three weeks later the applicant asked when he might be informed of the terms. On the 6th August, 1946 Government replied pointing out that as the applicant's premises were undamaged and as the redevelopment of the area was not immediately contemplated the applicant was asked to exercise patience until the cases of higher priority had been disposed of. The applicant then exercised his patience and it was not until 10th April, 1947 that a reminder was sent to the Land Officer. Reminders were sent again on 19th July, 1947, 6th August, 1947 and 21st October, 1948 with usual acknowledgments. On the 17th February, 1949 another letter was sent to the Land Officer who then referred to the Government announcement which had appeared on the previous day and asking what the applicant's proposals were as regards developing the land. On the 28th February, 1949 a full reply was sent pointing out that the application was made under the old announcement of 1946 and not under the new and giving details once more of the proposed development. A further reminder was sent on the 17th March, 1949.

Up to date, after an elapse of over thirty-three months, the terms on which the renewal of the Crown Lease is to be granted, have not been communicated to the applicant.

Sir, I do not suggest that the above instance has any importance in itself. But I do suggest that it is an indication of a serious break-down in Government mechanism, and that this Governmental inertia does induce in the minds, of the public; a sense of frustration, and tends to destroy public confidence.

Defence Commitments.

When the Colony has still so much to do in the sphere of education, medical facilities and social services, it is a matter for regret that it has to incur such heavy expenditure for security reasons. Apart from capital expenditure the current estimates provide for the expenditure of \$2,280,503 for the Hong Kong Regiment, \$209,282 for the Hong Kong Naval Force and \$135,930 for the Hong Kong Air Force making a total of \$2,625,715. These estimates raise very important questions of principle. Because of the urgency inherent in tall security matters, it has not been practicable to insist that these questions should be settled before the Budget, but I would like to make it clear on my part that the acceptance of the Budget must not be taken as this Council's acceptance of the Colony's liability for all this expenditure in future years.

I think it can be reasonably contended as a general principle that whilst the Colony must find whatever sum necessary to maintain internal order and security, it should not be called upon to incur any liability for external defence, which assuredly is the responsibility of His Majesty's Government. It is true that measures taken for internal security and for external defence may overlap and intersect at various points, so that it may be difficult to draw a clear distinction between all items of expenditure for the one and those for the other. But I submit, Sir, that all items for the Naval Force and for the Air Force are- related essentially to external defence and is therefore an Imperial responsibility. In any case I should here state that the Unofficial Members of the Estimates Committee recorded that they were only prepared to accept the large scale of expenditure proposed for the defence force, including its Naval and Air units, on the clear understanding that the maintenance of these local forces represented the full extent of the Colony's contribution to Imperial Defence and that no further cash contribution would be expected in addition.

Financial Settlement.

On the 2nd June, 1948 a momentous, and, indeed, unprecedented motion introduced by My Honourable Friend Mr. Landale, and supported unanimously by all the Unofficials, was accepted by Government for the financial settlement of pre-war liabilities as between this Colony and His Majesty's Government. This Resolution was clearly a gesture to show the Colony's sympathy with United Kingdom

in her then financial stress. It was made of course without any regard as to how it would be received. But I must confess to a sense of surprise that, so far as I know, not a word of appreciation for this gesture has been received from His Majesty's Government. I am, however, concerned with a more practical aspect of this settlement and I would draw Government's attention to paragraph 2 of the Resolution which reads:—

- (2) That this Council respectfully requests His Excellency, the President, to acquaint the Secretary of State with the above Resolution and at the same time to make the necessary representations to him with a view to—
 - (a)
 - (b) ensuring the speedy examination and decision on the part of the services concerned in respect of the "denial" claims."

Now I feel I need hardly remind Honourable Members that the Resolution for the financial settlement was based upon Government's answers to certain questions put by my Honourable Friend Mr. Leo D'Almada, K.C., on the 26th May, 1948. The answers given by Government show that the outstanding liabilities in round figures amount to \$72,730,000 which include "(i) claims in respect of requisitioned material \$25,000,000." In regard to this item (i) the Acting Financial Secretary observed "so far as could be seen, liability only exists in the case of requisitioned vessels for damage or loss occurring during the period of requisitioning, and the question whether United Kingdom Service Departments can properly accept charges arising out of such claims can only be shown after examination of the facts in each case and of the existing practice of respective departments. This examination is now taking place in consultation with this Government." The circumstances under which two steamers belonging to the Hongkong, Canton and Macao Steamboat Company Limited, in which, as a Director, I am interested, were lost are perfectly well-known to Government. S.S. Taishan was requisitioned on the 8th December, 1941; handed over to the Admiralty on the 9th December, 1941; used as a depot ship for the boom defence vessels at Sai Wan Bay; was sunk by enemy bombing on 16th December, 1941. The S.S. Kin Shan was requisitioned on 9th December, 1941, and was used as a boom at the entrance to Yaumati Breakwater. Up to the present moment not a cent has been received from Government. Some ten months have already passed since we were assured that "this examination is now taking place in consultation with this Government" and the debt due to the Company for some three years after resumption of Civil Government, remains unhonoured.

There are of course other pre-war liabilities of Government. For instance, I know of a case in which the publisher of a magazine who in accordance with the local laws deposited with the Registrar of Newspapers, Supreme Court, the sum of \$3,000. Correspondence relating to the return of this deposit began on 8th May, 1946 and

has continued up to date, the last letter addressed to the Accountant General being dated 10th March, 1949, which remains unanswered. This deposit has not yet been paid.

I submit, Sir, that it is absolutely disgraceful that such a situation should be allowed to continue and I submit that Government should forthwith discharge its obligations without further delay.

Conclusion.

As you, Sir, have pointed out in your Presidential Address to this Council on the 16th March, the future of the Colony, from the point of view of its trade and prosperity which “depend on innumerable factors in other countries, and especially in China” is uncertain. But though the future is uncertain, certain world trends and tendencies are clear and unmistakable and they affect Hong Kong. These world trends include an ever more clamant demand for social betterment everywhere, which is to be applauded, in the midst of an overgrowing conflict between two ideologies, which is to be deplored. In face of this uncertainty of the future and of these world trends, and on the eve of local constitutional reforms, there is much for the Colony to do. How this work is to be performed must depend on the extent to which all sections of the community can be united. There has never been a greater need than the present for mutual sympathy, understanding and tolerance. The time for snobbery, for racial discrimination, has long passed. It is time for unity: unity of outlook and aspirations and unity in effort. In conclusion, I would like to quote from General Eisenhower’s book at page 520, an extract as a striking expression of the implication of the world tendencies and of the part which we can take even in a tiny place & like Hong Kong to meet the situation: this is what he says—“The areas in which freedom nourishes will continue to shrink unless the supporters of democracy match Communist fanaticism with clear and common understanding that the freedom of men is at stake; meet Communist-regimented unity with the voluntary unity of common purpose, even though this may mean a sacrifice of some measure of nationalistic pretensions; and, above all, annul Communist appeals to the hungry, the poor, the oppressed, with practical measures untiringly prosecuted for the elimination of social and economic evils that set men against men.” (Applause).

DR. HON. CHAU SIK-NIN:—Your Excellency: the fourth year after the resumption of Civil Administration, since the liberation of the Colony in 1945, finds us still very much handicapped by the lack of many necessary things. This is despite the fact that the Estimates for the coming year show an astounding increase over those of the current year by some thirty million dollars. Because of the transposition of figures from one heading to another, certain Departments appear to be spending less, whereas the contrary is the truth in almost every case.

An outstanding feature of the Estimates, for instance, is still the exceptionally high cost of administration. It is therefore gratifying to learn from the Honourable Financial Secretary that Government is aware of too great an expenditure on personal emoluments, and it is a source of satisfaction to know that the long-heralded Efficiency Expert has arrived. Much is expected of him to bring about drastic trimming down of unnecessary expenditure, and the weeding out of non-essential and superfluous personnel. This overhauling and reorganisation is long overdue.

Your Excellency's note of warning against too much optimism is another circumstance to which our financial advisers should pay special heed. Our greater revenue does not mean greater wealth. In fact it contains grants from His Majesty's Government and sources of income which it would be fatal to assume could be maintained indefinitely. Reduced to terms of annual contribution per head, Government's revenue averages nearly \$100 per capita of the Colony's population. For an average family of only 5 persons this would mean \$500. It is true that this is not a correct indication of the sum paid in taxes by each poor family, but it does give an over-all picture, and stresses the fact that we are dangerously near the limits of the Colony's capacity to pay. Our financial experts will, it is to be hoped, bear this in mind. We must be prepared for drastic pruning in our disbursements to meeting possible, and even probable, heavy reduction in Government's income.

The detailed explanations which the Honourable Financial Secretary considered it necessary to make show that he felt the need for clarifying a number of the items in the Estimates. His reference to Miscellaneous Services, for which \$37,832,100 has been allocated, does not satisfy the public. Nor is this the only head that fails to explain itself, while the extremely high recurrent expenditure makes our Budget far from healthy.

The public will also look forward to suggestions for reducing the truly enormous bill for pensions, not only in the immediate future but for the years to come. Failure to curb the tendency to allow pensions to eat so heavily into the Colony's assets will ultimately carry Hong Kong into bankruptcy. We have no right to be prodigal with funds which future generations will be called upon to pay.

The Assessment rates in Hong Kong were allocated, at one time, for definite expenditure, a certain (percentage for public lighting, another for water supply, another for the police, etc., but that is all done away with now. Though the percentages were so shown, the money went into General Revenue, and at no time was expenditure under any relevant Head of Expenditure set directly against the percentage of rates theoretically collected on that account. Revenue is lumped together, funds are drawn to pay for whatever it pleases Government to allocate, and the community gets little indication for what purpose any specific form of taxation is collected. For instance, the provision of parking space for motor cars is a general charge upon

public funds, with no provision that motor cars are paying a corresponding tax to defray the cost entailed in providing for the convenience enjoyed by those best able to afford this. Other instances of this policy could be given. The 'lumping' therefore removes a purely fictitious and misleading allocation. However, it may be as well to express the hope that the public will not at some future date be deprived of any rights based in the separate rates (e.g. a free allowance of water) now that the identity of the rate on which such right is enjoyed has been lost. The Efficiency Expert will, I hope, look into this matter.

A great deal has been said about the allocation of funds to build quarters for Government servants, and this Council has been called upon to approve enormous votes for this purpose. It is indeed regrettable that in making provision for quarters, Government has done little, if anything, to assist all sections of Government employees in proportion to their numbers. A move has now been made to house the police. This is to be commended, for without a degree of contentment it is doubtful whether the enormous sums being spent on Security will produce tangible results. I hope that Government will announce what plans have been formulated to provide in the early future housing for the many classes of Government employees who have many grievances (including housing) which have not been redressed.

It is to be deplored, also, that no provision can be made for a Civic Centre in Hong Kong, although the building which once served as such, and the cost of which was defrayed by public subscription by the city fathers nearly a century ago was removed and the site sold by Government for a very considerable sum. Perhaps Government can make some small provision whereby the public, which has little enough of its own, can be provided with a portion, at least, of the amenities that have been taken away from it.

Much has been made of the trade of this Colony, and it is obvious that a great deal of the Colony's prosperity has derived from this source, and from the growing industries, regarding which such pleasant comments have been made. Although our industries are a permanent asset, the same cannot be said of some of the trade which is being conducted at the present time. A disquieting feature is the utter lack of buoyancy in our investment market, whether shares or property be considered as such. This shows a lack of confidence in the commercial future of Hong Kong; and since trade alone might tend to be inflationary, due thought should be given to this feature of our economy.

Paradoxically, there is a curious contradiction between our trade and our investment market, and unless some sort of equilibrium is attained, there is no reason to be unduly elated over our present position. This, in turn, will naturally be reflected in the Estimates of future years.

In the midst of all this talk of prosperity and a record Budget, it is useful at times *to* take heed of other things that matter. We want to see our industrial position strengthened, and in this connection our public utilities can contribute. We might have, for instance, some sort of radio-telephonic services connecting isolated districts, which might tend to become industrial centres, but which are handicapped by lack of these services. Such conveniences would do much to promote the spreading out of development, of which we see signs in the north of England, and Government's attention to this is likely to bring about even greater interest by factory owners in the possibilities of Hong Kong as an industrial centre.

I regret to note from a perusal of the Estimates that no provision appears to have been made for the Mental Home, concern for which was expressed during the two previous Budget debates. It seems to me that this institution requires replacement as its present location in Eastern Street does not appear to be entirely suitable for the purpose for which it is intended. I sincerely hope that some consideration will be given to this suggestion.

The Department of Supplies & Distribution has already released from control and returned to free enterprise the sale and distribution of flour and various other foodstuffs. The time has surely now come for Government to consider the decontrolling of rice and return it to free enterprise. I am aware that rice, as a staple food of a great portion of the people of Asia and the Far East, is under an allocation system through a central governing body in South-East Asia, but I can see no reason why the rice dealers should not be entrusted with the work of importing this cereal, the official allocation of which can be handled by the dealers.

The existing methods of allocation and distribution of rice are not at all satisfactory. Rationed rice is generally of varying qualities, sometimes good, occasionally satisfactory, but often inferior—in fact so inferior that many ration-ticket holders do not care to apply for their rations. It would save Government a good deal of trouble and expense if the importation of rice could be given back to the dealers as suggested. In many cases black-market rice of a quality far superior to that of rationed rice can be obtained at only slightly higher price. This goes to show that the sale through private dealers is more efficiently and economically managed than through Government channels. As this matter is of great importance to the public, I sincerely hope that due consideration will be given to my recommendation.

In your speech before this Council a fortnight ago Your Excellency referred to the increased air traffic through Kai Tak, emphasising the importance of this airport which has been handling as much traffic as any other place in the Empire. I would respectfully point out that, while agreeing with Your Excellency on the importance of this airport, Kai Tak is not suitable as a first class and major air traffic center. Apart from the inadequacy of its size, the surrounding hills

constitute a source of great danger to aeroplanes using the airport, and the sooner we start building the proposed new aerodrome the better it will be for the Colony. It is therefore gratifying to note that an allocation of \$8,000,000 has been set aside for the development of a more suitable airport. This decision is to be applauded.

For four years since the liberation of the Colony I have felt great concern at the lack of educational facilities for the children of the Colony. I am told that at present some 35,000 children of school age are still without the means of receiving even an elementary education. It is therefore welcome news to know that instead of having neglected this important matter as some people had feared, Government has been working energetically to solve this admittedly difficult problem. I am happy to learn that the number of children receiving primary education is double that of 1941, and that due regard has been given to secondary education. I am, however, anxious to see the early opening of more schools to cope with the demand, and would point out that the vote for Education is still a small percentage of the total expenditure for the year.

While on the subject of Education, I should like to reiterate my desire to see the establishment of more technical schools and the improvement of existing ones. In my last Budget speech I urged the provision of more technical classes and schools, as due to the depletion of skilled labour during the last war the Colony was then, as it is today, facing an acute shortage of technicians. If the standard of local manufacture and production is to be maintained and improved we must take early steps to replenish the ranks depleted by the losses during the war.

Government is to be complimented for the steps it has taken to develop and improve the social conditions in the New Territories. The farmers in the New Territories should be encouraged to produce more food, and every inducement should be given them to this desirable end, which will help to ease the food situation during emergencies. This matter of food production should go hand in hand with the proposed Defence Scheme as it is of equal importance to the Colony in times of crisis. One finds in the New Territories acres and acres of extensive fertile paddy-fields being filled up for construction purposes. Despite the repeated efforts of Government to encourage farm produce with the hope of ultimately making this Colony one day self-sustaining, this deplorable proposal -to build on these fields will inevitably cause a wholesale sacrifice of the commendable scheme of developing the New Territories.

At the same time I would urge Government to encourage the building of more residential quarters on other than cultivatable land in the New Territories to relieve the overcrowding of the Colony aggravated by the acute housing shortage. The present annual Crown Rent of \$500 per acre for an average acceptable lot is also a serious deterrent to many a prospective resident who would normally desire a much larger area on the countryside than in the city. I therefore earnestly hope that Government will give this matter some consideration and revise its present policy concerning the New Territories.

I note with pleasurable interest the provision of \$1,000,000 for the building of Police quarters for the rank and file, and am glad to see that the suggestion I made previously that the Police should be suitably quartered and be available at short notice in an emergency has received the concurrence of Government. It is noted that this allocation is only a start made in this direction.

Your Excellency's assurance that there will be no increase in taxation has greatly reassured the public who consider this a wise policy. I should like to point out what seems to me an anomaly: it is the taxation of medicaments introduced for the purpose of war taxation but is still in force, which falls equally upon the rich and the poor, whereas luxury articles, ranging from plastic ornaments to playing cards, go scot free.

Finally, I would like to refer to the question of the protection and conservation of wild game life in this Colony. I believe you are aware, Sir, that recently certain public bodies have been formed with this object in view, such as the Hong Kong Gun Club and the Hong Kong Field Society. The formation of these bodies is eloquent of the interest which the community has taken in this field of legitimate sport and healthful recreation; but without the enforcement of the existing game laws and the adoption of appropriate measures to protect and conserve game life, it requires no logic to conclude that the Colony's sporting facilities may speedily revert to the days of the "Barren Rock".

In accordance with the policy adopted in all civilized countries, I believe the time has arrived, if not overdue, for the Colony to appoint one or more Game Wardens, charged with the duties of protecting and conserving wild game life. I feel sure that this will not only be a service in return for the present high game licence fee of \$50 per annum, but that it will also be a means of adding to the attractions of the Colony as a whole.

With these few remarks I have pleasure in supporting the adoption of the Bill. (Applause).

HON. LEO D'ALMADA:—Every morning and every evening the thoughts of thousands of Kowloon people are of Your Excellency and Your Excellency's senior advisers. Every day, we find ourselves wishing that Your Excellency and Heads of Government Departments lived in Kowloon. A moving manifestation of devotion and loyalty this may be thought to be. It is not. We think about you, Sir, and we think it such a pity that you are not living over there, because if you were, we might perhaps have the position with regard to the Pier Leases dealt with more speedily than at present is evident. This is a matter that vitally concerns the residents of Kowloon, a concern which they feel with great regularity twice a day, because until the terms upon which the renewal of Pier Leases have been decided upon by Government, I am told that the Star Ferry Company can do very little more to improve the service that it is running between

Kowloon and Hong Kong. That is quite understandable because piers which were built to serve a population of a quarter of what it is today, can obviously not cope with four times that number of people. I am told also that until new piers are built it is impossible for the Company to contemplate building new ferries. We of the public do not know why there has been this long delay in this all-important matter. We have heard that it has some connection with Sir Patrick Abercrombie's report; we have heard too, that the possibility of a reclamation of the foreshore somewhere between the Victoria Recreation Club and the Yaumati Vehicular Ferry may have something to do with the delay. Sir, whatever Sir Patrick Abercrombie has to report or recommend surely cannot offset this salient fact: that for a ferry of this nature, the greatest aim must be that it should be run between the two nearest points, so that reclamation or no reclamation in Hong Kong, recommendation or no recommendation for the moving of the Railway Station, and other features which might improve the general lay-out of Kowloon, could make no difference to the obvious site for the ferry wharf on the other side of the harbour; and so far as Hong Kong side is concerned, I question, Sir, and I question very seriously, the desirability of further reclamation on this side for two reasons—

- (1) because our harbour at that, its narrowest and busiest point is already small enough,
and
- (2) because also, surely the time has come for decentralisation and not for adding to the congestion of a central district already very much overtaxed.

Would it not be preferable, in place of such reclamation, seriously to enter into negotiations with the War Department with a view to releasing some of the land in the Central District which it now controls. But Sir, whether or not that scheme commends itself to Government, one thing I do impress upon Government as of primary importance—and that is, whatever the plan, the Star Ferry Co., Ltd. and other companies providing transport service between Hong Kong and Kowloon should, as far as possible, know what their position is and how they stand, so that steps may be taken to improve services which have fallen very far short of the minimum necessary for the present population. Let Government make the first move, and make it quickly so that we may have bigger and better piers, bigger and better ferries.

I mentioned the desirability of decentralisation just now, and on that aspect of the matter, I wonder whether Government has thought of the advantages of a tunnel, not underneath the harbour (a dream which I think will not come to fruition until after the Channel tunnel is a fact) but a much shorter tunnel somewhere in the neighbourhood of Lyemun Pass, the cost of which would be very much less, the time to build which would be much shorter, and the possibilities of which, from the point of view of decentralisation, might well bear examination. A tunnel like that, with a road built

from the far end of Kai Tak along that strip of land which lies beyond Kowloon Bay, would easily open a large new part of this Colony for development and might also encourage the dispersion which is, I think, necessary on this side of the harbour.

Sir, with my other Unofficial colleagues, I welcome the appointment of this Efficiency Expert who, I hope, will spend a sufficient amount of time here to make his work really worth while. I do not share the confidence of some of my colleagues who apparently feel that this gentleman, as an Efficiency Expert, will be able to discharge the functions of a miracle man, and substantially reduce our Budget. It seems to me, Sir, that if he achieves a reduction which, in terms of percentage may not be very large, but which is a guide for future expenditure in the cost of personnel, he would have done a good deal and, at the risk of—to use a vulgar colloquialism—being accused of “teaching my grandmother to suck eggs” may I suggest that that expert begins with a critical examination of the quantities of red tape which Government employs in its various Departments. It seems to me, Sir, that if you begin there and reduce the yardage, you may well reduce the cost of Government.

If examples of Government dilatoriness and Government in-efficiency are in the fashion today, I feel I must make my own contribution by way of an illustration. I am told, Sir, that for a Department, shall we say, the Police Department, to order some printed matter for its own use, it must send its order in triplicate to the Stores Department. That conveys not very much unless, of course, you know where the Police Department is, where the Stores Department is and where the Printers are. The Police Department is in Central, the Stores Department, I am told, is in North Point, and the Printers are in the Old Victoria Gaol. The indent, or the order, goes to the Stores Department; they return it to the Printers; the Printers execute the order and send the printed matter to the Stores Department; the Stores Department then has to send it back to the Police Department—all of which makes for congestion of traffic; otherwise, I think achieves no end. I am told further too, that this system results in delays in that the Stores Department, having presumably to deal with indents from every other Department, sometimes forgets to send the printed matter to the Police Department.

Sir, starting with an enquiry into the possible reduction in red tape, it may be that this Government Efficiency Expert will get somewhere. Failing that, I feel that warnings of possible further taxation in years to come will, in fact, become a reality, and although it may be premature to hazard a suggestion as to forms of further taxation, may I at least suggest this to the Honourable the Financial Secretary. It is high time we had in this Colony, a form of compulsory registration of businesses which would serve a very useful purpose, I am certain, to the Statistical and other Departments whose duty it is to compile reports on Hong Kong, and would also enable a better check to be kept upon mushroom growths that appear and disappear

as quickly as the fungus after which they are named. For that purpose a registration fee could be charged. I can see no objection to that; if professional men like lawyers, doctors, engineers, and architects have to pay a fee, why should not a person who runs a commercial undertaking also be asked to pay. The fee need not be a large one, and if what I am told is right—and by a person who should know—the estimated number of business in Hong Kong is thirty thousand. A fair amount of revenue could be derived from what seems to be would be ‘a very useful purpose. We have heard, Sir, fears expressed about “killing the goose that lays the golden egg”. Myself, I am not altogether satisfied with the great vulnerability of this bird, and I am convinced that a measure such as I have suggested, so far from injuring it, will do it no harm and cannot reduce its output of golden eggs. (Applause).

HON. M. M. WATSON:—Your Excellency, the members of this Council and the public are indebted to the Honourable Member when introducing this Bill for a very lucid and full explanation of the figures, which ‘although they only occupy a few lines in the Bill, sum up very largely the efforts of the Colony as now foreseen for the coming year.

I advisedly say a full explanation as I observe that his remarks will cover considerably more of Hansard than they did last year. I should also like to congratulate him on the way he has grasped the nettles which continue to grow in the path he treads again this year.

On the introduction of the Budget last year I stated that the Budget position was dominated by the undetermined financial position in London. This was based on the remark of the Honourable Member that until a decision was reached on the proposals that had been put forward we would not know how the Colony would emerge financially from the difficulties of the war and the Japanese occupation.

This year it seems to me that the provisions for security has placed the Honourable Member in the same position again.

The figure of \$26,000,000 for security is formidable and it is clear that if this and possibly other sums are to be found we must forego some of the projects which have been suggested and which we would like to put in hand.

It seems to me a case of doing the obvious thing first and will secure the support of all reasonable people.

The items of security raise the question of the Defence Force which has been the subject of much public comment, in particular that the money and the efforts in this direction should be diverted to civilian bodies as being more appropriate to this Colony.

On such an important subject I think that I should, as a member of this Council, state without reservation that I am most strongly opposed to this view. No one disputes that a strong and efficient

Police Force is an essential part of the body politic of any community now or at any other time. But, Sir, a Police Force, as we understand it, is meant to work with the civilian elements of the Government, with the public courts of law in particular, and with the many and various departments of the civil government in their daily tasks.

Unfortunately in the interests of law and order, that is to say, in the interests of the vast majority of the population who desire to remain in peace, it may be necessary, whilst the ordinary life of the community goes on as far as possible, to take extraordinary steps to protect vital points and services in the Colony, a task which I submit does not come within the ordinary duties of the Police.

I know, and I have served in both capacities in this Colony, that even in the case of internal trouble there may come a time when the efforts of the civilian police must and should be supplemented by the display of the potential armed force that would be available from the Defence Force.

In 1922 the presence of armed pickets on the praya were not only a great consolation to those of us who were serving as "Specials", but undoubtedly preserved the peace on the Island.

I should therefore like to repeat that, notwithstanding the welcome increase in the efficiency and numbers of the police, a strong Defence Force is underwriting a risk in these times which exists as much as the risk of a typhoon, even if it has to be of the intensity of the typhoon of 1937.

My Honourable Friend has also referred in rather mournful tones fitting to the subject that we are undoubtedly spending too much on personal emoluments, but the expert for whom we have waited so long has now arrived and has begun his investigations.

At the time of the Budget last year we were told the expert was expected and I stated I did not envy him his task and probably he would be more effective if he operated from London and did not come under the charm of the heads of the various departments of Government.

I am moved to repeat this observation as I was in Committee very much moved sometimes as I heard of the struggles of some of the departments to keep going on their present staffs. In fairness, however, it was obvious, as the Honourable Member told us, that most of the heads of departments had co-operated with him in reducing their estimates. So long as the present cost of living continues no one can, I feel, complain of the scale of salaries which has been adopted for Government servants, but their number requires the expert's attention and I am far from happy at the enormous cost at which quarters and incidentals have been provided.

In common with my Unofficial colleagues I pressed two years ago for the Government to get on with building quarters 'and releasing requisitioned premises, but I did not visualise the lavish expenditure

which has taken place, there is definitely a feeling generally that whatever has been done, rightly or wrongly, a more economic policy in this regard must be enforced.

Despite the inclusion of the grant of \$16,000,000 from His Majesty's Government it has been necessary to increase a number of taxes in order to balance the Budget. The increases necessary for this purpose were fortunately of such a nature and extent that probably most of us have already forgotten them, a really painless extraction. It is not so pleasant, however, to contemplate what he would have had to do without the help of this soporific grant and which he will not be able to produce from his sleeve or hat next time.

I must joint my Unofficial colleagues on the question of financing capital expenditure from current revenue. I do not pretend to be an authority, or even a near authority, on finance, but it does appear to me if it is possible, and at the same time necessary, out of current revenue to finance capital projects there can be nothing the matter with the credit of the Colony and ordinary business practice should be adopted.

I will now turn as customary in this Debate to a matter of general importance.

A subject which is exercising the minds and affecting the pocket of many is the working of the Landlord and Tenant Ordinance. Although we may treat this ordinance as one of a temporary character it affects many, both landlords and tenants, to an extent which merits continual consideration.

Nevertheless I feel that although a measure of expediency it should still be treated on principle and suggestions of changing the law to meet hard cases should be avoided.

Under the English Acts, although the right has been restricted, it is still possible for a landlord and tenant to make an agreement regarding premises within the protection of the ordinance on the basis that they have become decontrolled. It seems to me that in many cases it would be to the mutual advantage of landlord and tenant to be free to make their own contract instead in many cases of the present hole and corner arrangements which it is notorious are taking place. If the sitting tenant is protected, and at this stage taking a broad view there does not seem to be any necessity to look beyond him, what is the objection to allowing him to improve his position if it appeals to him by taking a long lease, or that a landlord being properly in possession of his premises, except perhaps by an order against a sitting tenant, should not make an arrangement which in the case of the less reputable is now made in defiance of the law.

One can and does very much sympathise with the complaints regarding the really exorbitant rents and premia which are asked for and obtained for new premises, but it is difficult to see an equitable course to take in view of the original definite exclusion of these premises from all control.

On the other hand it is galling to the ordinary citizen and to the pre-war landlord to find themselves in the one case by one arm of the law unable to obtain a home on reasonable terms and in the other case by the other arm of the law prevented from renting his premises on what he considers reasonable terms.

It seems to me that as the present state of affairs regarding accommodation is apparently static these questions might be reconsidered in the light of present circumstances.

You have, Sir, referred to the forthcoming publication of the Bill to introduce the Municipal Council the general lines of which were indicated a long time ago.

In dealing with this Bill we are coming to things which we hope will govern over the years and it is therefore I think of importance that there appears to be arising some interest in a subject which has hitherto not caused many apparent reactions either for or against.

Now is not the time to discuss the question involved but, Your Excellency has stated, the Bills will be published for consideration by those interested and it will doubtless be of great assistance if the question of the franchise of any elected assembly is given particular consideration, this seems to me to be the first consideration, a question of building up from the foundations.

The Unofficial Members who have spoken before me have dealt with many of the questions which have been the subject of discussion in Committee or outside and except to the extent that I have supported their views I do not think it necessary to occupy the time of this Council on those matters.

I observed that My Honourable Friend the Attorney General is embarking on a reorganisation of the departments of the Supreme Court in which I am naturally very much interested. I am not quite clear from the explanation given by My Honourable Friend the Financial Secretary of the draft Bills quite what is going to happen but if the effect is to bring these legal departments or some of them more directly under the influence of My Honourable Friend as the head of the legal department of the Government the legal profession will welcome the innovation.

The question of the airport seems to be as much in the air as it was a year ago. May I conclude my remarks, as I did on that occasion, with the earnest hope that Government would do everything to forward this matter and make Hong Kong as important in this part of the world in the air as it is on the sea.

With these remarks, Sir, I beg to support the motion of my Honourable Friend on this bill.

HON. P. S. CASSIDY:—Your Excellency, after the spate of oratory which has gushed forth into this Chamber, my contribution will be a modest one. I propose to confine myself to two points, with an appendix.

As a taxpayer for the past 36 years I feel that I have done more than my fair share towards providing benefits which will be enjoyed by generations to come. I see no reason why those generations should not be charged with part of the cost of our permanent structures and public works and I suggest therefore that many of the items now appearing in the Estimates of Expenditure which we are discussing should properly be charged to Loan Account. We have a good clean record of public debt and when I looked up the indispensable Whitaker I was not surprised to find that many of the Crown- Colonies have a debt far greater in proportion to their revenue than ours. Every local authority in Britain seems to be able to borrow public money for its gas-works or tramway undertaking and I feel very strongly that the time has come for us to be allowed to spread our capital expenditure over a term of years. To my mind it is deplorable that two big transactions should have been carried out in relation to the City Hall site with every cent having disappeared into the Treasury. Surely it was the bounden duty of the Government of the day to ear-mark the proceeds of these sales for the provision of a new civic centre. I understand that my friend the Senior Unofficial Member is to bring up the question of financing capital expenditure by loan when this bill reaches the 'Select Committee. I shall give him my full support.

My other point is in connection with the Public Relations Office. Obviously this is the Cinderella of Government. No one takes the slightest interest in it and even when its hopes are raised that it will be allowed proper office accommodation someone has the effrontery to deny them that. We have been told that we are fifty years behind the times. We certainly seem to be so in the case of Public Relations. What is the use of talking about giving the public a bigger share of responsibility for its government if nothing is done to enlighten it? With proper support the Public Relations Officer could do a great deal to foster an interest in the democratic way of life. A half-hearted attempt has been made to provide the Press with information through Heads of Departments. Many of these officials have no flair for press conferences and have no time to prepare a press release. In my opinion this is where the Public Relations Officer should come in. He should have access to all information available up to the highest levels and he is sufficiently experienced to be able to use this information with discretion. I doubt whether Government realises what a revolution has taken place since the liberation. The community is no longer content to leave everything to the men at the top. They want to know. And they have a right to know. You now have a far wider interest being taken in public affairs. Westernised Chinese have increased very appreciably. Locally born residents now include many, who by reason of the war, have seen the world outside Hong Kong, a democratic world in most cases. Your European community has been reinforced by new-comers who are no longer juniors. Many of them have been used to life in the International Settlement of Shanghai which if not a democracy was free from the stifling atmosphere of Crown Colony administration. I therefore plead for recognition of the fact that you now have a

community with a far greater proportion of the intelligensia than you ever had before and I hope the Public Relations Officer will be provided with the funds necessary to carry out his duties effectively. The Government have no reason to be ashamed of their policy since the liberation but they would have got far wider support for it if they had taken the trouble to be more explicit as to their aims. One of the Public Relations Officer's duties should be to help the Chinese press. I am very concerned about recent comments, which I have read in translation, on the Atlantic Pact. These comments are based on Communist propaganda and I am very surprised that nothing has been done to stop this flow of invective. I am not asking for a censorship but I am asking that the Public Relations Officer should have a free hand with the Chinese press and be able to count upon the co-operation of the Secretary for Chinese Affairs. He ought to be able to meet Chinese editors and discuss with them important news such as that concerning the Atlantic Pact. He could treat the matter quite objectively and although he might not have much effect on those in Communist pay he could probably have a very healthy influence over those editors who print muck because no one provides them with reliable information.

By way of an appendix, I want to offer a few remarks as the representative of the Hong Kong General Chamber of Commerce. I feel confident that the commercial community concurs with the views of my Honourable Friend the Financial Secretary as to the need for a firm reduction in personal emoluments. They are glad that he recognises the importance of keeping down the costs of our services as an entrepot and they naturally support his decision to keep increases in taxation to a minimum. What they would like to know is how much the S.T. & I. trading account can be expected to yield. I realise that it is not yet possible to present a balance sheet but I think we ought to be told how the account is working out. Within the past 48 hours I have received information in regard to cotton yarn which suggests that like the ordinary merchant the S.T. & I. is buying its experience the hard way. I have already expressed some opinions in another place regarding official intervention in the trade of the Colony and I will content myself with emphasising the desirability of Government withdrawing as soon as practicable from the commercial field.

The passage of the Honourable Financial Secretary's speech which told us about the reorganisation of the Imports and Exports Department was, of course, of considerable interest to the business community. The creation of a new post of Assistant Director (Industry) is a wise step and the Chamber proposes to set up a special sub-committee which will, we hope, be fully representative of the industrial section of the Colony. The sub-committee will make it its business to keep in close contact with the new department and we hope that as a result industrial problems will be handled expeditiously and efficiently.

I will conclude by expressing my sympathy with those heads of departments whose cherished ambitions have been thwarted by the stern necessity of balancing the budget. (Applause).

THE FINANCIAL SECRETARY:—Your Excellency: It will, I think, meet the convenience both of Unofficial and Official Members if this Debate is now adjourned in order to give the Official spokesmen an opportunity to reply more adequately to the many important points which have been raised this afternoon. It would also be convenient if the Appropriation Bill and the Draft Estimates of Revenue and Expenditure for 1949/50 could now be referred to a Select Committee to consider in detail any final adjustments which it has been necessary to make since the printed Estimates were framed.

The Select Committee would consist of the Honourable Colonial Secretary as Chairman, whilst the members would be the Financial Secretary and all the Unofficial Members. This Committee has already been functioning in the form of an Estimates Committee which not only assisted me in the preparation of the Estimates, but has met, since the First reading of the Appropriation Bill, to consider last minute adjustments. It then only remains for the Committee now being formally appointed to consider any points raised in the Debate this afternoon.

THE ATTORNEY GENERAL:—I second the Motion that the Bill before Council be referred to a Select Committee.

ADJOURNMENT.

H.E. THE GOVERNOR:—That concludes the business this afternoon, Gentlemen. We will adjourn until 2.30 tomorrow afternoon.