

21st March, 1951.

PRESENT:

HIS EXCELLENCY THE GOVERNOR

SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K.C.M.G.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT GENERAL SIR ERIC CARDEN ROBERT

MANSERGH, K.B.E., C.B., M.C.

THE HONOURABLE THE COLONIAL SECRETARY

MR. JOHN FEARNs NICOLL, C.M.G.

THE HONOURABLE THE ATTORNEY GENERAL

MR. JOHN BOWES GRIFFIN, K.C.

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. RONALD RUSKIN TODD.

THE HONOURABLE THE FINANCIAL SECRETARY

SIR CHARLES GEOFFREY SHIELD FOLLOWS, C.M.G.

DR. THE HONOURABLE ISAAC NEWTON

(Director of Medical and Health Services).

THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK

(Acting Chairman, Urban Council).

THE HONOURABLE THEODORE LOUIS BOWRING, O.B.E.

(Director of Public Works).

THE HONOURABLE CHAU TSUN-NIN, C.B.E.

DR. THE HONOURABLE CHAU SIK-NIN, C.B.E.

THE HONOURABLE LEO D'ALMADA E CASTRO, K.C.

THE HONOURABLE PHILIP STANLEY CASSIDY.

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.

THE HONOURABLE LO MAN WAI, O.B.E.

MR. ROBERT WILLIAM PRIMROSE *(Deputy Clerk of Councils).*

ABSENT:

THE HONOURABLE MAURICE MURRAY WATSON.

MINUTES.

The Minutes of the meeting of the Council held on 7th March, 1951, were confirmed.

PAPERS.

<i>Subject</i>	<i>G.N. No.</i>
Sessional Papers, 1951: —	
No. 6—Annual Report by the Commissioner of Labour for the year 1949-50.	
Immigrants Control Ordinance, 1949.	
Amendment to the Immigrants Control Regulations, 1949	A. 43
Landlord and Tenant Ordinance, 1947.	
Notification under section 32(1)	A. 44
Landlord and Tenant Ordinance, 1947	
Notification under section 32(1)	A. 45
Public Health (Sanitation) Ordinance, 1935.	
Order under section 75(8)	A. 46
Landlord and Tenant Ordinance, 1947.	
Notification under section 32(1)	A. 47
Defence Regulations, 1940.	
Price Control Order, 1946—Amendments to the Schedule	A. 48
Defence Regulations, 1940.	
Prohibited Exports Order, 1946—Amendments to the Schedule	A. 49

APPROPRIATION FOR 1951-52 BILL, 1951.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to apply a sum not exceeding two hundred and thirty-three million four hundred and sixty-five thousand one hundred and thirty-seven dollars to the Public Service of the financial year ending 31st March, 1951."

THE COLONIAL SECRETARY seconded.

HON. CHAU TSUN-NIN, C.B.E.: —Sir, before proceeding with my comments on the Estimates, I should like to say a few words concerning my Honourable Friend the Financial Secretary. As

we all know, this will be his last Budget before his retirement, and we rejoice in the fact that he has found it possible to conclude his term of office here with a Budget that does not call for fresh taxation to meet expenditure, but on the contrary has been able to estimate for a surplus for the coming financial year. This is a splendid achievement of which Sir Geoffrey as well as the Colony may justly be proud, remembering that when he first came to us the Financial Secretary found our financial structure in a disorganized state, but within the short space of a few years he has been able to bring order out of chaos. For this valuable service the Colony owes Sir Geoffrey Follows a deep debt of gratitude, and we wish him every happiness when the time comes for his retirement. His place will be hard to fill.

As the Estimates have already been gone into and approved by my colleagues in committee, there is really very little I need comment upon. What I shall say therefore will be of a general nature, leaving to my colleagues to make such further observations as they may wish.

As I have already observed, the present Estimates show a surplus of income over expenditure, and it seems to me therefore that the time has now come when Government should restore the Earnings & Profits Tax to its former level by reducing the present rate of 12½% to the original impost of 10 per cent. It must be remembered that when the 2½ per cent increase was agreed to a year ago, it was on the understanding that so soon as the financial condition of the Colony should justify it, the temporary increase would be cancelled and the former rate of 10 per cent would be restored. It is therefore earnestly hoped that Government will seriously consider reverting to a 10 per cent Earnings & Profits Tax. This would prove to the public that Government would only contemplate an increase in taxation when necessary, and would be equally ready to reduce such taxation when the financial position of the Colony justifies such a reduction.

Sir, I have just received representations from the Chinese Chambers of Commerce of Hong Kong and Kowloon requesting Government to postpone the imposition of the proposed Business Registration Tax for the following reasons which they have submitted: —

- (1) Taxes were already substantially increased by Government last year. The present contemplated impost of the Business Registration Tax would tend to increase the

already heavy burden of local merchants whose business has been gradually declining.

- (2) The difficulties encountered by the local merchants have been well indicated when in Your Excellency's speech before this Council a fortnight ago it was pointed out that during part of last year a downward trend was shown in our trade return, and this decrease in trade would ultimately lead to increased unemployment.
- (3) The unsettled condition of the Far East has resulted in financial uncertainty, and since the ban on exports by the United States, local commerce with America has gone down to 5% in January.
- (4) As Government reserve has gone up to over \$17,000,000, it has therefore ample financial resources for its future plan of development without the necessity for fresh taxation.

In view of the above submissions, and in view of the fact that Government is not asked for abandonment but only postponement of the Business Registration Tax, it is hoped that the contemplated impost will not be put into effect this year. When the next Budget comes round a year hence, Government can consider afresh this question of Business Registration Tax in the light of conditions then obtaining. Meanwhile, I consider the request of the local merchants as submitted by the two Chambers of Commerce mentioned is not unreasonable, and I accordingly support it.

Among the achievements of the Honourable Financial Secretary must be mentioned his forethought in the establishment of the Development Fund. The establishment of this Fund should enable the Colony to realize many developments which, for lack of funds, have not so far materialized. For some years now we have been living in a condition of frustrated hopes, denying ourselves some of the amenities which a Government would normally provide for the community. We hope that this Fund will enable some of our dreams of expansion to be realized.

As in past years, I am keenly interested in the matter of Education, and whilst it is gratifying to note that much improvement has been made in the provision of new schools, it seems to me that more can still be done. We all know how important and onerous are the duties our Director of Education is called upon to undertake, and it is therefore a wise decision to appoint a

Deputy Director of Education to relieve him of some of his increasing routine duties, having regard to the increased number of new schools, both Government and private. The community is looking forward to the issue of Mr. N. G. Fisher's report on Education in the Colony which it is hoped will soon be published.

As I have done on former occasions, I wish again to pay a very high tribute to the Police Force for its maintenance of peace and good order in the Colony. The recent sad loss of valuable lives by the Police only serves to prove to the world—if proof were needed—that for courage and a high sense of duty, our Police Force is second to none. It is hoped that suitable rewards and compensation will be made to those maimed in the course of their duty, or to the dependants of those killed. Only by some tangible expression of our appreciation can we encourage our Police to maintain that high standard of service which we expect of them. It is no less our duty to look after their dependants than it is their duty to preserve the peace and good order of the community.

Finally, Sir, I should like to join Your Excellency in your expression of faith in the future of the Colony. Those of us who have made this Colony our permanent home will appreciate how very important it is to her future well-being that this Colony should live in amity and concord with our great neighbour, and this can only be done by a continuance of our present policy of forbearance and co-operation with those living around us. With Your Excellency's wise statesmanship and large humanity, we have every reason to believe that Hong Kong will continue to remain tranquil and prosperous. (Applause).

DR. THE HON. CHAU SIK-NIN, C.B.E.: —Sir, a fortnight ago, Your Excellency dealt in detail with all phases of the Colony's difficulties, its buoyancy and future prospects. The public is grateful for the opportunity of learning from Your Excellency at first hand of the general state of affairs.

The presentation of the Estimates for the next financial year, gives us once again, cause to express admiration for the skill and ability of our Honourable Financial Secretary. That this is a popular budget needs no emphasis. The general reaction has been one of relief and consolation.

There is very little that I wish to say about the Estimates themselves, but I would, however, like to endorse the plea made by the Senior Unofficial Member for the reversion of the Income

Tax rate to its pre-increased 10%. A year ago when the proposal for increased direct taxation was debated in this Council, I had reason to say that I was of the opinion that my Honourable Friend the Financial Secretary was unduly pessimistic in envisaging a deficit of some \$7 million. Even so, increased direct taxation from 10% to 12½% was imposed on an unwilling section of the community to bridge the gap. It has now turned out that our revised Estimates, far from being anywhere near a deficit show an appreciable surplus of over \$70 millions. Apart from the inequity of the increased imposition, that has fallen upon a comparative few of the population, the trading community—our very backbone—deserves some relief from this direct burden. As my Honourable Friend the Financial Secretary has so rightly pointed out, the Colony's speedy come-back since the re-occupation has been in a very large measure due to the faith and enterprise of our business community. Government would do well to couple this verbal tribute with action by granting the plea for the reversion to the former tax of 10%.

The Chinese Chamber of Commerce is seeking the deferment of the imposition of the Business Registration Tax which was approved by Government last year. A concession is being made by bringing down the amount from \$300 to \$200 as announced by the Honourable Financial Secretary. This tax means almost nothing to the larger commercial concerns, but as the Chamber points out, to the numerous small businesses—many of which are little more than one-man concerns—even at its reduced amount, it will cause considerable hardship in view of the rising cost of living and other difficulties now confronting the business community. Last year, I was one of those who supported the proposal to levy a Business Registration Tax as an alternative to increased income tax, to help meet the estimated deficit. That was then a means to an end. As I said earlier, instead of a deficit it has now turned out that we have a handsome surplus and I submit, in view of Government's healthy financial position, the imposition of the tax should be deferred.

Turning now to the Medical Department, the construction of the Radioactive Cobalt Bomb for the treatment of cancer, fills one with admiration for those responsible. That Hong Kong should be the pioneer in such a development from energy so gigantic and destructive, yet created and controlled by man, is indeed reason for commendation, and the application of such a great accomplishment for the benefit of mankind is a vital contribution to humanity. The gratitude of the Colony is due to

these pioneers of the Medical Department as well as to those public spirited citizens and organizations who gave so generously of their funds to finance the project and make it possible.

The Colony's scientists associated with the project are being assisted by the Atomic Energy Research Authorities at Harwell, and this amply indicates the high standard of professional ability that this Colony possesses. It is hoped that Government will do much to publicize the progress of this distinguished work and where possible, make available to medical authorities elsewhere, scientific data, so that the experiment conducted in Hong Kong may be of benefit to other areas where there is suffering from the terrible scourge of cancer.

I am pleased to see that attention is at long last being given to the subject of a new Mental Hospital. It is however disappointing to note that all that is promised for this year is "the hope that it may be possible to make a start on plans for a new mental hospital." I have spoken in this Council for three years now on the urgency of this problem and the passage of time has not alleviated the urgency in any way but has in fact aggravated it. It is to be hoped that the new Mental Home, when it does materialize, will be something for which the waiting has been worthwhile. It should be borne in mind when plans are being drawn up, that the present hospital is most grossly overcrowded, and when conditions prevailing in this part of the world are taken into consideration, it is highly unlikely that there will be any decline in the demand for medical attention, and the evidence on the other hand is that the numbers in need of treatment will continue to increase. It has been brought to my notice that one medical officer is caring for almost 200 in-patients as well as having to take charge of out-patients' clinics. I cannot believe in these circumstances, that necessary and adequate attention can be given to more than a very small number of the afflicted. I do not doubt that the officer concerned is highly qualified and conscientious, but one person can do no more than is humanly possible, and Government should see to it that greater assistance on a more generous scale is provided.

I note with considerable satisfaction that the Government Tuberculosis Officer has returned from his recent survey and investigations into the administration of B.C.G. abroad, and I look forward to the launching in the very near future of the highly necessary B.C.G. campaign. Whilst it cannot be claimed that B.C.G. will prevent Tuberculosis to the same extent as

vaccination has wiped out smallpox, it is a most welcome weapon in the fight against the disease, and the Medical Department must be congratulated for its determination to keep abreast with developments in the world of preventive medicine.

I note also that it is proposed that another Tuberculosis Clinic be established in Hong Kong. This in itself is most desirable, but in considering the overall Tuberculosis situation in this Colony, I question the wisdom of such a project. There are at present two Government Tuberculosis Clinics—the recently opened one adjoining the Kowloon Hospital, and the old one at Harcourt. For the size of the Colony we cannot even pretend that two clinics are enough, but when the lack of beds available for the treatment of Tuberculosis is considered, I believe that the existing diagnostic and case-finding facilities are sufficient. Prior to the opening of the Kowloon Clinic, there were well over 500 on the lists awaiting admission to hospitals. Immediately upon the functioning of this Clinic, a sharp increase in the number of new cases was reported. It is reasonable to assume, therefore, that the waiting lists will continue to grow. A good many of those awaiting admission to hospital will never have an opportunity to receive hospital treatment, and the condition of many more will have deteriorated to such an extent that by the time a bed is available, there is no longer any chance of recovery. I am of the opinion that until there are more beds for the treatment of tuberculosis, it is imprudent to add to this already long waiting list. What consolation is it to tell a man he has tuberculosis but that his chances of receiving hospital treatment are little more than nil? What good does a bottle of medicine and homily on how to rest do to a man who has to work to support his family, and who lives in such overcrowded conditions that “rest” is incomprehensible? It may be that new methods of treatment will be tried out at the Clinics, and that additional nutrition and new drugs will be given to out-patients, but I am of opinion that in-patient treatment is almost imperative for a man with an infectious disease, where home conditions do not allow for proper segregation.

The class of patient that attends the Government Tuberculosis Clinics is the class that cannot afford protracted rest and treatment at home. He must be cured and cured as quickly as possible so that he can return to the task of supporting himself and his family. I believe it will serve a much more practical and beneficial purpose if the fund for the proposed Clinic is utilized for the provision of more beds. It may be argued that the capital cost of erecting

a Clinic is not comparable to that of setting up a new hospital. Nevertheless, I am of the opinion that the fund set aside for this purpose, will be sufficient to provide at least, for an additional wing or wards to existing hospitals. Even a few beds added here and there will do much to shorten the waiting list and thereby afford greater chances of proper treatment and eventual recovery to all those afflicted. Until it can be said that reasonable opportunity exists for in-patient treatment, I am convinced that any extra available funds should be utilized, not for the unearthing of more cases and the creation of record waiting lists, but for the establishment of more hospital beds. A far greater service in the interests of public health will be served in this manner. No one will deny that the segregation of infectious elements is the first essential in combatting disease. One open case of tuberculosis can infect a considerable number of others, and if no more than an extra hundred open cases are hospitalized or segregated during the year, the incidence of the disease may be decreased by many hundreds.

I am pleased to note that during the year, the Medical Department has taken over from the St. John Ambulance Brigade, the maintenance of the Maternity Home at Shatin. This is to be commended. The increased development and consequent increase in population of the New Territories call for more medical facilities on a commensurate scale for these areas. The inhabitants of the New Territories have to travel over an hour to reach the Kowloon Hospital, and apart from the inconvenience, tragedies might well occur when urgent hospital treatment is required.

I would now touch on the subject of the Government Wholesale Vegetable Market. The farmers of the New Territories are grateful that Government is giving due recognition to the importance of their contribution to the sustenance of the Colony and they appreciate that the Vegetable Marketing Scheme was instituted for their direct benefit.

They have, however, grievances and Government should look into these matters without delay and remove whatever cause of dissatisfaction that exists. It would appear that one such source of complaint is the irregular and inadequate transportation system. Due to defects in transportation facilities, there is often insufficient time left for conducting sales by the time produce reaches the market, thus seriously affecting turnover and causing loss through decay of unsold quantities. In respect of one district

alone, during the period 5th to 20th February, 1951, over 100 piculs of vegetables were unsold and wasted in this manner.

Another grievance is the higher expenditure incurred under the Control system. It is appreciated that Government's intention is to relieve the burden of the farmers and not add to it, but it would appear that Government is unaware of the fact that the scheme has actually increased the vegetable producers' overall expenditure. Today, the farmers are paying 10% to the Government Market which, in return, provides transportation and other facilities. To safeguard their own interests, however, the farmers have to engage, at further expense, agents for the supervision of sales and of produce during transit. In addition, baskets supplied by Government are often insufficient and the farmers have to supplement the deficiency in numbers by purchasing their own baskets or hiring them at 20 cents each. In the pre-control days, all these services with the exception of transportation, were provided for by the Laans, and the overall charges to the farmers were rather less. So it would appear that the cost to the farmer now, for a less satisfactory service, is higher and in addition, losses are often incurred.

Another difficulty facing the farmers is in the obtaining of sufficient matured nightsoil for fertilization requirements. Supplies are short and not regularly distributed, and at times there are lapses of weeks before allotments are received from the Government Contractor.

I believe the farmers have genuine grievances and I would request that Government look into these matters. I would further suggest that the farmers themselves be consulted, and indeed a committee might well be formed on which the farmers are represented by their own nominees. It would indeed be for the Colony's welfare and its interest to make all reasonable efforts to give assistance to our farmers and to solve their problems.

I referred earlier in this address to the uncertain days ahead of us. Hong Kong has amazed the world by its remarkable post-war rehabilitation and prosperity. Like all cities, it has its cycle of depression and boom. It is gratifying to note that Government, gaining from past years of experience, has been particularly mindful of the impending trend of depression, not due to over-development and economic expansion, but to conditions which are not of our own making. It is understandable that American policy is to seek to ban the flow of materials and equipment to China. It is most regrettable, however, that Hong Kong

should fall victim to the economic sanctions that have been instituted because of its geographical propinquity and economic relationship with the mainland. We hope that this very tragic situation, which has been brought about by the rise in tempo of American public feeling, will in time resolve itself, and I am sure the responsible leaders of industry and commerce here appreciate to the utmost, Government's concern and very active part in endeavouring to alleviate the present impasse.

Commerce and Industry are the life-blood of this Colony, and I believe that Government, in recognizing such, will readily agree that the difficulties and vexations facing the commercial and industrial communities are Government's anxieties too. The recent re-emergence of Japan into the world's markets is giving cause for grave concern to the local manufacturer. Where he has hitherto had secure markets, he now finds Japan not only offering unequal competition, but actually monopolising a great many of those markets. It is hoped, therefore, that Government will do its utmost to assist the local manufacturer by seeking concessions, etc., in neighbouring countries, not only in the establishment of markets, but also in the purchasing of essential raw materials.

I must say a few words about the Police Force on which the sum of nearly \$17 million is being spent. No good citizen will grudge a single dollar of this expenditure, and just tribute to the Police must be paid for its devotion to duty in extremely difficult circumstances. It was only a month ago that in the execution of his duty, another courageous member of the Police Force lost his life. There have been other examples of similar outstanding bravery during the year. Doubtless, provision has been made to their dependants, and it is hoped that such provision is of a generous nature, befitting the supreme sacrifice made. In giving their lives in the service of the community, the least they can expect of that community is that their dependants will not be left in need.

Whilst on the subject of the Police, I would add a few words concerning the Immigration Office. I should like to see that office handle applications for permits more expeditiously, and also display some latitude in the granting of re-entry permits to *bona fide* residents who apply for them. I gather that this branch of the Police Department is working under difficult conditions, being handicapped by lack of space and insufficient staff. Such a state of affairs should not, however, be allowed to continue for the public should in no way be inconvenienced by Government's inability to provide adequately for any of its organizations.

The recent registration of British Subjects has given rise to many questions and doubts. The local born, remembering too vividly some of the injustices of the last war, have reason to ask what Government's attitude is towards them. I consider the time opportune for Government to give an assurance that all British Subjects, irrespective of race, creed or class are equal, not only before the law, but also that at all times discrimination against the local born resident will not be tolerated, and all are entitled to the same benefits as are enjoyed by their more fortunate brothers and sisters who have come to these shores from overseas.

I would also advocate the establishment of a Government sponsored Employment Bureau for the benefit of local born residents. Every encouragement should be given to the employment of local talent, and I might add, remuneration should be commensurate with qualifications and ability. It is a known fact that many institutions are discriminator in their employment policies.

The recent opening of the Evening School for higher Chinese studies sponsored by Government, is the answer to another long felt need. It marks an important step forward in the field of education in the Colony and has been warmly acclaimed. After finishing their secondary school course here, many hundreds of promising Hong Kong born Chinese youths have been, and are still, compelled to seek higher education in Chinese in China because of the lack of adequate facilities in the Colony. I now make this appeal to Government to consider at the earliest opportunity, enlarging on the admirable project that has just been instituted, not only to meet a demand made more acute by existing circumstances, but also to train useful citizens who will do justice to the Colony to which they are born.

With these few remarks, Sir, I beg to support the adoption of the Bill. (Applause).

HON. P. S. CASSIDY: —Your Excellency, I have never had the honour of holding office as Financial Secretary, and I suppose I never shall, but I can fully imagine how deep a sense of satisfaction my Honourable Friend must have on being able to look back upon a job well done. I have no doubt that he has been fully impressed with the verbal bouquets thrown at him by the Press, but no doubt the most profound testimonial of all will be the tribute paid to him by the Chairman of the Hongkong &

Shanghai Banking Corporation. I have never regarded my Honourable Friend as a popular figure but he seems to have become a hero overnight.

As the spokesman for the commercial community, I must acknowledge the graceful compliment which he paid towards the end of his speech. It would be false modesty to deny that the remarkable recovery made by this Colony was in great part due to the initiative and enterprise shown by our merchants and industrialists in conjunction with their bankers. At the same time our efforts would have been in vain if it had not been for the efficiency of an administration which inherited a virtually bankrupt Colony and restored the framework of our commercial powerhouse. The security which a progressive Police Force was able to ensure was an important factor, as my Honourable Friend has pointed out, but there is no doubt that the senior officials of Government bore the brunt of an extremely trying phase, and my Honourable Friend is entitled to a full share of the credit which the administration as a whole so deservedly earned. There is no doubt that my Honourable Friend has had a certain amount of luck in his six successive Budgets but he has well deserved it. He has been remarkably consistent in framing his estimates on the assumption that our prosperity could not last. I think he was quite right. Many others think he was wrong but although he has not achieved all that he has set out to do, it looks as if he will not be far short of his aim. When he says that he would like to have left us a reserve of \$250 million I don't suppose that his mind ever conceived such a possibility five years ago. He is, of course, quite right to point out the importance of our having safeguards against any reverse of fortune but I think he should be satisfied that in leaving behind nearly \$180 million he has accomplished more than any of us thought possible, and according to the figures of Mr. T. A. Martin in this morning's papers, it looks as if that \$180 million could be stepped up. But I hope, Sir, that this achievement will be brought to the attention of the Secretary of State with all the emphasis you can give it. I think our post-war financial record is one that any Colony can be proud of and when one takes into account the expenditure we have incurred through shouldering responsibilities which have been forced upon us by events outside our borders, I think the least H.M.G. can do is to give us a pat on the back.

When I first came to the Colony, Revenue amounted to about \$8½ million and an iniquitous tax had recently been introduced which sent the price of a Gin or Whisky up to 10 or 12

cents. We have travelled a long way since those days and on the whole I know that we have progressed. We may feel that Estimates which require us to provide nearly \$250 million is a pretty high price to pay for what we get. I myself am convinced that the prosperity we have enjoyed for the past five years has been mainly due to the high standard of our Administration and I do not regret what we have spent in order to attain that standard. There is, of course, no ground for complacency, and complacency is the curse of this Colony. There are still deplorable gaps to fill and there are weaknesses to be strengthened. And the public must be taught that the cost of every improvement, however desirable, is a permanent addition to our liabilities. Progress must therefore be slow and when revenue begins to decline we must be prepared to mark time. Under Head No. 30, Public Works Recurrent, are items totalling over \$100 million, some of which has already been spent. Every one of these items is fully justified but they will be the first to suffer if expenditure is to be pruned, and the pruning will be a heart-breaking job.

I am very glad that the Printed Draft Estimates were accompanied by an analysis of expenditure on three different branches of Government. This is what I had in mind when I made a previous plea for assistance in arriving at the total expenditure for a particular department but I find from the Annual Report that the Editor has fallen into the same trap and shown on page 31 expenditure on education something like 4 or 5 millions, but my Honourable Friend's analysis has been able to correct this. I hope that the Press will appreciate what is being done in assisting them in writing leading articles on the Budget. In his reply to last year's Budget Debate my Honourable Friend dealt with a suggestion I had made for the splitting up of the Budget into groups of departmental estimates for discussion at several sittings. I accept the various arguments which he brought forward against this method but I still feel that while we must pass the Budget before 31st March, we might have a discussion on groups of departmental estimates subsequent to that date. It might be argued that there would be an air of unreality about debating estimates which have already been passed but it would give those Heads of Departments who happen to be members of this Council an opportunity of discussing their particular work in some detail. As for those departments which are not represented on this Council no doubt the Colonial Secretary would be able to handle those subjects, and I see no reason why the Heads of the Departments concerned should not be allowed to take a seat behind him and

coach him on any points where an inquisitive Unofficial had put him "on the spot".

It is very gratifying to find that my Honourable friend has ignored any urge he may have had to increase taxation. It is somewhat ironic that the compromise over the standard rate of tax under the Inland Revenue Ordinance did not in the event leave last year's Budget unbalanced. There is no doubt that those of us on the Unofficial bench were justified in our protest, more particularly as the alternative of a business tax offered by my friend opposite was not required, nor incidentally was the Neon Sign Tax which, as I suggested, would have brought in a considerably larger sum than \$250,000. I think that the proposed Business Tax of \$200 is justified and I hope it will be found low enough to discourage evasion. The time may come when another Financial Secretary may be tempted to put up the rate but I think it will be a mistake if the tax is abused. I still hope that when the time comes to search for a fresh source of revenue, advertisements, whether they be Neon Signs, permanent hoardings or painted walls should be called upon to contribute to the Colony's revenue. Now that public utility services have to pay a Royalty I see no reason why means of publicising articles of commerce should not pay their share.

Reference has been made to the American embargo both in this Chamber and outside but I make no apology for adding a few remarks from the merchants' point of view. The most distressing feature of this affair has been the callousness of the American Office of International Trade towards the commercial interests of a possession of an allied nation. There was a total lack of consideration in the manner in which the ban was imposed. After all, the Hong Kong Government had been co-operating with the local Consulate General for some months previous to December to prevent strategic material from reaching China. Surely the least we could expect was some warning if it was considered necessary to extend the scope of the regulations or at any rate time should have been granted to complete contracts. What has infuriated some of us more than anything is the inclusion of the most innocent of articles in the ban and the off-loading of goods en route to the Colony which had been fully paid for. It says a lot for the merchants of Hong Kong that so little fuss has been made. I am really amazed at our moderation and at the patient way in which we have waited for the British Embassy in Washington to obtain justice for our cause, a cause which, not unnaturally, had the whole-hearted support of those American concerns which

have long-established connections with the Far East. It is true that within the past week or two licences for goods of no suspicion of military value have been granted after three months deep study, and if the ships are available the goods should be coming forward shortly. But our factories are still being denied much needed raw material and the outlook for local industry is distinctly discouraging. I feel sure that the visit of Mr. Clarke to Washington has not been in vain but it is most regrettable that the American authorities are still stubbornly resisting our appeals. I suppose this attitude is mainly due to fear of Congressional displeasure which in turn seems so sensitive to ill-informed public opinion. And when one has sampled the distorted and in some cases malicious stories which have been sent from here by the correspondents of responsible American journals it is perhaps not surprising that public opinion in the United States is so deplorably misled. Our main hope is for an eventual realization in Washington that a blockade is a double-edged weapon. In that connection I am given to understand that General MacArthur has already realized the double-edged nature of the weapon, and in order to protect the economy of Japan he has been taking considerable measures to deal with the restrictions. The American embargo is yet one more example of the utter indifference to the interests of international trade. The days of the Manchester School have, alas, passed away and with the intensification of the nationalization of industry reverence for free trade is no more. I suppose Hong Kong was, and I say was purposely, the last international market place where merchandise could be freely brought in and after processing, re-packing or other preparation for its ultimate destination, could be as freely shipped away. To-day that is no longer the case and even within the past week we have had another list of prohibited exports, which means that the needs of the Colony and its industry are given priority over the functions of the port as a market place. This policy may be justified in present circumstances but it makes one anxious as to how far it will be allowed to develop before it jeopardises our free trade status. My Honourable Friend and medical colleague rather strayed into my particular preserves and what he said was rather like heresy, but I hope myself that Government will resist, as far as it can, any tendency to obstruct the free flow of goods in and out of the Colony.

I now come to the Accounts of the Supplies and Distribution Department, about which I enquired a few months ago. I do not wish to indulge in harsh criticism which some people might think justified, but there is no doubt that too much mystery has been

made of these accounts and I deplore the failure to keep this Council advised as to what was going on. I am quite ready to make every allowance for the difficult circumstances in which the S. T. & I. Department was placed when it took over from the B. M. A. I fully realize that the Department was gravely handicapped by lack of efficient staff and that unorthodox measures were unavoidable in order to keep the wheels turning. At the same time there was evidence that irregularities were taking place and I think it is a great pity that an Advisory Board was not set up to provide guidance for the executive officers concerned. Moreover, one of the fundamentals of Crown Colony Government is consultation with the Legislature on all matters concerning the finances of the Colony. The fact that money was coming in and out on a scale in excess of the total normal revenue and expenditure of this Colony for a year without the knowledge of this Council is to my mind inexcusable. The Report of the Director of Audit, as well as the Modified Report of Messrs. Lowe, Bingham & Matthews, suggest that there has been negligence which should never have been allowed to continue unchecked. However, that is all past history now. Our object should be to turn to the best account the handsome surplus which has resulted from the Department's operations. I think my Honourable Friend has dealt lucidly with the position as it is to-day and I fully endorse the conclusion he has arrived at to set up a reserve fund, as an insurance against loss on existing stocks. I look forward to the detailed proposals for the New Development Fund which, in my opinion, will be extremely useful, more particularly if, as is feared, there is a decline in normal revenue.

There is one point in my Honourable Friend's review on which I must take issue with him. Not for the first time he had to appeal to Heads of Departments to exercise economy within a short time of the estimates having been adopted. It might be argued that Heads of Departments in sending in their estimates left a margin for such economies. On the other hand, I think it is more likely that they had already pruned their estimates as much as they could and, if my Honourable Friend will forgive me, I consider it bad tactics to cut down expenditure for a particular department after it has been estimated on a minimum basis. If revenue had not come in so bountifully as it did during the latter half of the year and if economies had not been effected in departmental expenditure a deficit might have resulted. If it had, then I cannot think it would have been so grave a matter as my Honourable Friend suggests, but now that we have so substantial

a reserve I hope Heads of Departments can feel assured that they will not be called upon in the future to reduce still further their irreducible minima.

Having sat under my Honourable friend as a member of the Estimates Committee there is really not very much I want to say about the estimates in detail. I should, however, like to refer to one or two branches of Government and the first is the Public Relations Office. I feel much happier today than I did two years ago when I first brought this matter up. There is a good deal to be done to make our Public Relations effective but I think the present holder of the office is working on the right lines and I hope that he will receive full support from Government in any requirements he has to make. He will no doubt require more money to enable him to expand his particular service, and I feel sure that none of us here will grudge him the necessary funds.

I should also like to put in a plea for the Government's Representative in Tokyo. However much the commercial world may have criticised the work of the Department of S. T. & I. as it then was, full credit is due for what was done in developing trade between Japan and Hong Kong on a basis which may have been novel but was certainly effective. The Representative of Government in Tokyo plays an important part in smoothing the way between Hong Kong merchants and SCAP. It is possible that in the event of a Treaty of Peace being signed with Japan it may be considered that the Hong Kong Office in Tokyo could be dispensed with. I suggest that it may still serve a very useful purpose and I hope that it will be allowed to continue so long as it justifies itself. It seems to me that the Tokyo Office may very well be as useful to Hong Kong trade with Japan as the London Office is in the case of trade with the United Kingdom.

The commercial community is considerably hampered by the persistent delays in the service of Cable and Wireless. Similar complaints have been brought up from time to time in the House of Commons but no satisfactory reply has been forthcoming. Blame has been placed upon sun-spots, increased traffic and obsolete equipment but most people suspect that the dead hand of Government control is really responsible and look back with longing to the prompt and efficient service of the Eastern Extension Telegraph Company. I realize that nothing can be done by this Government except to point out to H. M. G. that Hong Kong suffers alongside the Dominions and the Colonial Empire generally. I should also like to mention the disappointment of the shipping community that the much hoped for ship to shore radio

service is not functioning yet. I have no knowledge of the technical reasons but I believe that the allocation of a certain wave length for harbour communication is responsible and that this cannot be altered at present. I suggest that the matter might be pursued energetically, for the absence of the service deprives one of the world's great ports of what in these times should be a normal facility.

I leave it to my Honourable Friends who follow me to deal with other aspects of the Budget but I cannot conclude without a word of appreciation for the Department of Commerce & Industry. Business people come in contact with many facets of this department but I have yet to hear any serious criticism of the present regime. The bits and pieces of the former S. T. & I. are now neatly tidied up and despite the extra strain put upon the parent department through the embargo, sweet reasonableness still prevails.

Finally I hope that one of these fine days we may have a statement about the proposed Airport. (Applause).

HON. C. E. M. TERRY: —Your Excellency, the sighs of relief which were referred to by my Honourable Friend, Dr. S. N. Chau, when this Budget was presented, and the acclaim which was generally accorded to the exposition by the Honourable Financial Secretary have tended to obscure one fact, regrettable but unavoidable, in the Estimates now before us. I refer, Sir, to the fact that we still have to provide the sum of nearly \$53½ million under the head of Defence—money which, in a more rational world would be better applied to improve public facilities and amenities. I underline this fact because I was surprised during my recent visit to the United Kingdom, and even after my return here, to find how many people still believe that the cost of defending this Colony is borne by the British taxpayer.

The figure of \$16,000,000 referred to by the Honourable Financial Secretary as our contribution last year towards the cost of reinforcing the Garrison, together with the figures in the Estimates now before us, serve to show the fallacy of that view, but a comparison of the percentage of National Income devoted to Defence may not be out of place.

Back in the era which we now call (purely by comparison) “normal times”, that is the 1920's and early 30's, the proportion of the United Kingdom National Income devoted to Defence was

3%—at that same time Hong Kong was paying an annual Military Contribution to His Majesty's Government which was of the order of 20% on our total revenue, and I believe I am correct in saying that it remained at that level practically up to the outbreak of the last war. At the height of expenditure during the last War, in 1943/44, the proportion in the United Kingdom rose to 51%, but at that time of course our National Income in Hong Kong was non-existent. Even the present rearmament programme in the United Kingdom envisages that by 1953 only 15% of the total National Income will be devoted to this purpose, while our budgetted figure for this year, Sir, represents just over 21% of our total revenue. None of us begrudge paying it. We realize that it is unavoidable and that, where necessary, other social services must suffer, but we naturally object to being told, quite erroneously, that we who make our home in this Colony are defended at the cost of the British taxpayer.

Turning to the Estimates themselves, despite the fact that many schemes of public benefit have necessarily had to be postponed, the list of Public Works envisaged in the Estimates is a formidable one, and Government is to be congratulated on the adoption of a planned policy in this direction. I am surprised to learn, however, that no legislation to prohibit development contrary to the accepted Town Planning Programme is yet in being and I again ask whether in fact Government has accepted the so long awaited Abercrombie Report as the basis of their Town Planning Scheme, and if so, when it is proposed to introduce legislation to permit its implementation and prevent interim development contrary to its principles.

I am glad to see that at last plans for the new Mental Hospital and the new General Hospital for Kowloon are coming within our vision. One other item of comparatively small cost, which has long been advocated and accepted in principle as being desirable, is a Licensing Office in Kowloon, and I look forward to seeing that amenity for the residents of the peninsula established at an early date.

The fact that Heads of Departments have co-operated in effecting economies is truly reflected in the Budget; but there is another potential source of economy which I should like to see further investigated. We have at Hung Hom up-to-date and efficient Railway Workshops, re-equipped with modern machinery since the war and capable, I believe, of coping with all normal requirements in this Colony. With the traffic at present operating

on the Railway it is difficult to believe that these Workshops are employed to full capacity, but I understand that some of Government's essential requirements in repair and construction work are still let out to public tender. If this work can in fact be done as efficiently in Government's own Workshops, surely a substantial saving could be effected.

There is only one other matter to which I intend to refer, but it is one which I consider of major importance. In your opening address to this Council, Sir, you emphasised the necessity for being realistic. The Honourable Financial Secretary, when referring to the proposal to consolidate some portion of the present High Cost of Living Allowance for Government servants into basic salaries, also stressed the need for a realistic view. With this I entirely agree, but I do not agree with the premise that the present high level of commodity prices in this Colony is in any way realistic; on the contrary, I once again advocate stronger and more determined measures by Government to cope with the manipulation which goes on and which increases the cost to the people of their food and fuel. Over the past few months it has been only too apparent that speculators have been operating to the detriment of the public—the cost to the consumer of rice, pharmaceuticals, kerosene and firewood have all been affected in turn, and although action by Government has been taken it has, in my opinion, been "too little and too late", in as much as the harm has been done. The prices have sky-rocketed, and the consumer has been bled before Government measures took effect. Even as late as last week, after Government issue of firewood had been introduced, prices as high as \$19.00 a picul were being demanded for off-rationed firewood, as against the Government price of \$10.00. Consumers have complained that the Government issue is inadequate and they are compelled to make up their supplies from the "free" market; criticism has also been levelled at Government's selling price as compared with the current landed price.

In further support of my plea for a more realistic approach to this problem, I refer to the attempt last month to stabilise the price of rice by releasing a quantity of "cheap" rice for distribution. Public reaction however was that this rice was of inferior quality, and the price at which it was made available to the consumer was not sufficiently below that of commercial rice to make it an attractive economic proposition. I suggest that a policy of taking a planned loss on such an issue, whether it be of food or fuel, and off-setting such a loss against that portion of

the trading balances of Government which it is proposed should constitute an Equalization Fund, would effectively bring down the speculators' prices and reduce their ill-gotten gains. It would also, Sir, have the merit that the people's money would be applied to the people's greatest need. (Applause).

HON. LO MAN-WAI, O.B.E.: —Sir, this being the first occasion on which I am privileged to take part in a Budget Debate, I am sure I can rely on the indulgence of this Council for my maiden effort. Though I stand before you as, so to speak, a maiden, I confess I am in the habit of looking at financial figures through the spectacles of an old aunt. By this I mean I tend to think of the Hong Kong Dollar in terms of its pre-war value. Through such spectacles, the present appropriation bill amounting to \$247,280,850.00, as compared with the appropriations for the year 1941-1942 amounting to \$52,483,294.00, must seem staggering to the dear old lady I have just mentioned. But there have been great changes in the economic structure of the Colony due to many causes including the following: —

- (1) The substantial depreciation in the purchasing power of the Hong Kong Dollar.
- (2) The vast increase in the population.
- (3) The increase in the cost of living.
- (4) The need to provide for the internal security of the Colony.

When one takes these factors into consideration, the figures of this year's Budget appear in a different light and in my humble opinion they are appropriate to the actual conditions of the Colony. I can find, therefore, no grounds for criticism on the estimated expenditure. On the contrary, I should like to join the previous speakers in paying a tribute to my Honourable Friend, the Financial Secretary. I had heard rumours of his vigilant control over all Government expenditure. Since I became a member of the Finance Committee of this Council, I can say that these rumours have been confirmed. I am sure all tax payers are grateful to him for his successful efforts in cutting down expenditure to the utmost limit and thus be able to introduce the Budget now before this Council without having to impose any increased taxation.

As regards the individual items of the estimates, I should like to make a few remarks on the following: —

- (a) The first year's allocation of the ten years' Educational plan on a new Teachers' Training School in Kowloon at an estimated cost of about a million and a quarter.
- (b) The business registration tax.
- (c) The Development Fund.

As regards (a), I heartily approve of this allocation. It is the declared policy of the Colonial Office that the local inhabitants of a Colony should be encouraged to take fuller and more responsible part in local administration, but such a policy cannot be carried out unless the local people are sufficiently educated and trained. Therefore, teachers adequate in number and efficient in training must be available.

As regards (b), I support this measure. One of its effects will be that the Inland Revenue Department will be in a better position to insure that direct taxation will be borne by all who are liable for the same. Whilst on the subject of direct taxation, I should like to say it is my considered opinion that in both cases of Rates and of the taxes under the Inland Revenue Ordinance, the burden is not being borne fairly by all liable for the same, and that should the necessity for further taxation arise in the future, no direct taxation should be considered unless and until this problem had been thoroughly investigated and solved.

As regards (c), I was much interested to hear of the creation of this Development Fund out of the profits of the Supply and Distribution Department and I heartily approve of this. I understand that the South China Athletic Association has applied to Government for a loan for the creation of a stadium. I have no doubt whatever that a well-constructed stadium is urgently needed and such stadium will substantially benefit the revenue of the Colony. I trust that the S.C.A.A.'s application will receive Government's sympathetic consideration.

Sir, I gather from a high authority that at ordinary meetings of this Council, unofficial members are expected to keep their mouths shut unless they have something to say, relevant to the subject in debate, but that a Budget Debate is a field day for the unofficials who are licensed to speak on any subject under the sun. Taking advantage of this licence, I desire to say a few words on two matters: —

- (1) Administration of Justice.
- (2) Law Revision.

Administration of Justice.

The British system of administration of Justice, under which a person accused is deemed to be innocent until his guilt is proved and under which he is given a patient and impartial hearing, is justly admired by all who believe in freedom and liberty and the rule of law, and is rightly regarded with pride in this Colony. I am sure everyone in this Council will agree that this system is such a priceless tradition and is so vitally essential for the community that everything necessary must be done by Government to uphold this system. It is because I know the sentiments of this Council and indeed of the Colony on this question that I venture to draw the attention of Government to certain tendencies which, if unchecked, must affect and damage the fair name of British justice.

With an abnormally inflated population, with new laws and regulations coming into force in a continuous stream, and with the prevalence of crime, petty and otherwise, inevitable under the prevailing abnormal conditions, the work for judges and magistrates is ever growing. And there can be little doubt that they are grossly overworked. These are the stresses to which the administration of justice is being subjected and these stresses in turn generate certain tendencies to which I have alluded and which must occasion concern to all who take an interest in this matter.

Based on information received from friends and victims both in Hong Kong and Kowloon, the picture I get of indescribable congestion in the magistrate's courts and of the summary manner of meting out justice, fills me with dismay. Some of this congestion is aggravated by a great number of cases of such a truly trivial nature, that they should never have been brought to Court. I have no doubt that magistrates, official and unofficial, can give numerous instances of cases of this trivial character which, on a plea of guilty being tendered in order to save time, resulted in no more than a mere caution.

The congestion is so great and the period of waiting for a case to be called on in the midst of such crowded atmosphere is so trying that many a man, although satisfied in his own mind that he is entirely innocent, prefers to tender a plea of guilty, pay his fine and call it a day.

A legal friend of mine has actually witnessed a scene in a court in which he happened to have been engaged in a case, when some fifty or more traffic summonses were dealt with. When the magistrate was informed by the Clerk that all defendants wished to plead guilty, the magistrate simply imposed a fine of the same amount on each of the summonses without any of them being asked or being given the opportunity to state the circumstances in mitigation or otherwise. Can such a trial enhance the fair name of British justice? When a case is tried in a Court of Justice, not only Justice should be done, but it should be made manifest to all concerned that Justice has been done.

Sir, I submit that either sufficient number of magistrates should be appointed forthwith to enable them to perform their duties in accordance with the fine traditions of British justice, or else something must be done and done quickly to ease the spate of cases now coming before them. Perhaps a directive could be given by Government to Government departments and particularly to Police constables, not to bring before the court cases of unbelievable triviality. Perhaps some other expedient can be devised. Take for instance the case of traffic summonses once more. I believe that in America, and perhaps elsewhere, there is a system whereby for a trivial traffic offence, a traffic officer is empowered to serve a note on the offender requesting him to pay a fixed sum by a specified time to a designated authority, with an intimation that if he did not wish to do so a summons would be issued. I have little doubt that under such a system, a great number of traffic summonses will be avoided. No one, least of all a lawyer, likes the idea of extra-judicial fines. But I would prefer to see this system introduced rather than see our magistrates being given a task which is beyond their human capacity to cope with. I commend this suggestion and the whole of this question to the earnest immediate consideration of Government.

Law Revision.

It is perhaps not generally realised how much responsibility, labour and care are required in undertaking the revision of the Ordinances of Hong Kong so as to bring them up-to-date.

Hong Kong, owing perhaps to the post-war conditions, is prolific in its laws and regulations and the task of bringing them up-to-date is exceptionally difficult. Three of the revised volumes have already been published and they will be a standing monument

to the ability and labour of my Honourable Friend the Attorney General and his band of able assistants, and I as member of this Council, would like to take this opportunity of extending to them an expression of gratitude and thanks.

Whilst I am on this subject, I would like to make one suggestion for the consideration of any Honourable Friend. After the traffic regulations have been embodied in the appropriate volumes of the revised subsidiary legislation, I suggest that they should be printed separately and bound in a booklet form for the convenience of motorists so that any further amendments can be conveniently noted, and so that they may be readily available. The cost of printing say, 10,000 copies cannot be excessive and I feel sure that if they are sold at a reasonable price, revenue will not suffer.

I may say that I make this suggestion not only for the benefit of the public but because I have a personal interest in this matter. I have to confess that although as a lawyer I should know all the traffic regulations or at least where to find them, I, in fact, find greatest difficulty in so doing. The legal maxim "ignorance of the law is no excuse" is essential for the proper enforcement of law. For this very reason, laws and regulations should be made readily available for the information of law-abiding citizens.

Sir, may I say in conclusion how heartened I was by your address to this Council a fortnight ago, out-lining the plans for the future developments of this Colony. I am sure all loyal citizens share my feeling. When these plans have come to fruition, the people of Hong Kong can then proudly proclaim that they are citizens of a no mean city. (Applause).

HON. FINANCIAL SECRETARY: —Your Excellency, it will, I think, meet the convenience of both Unofficial and Official Members if this debate on the Second reading of the Appropriation Bill is now adjourned in order to enable proper consideration to be given to the many important points which have been raised this afternoon. It would also be convenient if the Appropriation Bill could now be referred to a Select Committee to consider in detail any final adjustments which it has become necessary to make since the printed Estimates were prepared. The Select Committee will consist of the Colonial Secretary as Chairman, while the members will be the Financial Secretary and all the Unofficial Members.

I therefore move formal reference to such a Select Committee.

THE COLONIAL SECRETARY seconded, and the motion was put and agreed to.

SUPPLEMENTARY APPROPRIATION FOR 1949-1950

BILL, 1951.

THE FINANCIAL SECRETARY moved the First reading of a Bill intitled "An Ordinance to authorize the appropriation of a supplementary sum of eleven million five hundred and sixty-five thousand six hundred and ninety-nine dollars to defray the charges of the financial year ending 31st March, 1950." He said: Your Excellency, expenditure for the financial year 1949/50 was estimated at \$179,924,312, but the actual expenditure was \$2,197,414 in excess of that figure. This was the net increase. The total of \$11,565,699 shown in the Schedule to the Supplementary Appropriation Bill is the gross increase. But the excesses of particular heads over the amounts provided for in the Appropriation Ordinance are offset by savings on others totalling \$9,368,275. It is necessary however to make suppletary appropriation to cover these excesses even though they have already been approved when the quarterly returns of supplementary expenditure were submitted to Council, and although they are partly offset by savings. The Supplementary Appropriation Ordinance is thus purely a regularising measure. The excesses on individual heads were comparatively few and the amounts were mostly small; there were only three large ones. The biggest of these occurred under the head Public Debt and was due to the decision to make a supplementary appropriation of \$5 million to the Sinking Fund for the 3½% Rehabilitation Loan. The figure of just over \$3½ million shown in the Schedule represents the difference between this figure of \$5 million and the savings which were made under the Head. The excess of \$3¼ million under the Stores Department Head is the result of the unexpectedly large amount of sand which was required during the year owing to the large amount of building in progress, but this is offset by receipts on the Revenue side. Another factor was the late arrival of large quantities of steel and water pipes which increased the balance on the Unallocated Stores Account at the end of the year to an abnormal level. The only other large excess was due to the late presentation of the accounts in respect of the initial equipment for the Defence Force.

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

SUPPLEMENTARY LOAN PROVISIONS 1948-49.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Supplementary Loan provisions for the year ended 31st March, 1949, as set out in Schedule No. 1 of 1948-49, be approved.

He said: Your Excellency, under section 4(2) of the Hong Kong Rehabilitation Loan Ordinance, 1948, the transfer of money from one item of the Schedule of the Ordinance to another item requires the approval of the Legislative Council and the Secretary of State. The Ordinance does not lay down any particular formality for the transfer of money between sub-items of the same item in the Schedule or for the carrying forward of unexpended balances on individual sub-items from one year to another.

Attention has, however, recently been invited to the fact that these transfers and carry-forwards must be made in accordance with Colonial Regulations which state that any amendments to the approved detailed expenditure in one financial year must receive the approval of the legislature and the sanction of the Secretary of State. These formalities have not been observed since November, 1948 because as Finance Committee has in fact approved all such alterations in expenditure for individual sub-items and as the Schedule of estimated loan expenditure for each successive year is incorporated in the annual Estimates, it was thought that this would have sufficed. It is now therefore necessary to seek the concurrence of this Honourable Council in the decisions previously taken by Finance Committee and the Schedule of Supplementary Loan provisions in respect of the financial year 1948-49 is submitted for formal approval. It will be necessary at a later date to present schedules in respect of subsequent years when these have been drawn up.

THE COLONIAL SECRETARY seconded, and the motion was carried.

**HONG KONG AND YAUMATI FERRY
COMPANY (SERVICES) BILL, 1951.**

HON. P. S. CASSIDY: —Sir, I beg to propose that the next item on the agenda be postponed until this Council next meets. One or two of my Unofficial colleagues wish to speak on the Second reading of the Bill and as this afternoon's debate is uppermost in our minds, we should like to have more time for consideration.

H. E. THE GOVERNOR: —Has the Mover got any objection?

THE ATTORNEY GENERAL: —No, Sir.

H. E. THE GOVERNOR: —Has any member any objection? (No reply).

H. E. THE GOVERNOR: —This item will be put off till we next meet a week from today, when the Second and Third readings will be taken.

**SOCIETY FOR THE PROTECTION OF CHILDREN
INCORPORATION BILL, 1951.**

HON. CHAU TSUN-NIN, C.B.E., moved the Second reading of a Bill intituled "An Ordinance to incorporate the Hong Kong Society for the Protection of Children".

DR. HON. CHAU SIK-NIN, C.B.E., seconded, and the Bill was read a Second time.

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

Council then resumed.

HON. CHAU TSUN-NIN, C.B.E., reported that the Society for the Protection of Children Incorporation Bill, 1951, had passed through Committee without amendment, and moved the Third reading.

DR. HON. CHAU SIK-NIN, C.B.E., seconded, and the Bill was read a Third time and passed into law.

ADJOURNMENT.

H. E. THE GOVERNOR: —Council will adjourn to this day week.
