

27th March, 1952

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**PRESENT:**

HIS EXCELLENCY THE GOVERNOR

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

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT-GENERAL SIR TERENCE AIREY, K.C.M.G., C.B., C.B.E.

THE HONOURABLE THE COLONIAL SECRETARY

MR. ROBERT BROWN BLACK, O.B.E.

THE HONOURABLE THE ATTORNEY GENERAL

MR. G. E. STRICKLAND, Q.C., *Acting*.

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. RONALD RUSKIN TODD.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE.

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

*(Director of Public Works).*

THE HONOURABLE DOUGLAS JAMES SMYTH CROZIEB.

*(Director of Education).*

DR. THE HONOURABLE YEO KOK CHEANG

*(Director of Medical and Health Services).*

THE HONOURABLE KENNETH MYER ARTHUR BARNETT

*(Chairman, Urban Council).*

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

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

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

THE HONOURABLE PHILIP STANLEY CASSIDY.

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.

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

THE HONOURABLE NGAN SHING-KWAN

MR. RONALD THOMPSON *(Deputy Clerk of Councils).*

**ABSENT:**

THE HONOURABLE MAURICE MURRAY WATSON.

**MINUTES.**

The Minutes of the meeting of Council held on 10th March, 1952, were confirmed.

**PAPERS.**

THE COLONIAL SECRETARY, by Command of His Excellency the Governor, laid upon the table the following papers:—

<i>Subject</i>	<i>G.N. No.</i>
Report of the Select Committee on the “Appropriation for 1952-53 Ordinance, 1952” Bill.	
Fifth Annual Report of the Hong Kong War Memorial Fund Committee 1951.	
The Public Revenue Protection Ordinance, Chapter 120. Order under section 2 . . . . .	A. 49
The Public Health (Food) Ordinance, Chapter 140. The Slaughter-houses (Amendment) By-laws, 1952. . . . .	A. 51
The Protected Places (Safety) Ordinance, Chapter 260. The Protected Places Declaration (Amendment) Order, 1952 . . . . .	A. 52
The Quarantine and Prevention of Disease Ordinance, Chapter 141. Declaration under section 18 . . . . .	A. 53
The Defence Regulations, 1940. The Price Control Order, 1946—Amendments to the Schedule . . . . .	A. 54

**THE DEBATE ON THE SECOND READING OF THE  
APPROPRIATION FOR 1952—53 BILL, 1952—Continued.**

THE DIRECTOR OF PUBLIC WORKS:—Sir, this is, I think, the tenth occasion on which I have taken part in a Budget Debate, but it is the first on which I find myself generally in agreement with the views of the Unofficial Members on the subject of Public Works.

With regard to the parking of cars in the central area of Hong Kong referred to by my Honourable Friend Dr. S. N. Chau, it would seem that the best solution is to build the new City Hall high enough off the ground to allow for parking underneath it. Professor Gordon Brown who, as Honourable Members are aware, is preparing a lay-out for the central

reclamation area, is of the opinion that the area which will be covered by the City Hall will provide parking facilities for approximately four or five times the number of cars now parking in Statue Square. In addition to the car park at the City Hall it is proposed that in the next section to be reclaimed a new overhead car park be created at the concourse to the vehicular ferry. This would be reached by ramps which could be incorporated into the new concourse, which will be designed to serve the ferry. If these two car parks are built it would mean that there would be a very large parking area to the east and to the west of the central urban area which will relieve the parking problem to a great extent.

I am informed, Sir, that the United Kingdom Town and Country Planning Act of 1947 can demand that provision be made within the curtilage of the property for turning and parking of vehicles and if land owners in Hong Kong could be persuaded to provide for the parking of cars within the boundaries of their lots, the situation would be further improved.

I agree with my Honourable Friend Mr. D'Almada who referred to the inadequacy of the concourse at the Star Ferry terminus at Kowloon. Honourable Members will appreciate that the redesign of this concourse is intimately related to the position and size of both the new Star Ferry pier and the new public pier.

Since the end of last year I have been in negotiation with the Star Ferry Company regarding the lay-out and the design of the new ferry pier which work is now well advanced and I hope to be in a position to submit my recommendations to Government at an early date. When these recommendations have been approved the proposed new lay-out for the concourse can then be finalized.

I agree, Sir, that when the temporary post office at Kowloon is removed, additional parking space can be made available.

With regard to traffic lights referred to by my Honourable Friend Mr. Terry, plans are being prepared for a traffic lighting system both for the island and for Kowloon. When the plans have been approved the work will be programmed so that the cost may be spread over the next few years.

An indent for traffic lights to be installed at Nathan Road at the intersection of Jordan Road, Waterloo Road, Prince Edward Road and Argyle Street is still outstanding, but these lights will be installed as soon as they are received.

The question of street lighting was raised by my Honourable Friends, Dr. S. N. Chau and Mr. Ngan Shing Kwan. Honourable

Members will remember that at the time of the reoccupation of the Colony the system was in a shockingly bad state of repair and on inspection it was found that many of the cables and fittings had been removed.

The rehabilitation of the system has kept pace with the supply of the necessary cables and fittings at the disposal of the Utility Companies, and with the funds which have been made available for this work. But I agree, Sir, with the Honourable Members that much remain to be done.

Towards the end of last year, I had discussions on this subject with the Commissioner of Police who has recently given me a very comprehensive list of unlighted and insufficiently lighted streets in the major traffic areas, and also a list of streets not in the major traffic areas, but which he considers should be provided with lights or are insufficiently illuminated.

These lists are now being examined by my department and I will report to Government as soon as possible how much this work will cost and how much can be undertaken during the coming financial year, if my Honourable Friend the Financial Secretary can make the necessary funds available.

In this connexion, Sir, I should like to draw the attention of Honourable Members to the recent increases in the cost of gas and electricity in the Colony which will result in the annual cost of maintaining the existing lights rising from \$834,000 to well over a million dollars; and of course any increase in the number of lights will mean a proportionate increase in the cost of maintenance.

My Honourable Friend, Mr. Ngan Shing Kwan, raised the question of a curb along the edge of the Praya. In June of last year I referred this matter to the Port Committee in connexion with a curb for the protection of traffic along the Praya wall of Connaught Road. The Chairman advised me that his Committee were of the opinion that the expenditure required to provide a curb along the waterfront would not be justified by the degree of safety provided. Furthermore, the proposal would be opposed by the junk owners and cargo gangs, as it would make the unloading of cargo on certain sections of the sea front more difficult.

However, since then there has been at least one fatal accident and in connexion with the reconstruction of Connaught Road, Central, from Gilman Street to Pedder Street, plans have been submitted to the Commissioner of Police which provide for a

pavement and curb to the east of the concourse at Jubilee Street Pier and for a curb to the west of the concourse. These plans will be discussed in a few days time at a meeting of the Traffic Advisory Committee who will make their recommendations to Government.

With regard to the Nissen Huts for use as Government Schools, they do not in themselves constitute a school, and in order to obtain the natural lighting required in a classroom, very considerable expense would be involved in providing windows. I am of the opinion Sir, that it is possible to build as fast and as cheaply in first cost, and a great deal cheaper in final cost when maintenance charges are taken into consideration, by using precast concrete blocks and a reinforced concrete roof.

My department has recently had several discussions with my Honourable Friend the Director of Education on the design of a standardized low cost Government primary school. I am satisfied that the form of structure which is now going to be used is the lowest possible in cost, taking into consideration the minimum health and lighting requirements of the Education Department and their medical advisers, together with my desire to reduce annual maintenance costs to a minimum.

On the subject of maintenance and reconstruction of roads, from the figures quoted by my Honourable Friend Mr. Ngan Shing Kwan, Honourable Members will appreciate the extraordinary growth of traffic in the post-war era and must realize that this heavy weight of vehicles is being carried by roads which were designed for light traffic only. Some of our roads have already failed under these heavy loads and it is essential that a large sum of money should be spent on their reconstruction in order to reduce the high cost of maintenance.

I refer Honourable Members to page 112 of the Estimates where it can be seen that a sum of \$19,700,000 is scheduled to be spent on the reconstruction of public motor roads over the next five years. This expenditure will not by a long way cover all the reconstruction necessary, but it will ensure that a number of main traffic routes are made suitable for modern traffic conditions and as the work progresses our annual maintenance charges on the roads dealt with will decrease. The reconstruction programme will be carried out in carefully planned stages so that the least inconvenience will be occasioned to the general flow of traffic, and traffic blocks avoided as far as possible. In this connexion I must point out that I work in close and friendly co-operation with the Commissioner of Police.

It has been suggested that repair work on roads has not been properly organized, but I am of the opinion that this criticism refers mainly to the opening and reinstatement of trenches. In regard to this phase of road work, I would draw attention to the fact that due to the phenomenal growth of the population in the last few years the existing services have proved inadequate resulting in the laying of larger electric and telephone cables, water and gas mains, to say nothing of the enormous number of connexions of all kinds which have had to be made to reconstructed and new buildings. Honourable Members are no doubt aware of the delays which occur in obtaining delivery of cables and piping, etc., from the United Kingdom, and this fact makes it very difficult, indeed impossible, to ensure that all the services are laid in any one road at the same time, no matter how much planning and forethought are put into the preparation for carrying out the work.

In conclusion, Sir, I can assure Honourable Members that my department is making strenuous efforts to cope with the problems of maintenance, reconstruction and improvement of our road system, and to co-ordinate with the Public Utility Companies in regard to the opening and reinstatement of trenches in the roadways. (Applause).

THE DIRECTOR OF EDUCATION:—Sir, the sum total of comment on the provision for education contained in this Bill appears to be that such expansion as Government envisages during the coming year will be a welcome development, but that much will still remain to be done. I am in full agreement with this opinion, and Honourable Members are of course aware that this development is but part of a long term and comprehensive programme. Pride of place in that programme has been given to the expansion and improvement of primary education for this is the essential basis for everything else. Honourable Members can rest assured that Government will continue in its endeavour to secure the maximum value out of the funds available for this purpose.

The two-sessional school has many drawbacks, but it is justified in the present circumstances by the greater numbers it can serve and consequently it will continue to be adopted wherever possible in the premises of Government primary schools. And as with the use, so with the construction of school buildings. My colleague, the Honourable Director of Public Works, has already explained to Honourable Members the considerations that must guide us in determining the most appropriate type of school structure and I need therefore add no more than this, that we

shall spare no efforts to secure the greatest advantage consistent with economy in construction and maintenance.

My Honourable Friend, Dr. S. N. Chau, has made an interesting observation with regard to the proportionate increase in secondary school places that will become necessary as we expand our primary schools. He suggested that the grant-in-aid schools should devote a greater part of the grants which they receive to the provision of secondary places. Certainly no schools are better fitted for this responsibility, but I would prefer to withhold further comment until the schools themselves have been consulted. My Honourable Friend has spoken also of the consideration that should be given to secondary and further education of a more practical and technical kind.

Thanks largely to the generosity of Sir Robert Ho Tung, it will be possible for Government to erect, during this coming year, a vocational school for girls which will cater for pupils from about 12 to 16 years of age, and will provide practical training in commercial and domestic subjects as well as all the more customary subjects of a secondary school.

As my Honourable Friend stated, the needs of technical education are now being considered by a Committee appointed by Your Excellency, and referred to in Your Excellency's address. It is hoped that in this matter we shall have the additional assistance of an expert from the United Kingdom whose services for a few months Government is now endeavouring to secure.

Mention has been made by another Honourable Member of the unsatisfactory conditions of employment to which some teachers in private schools are subjected. It would be unfair to many managers of private schools to suggest that they underpay their teachers. Nevertheless, there are others, and this is not the first occasion on which I have criticised them, who make it impossible for the teachers whom they employ to live in reasonable comfort or in accordance with the dignity of the profession which they serve or the importance of their work, and I can assure Honourable Members that Government is fully conscious of this matter and will bear it carefully in mind when considering any future legislation affecting education. (Applause.)

THE DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Your Excellency, in the course of the debate last week, my Honourable Friend and colleague Dr. S. N. Chau referred to the planning of the proposed 1,000 bedded Kowloon Hospital and urged me to get together with the Honourable Director of Public Works

to ensure that the extra cost for this hospital is reduced to a minimum. I would like to assure my Honourable Friend that all that can possibly be done to economize will certainly be done, but it must be economy compatible with efficiency and provision of adequate medical services to meet the needs of the community.

My Honourable Friend Mr. Terry referred to the provision for the removal of the Kowloon Distributing Dispensary from the Kowloon Hospital Out-patients Department to a more suitable place. I agree with him entirely and would like to assure him that steps have been taken to find a more suitable place for this distributing dispensary for Kowloon and New Territories Clinics so that the present room in the Kowloon Hospital Out-patients occupied by it can be made available for actual medical work. (Applause.)

THE COLONIAL SECRETARY:—Your Excellency, I should like to comment on certain points which have been raised during the earlier part of this debate other than those which have been dealt with by my colleagues the D. P. W., D. of E. and the D. M. H. S.

My Honourable Friend Dr. Chau mentioned legislation in force in certain other territories prohibiting the use of head lamps in built up areas, and in referring to the danger of accidents from dazzle, drew attention to the desirability of further improvement to street lighting. I have consulted the officers responsible for traffic arrangements on the subject and we are satisfied that until these further improvements have been made in street lighting it will be most undesirable to consider legislative action to restrict the use of headlights, and I hope that my Honourable friend will agree with this conclusion.

My Honourable Friend also referred to the construction of a minimum security prison in the New Territories and expressed the hope that this would not be deferred. Late in 1950 this project was considered amongst other major public works for inclusion in the 5 year plan and it was decided at that time that it could not compare with certain other major works. Government agrees in principle with the proposal which is to have a prison labour camp to deal with persons serving short, sentences or sentences in lieu of fine, but it must relate its public works programme to certain limits of expenditure, the estimated cost for which was \$1,800,000. Estimates to-day might show that this figure will be even larger and I am sure that my Honourable Friend will agree with me that with the programme which we are undertaking immediately, additional expenditure for the prison camp must take its place in the queue of desirable but less essential works.



My Honourable Friend Mr. D'Almada has expressed concern about the future use of the site on which the present Kowloon Hospital stands and he hopes that it may be preserved as an open space preferably for use as a playground for young children. While it is not possible at this early stage to comment I would like to assure my Honourable Friend that his representations in this matter will receive sympathetic consideration.

My Honourable Friend also inquired, and in this he was supported by other Honourable Members, about the outcome of the visit of the Efficiency Expert. The Expert in question, Mr. Ross, visited this Colony for about six months in 1949 and again for one month in 1951 as an adviser on Organization and Methods. I have looked through his voluminous report which, in measurement, is about eight inches thick and contains about 1,092 paragraphs on the subject of the Public Works Department. However, I have struggled to size up the position and it appears to be as follows.

Mr. Ross undertook detailed surveys of the Colonial Secretariat and of the Public Works Department and he also had a number of smaller assignments dealing with specific questions of structure or procedure in various other Government departments. A large number of his recommendations were accepted and have been carried into effect with resulting economies both in time and labour, particularly in clerical and accounting procedure. In this connexion I would cite the instances of the alteration in procedure in dealing with the Suspense Accounts for Water Works, Quarry production and in the Electrical and Mechanical Works office. It was found that a small, relatively small, number of recommendations made by the Efficiency Expert were not suitable and these were rejected. Certain others have had to be deferred and finally, there are those which can only be brought into full effect over a period of years. There is, for instance, the recommendation to make increasing use of non-expatriate officers for certain work in the Public Works Department which has led to the creation recently of such new grades as Assistant Architect and Assistant Inspector and for this recruitment is being undertaken locally.

In his speech during the budget debate in 1950 the Financial Secretary, Sir Geoffrey Follows referred to immediate reductions in staff carried out following on Mr. Ross' visit to the Colony, that is the one in 1949. Unfortunately it cannot be said that there have been continued reductions in staff since that time, but Honourable Members are only too well aware of reasons why

this should be so. We have had an increasing number of commitments which we have undertaken over the past few years. In the case of the Secretariat, as Sir Geoffrey Follows indicated, proposals for staff reductions were upset by the necessary expansion of the Defence Branch and the supervision of new organizations connected with security. In the case of the Public Works Department there was an increase of approximately 200 monthly paid posts between April, 1949 and the present time, mainly as the result of Mr. Ross' recommendation that certain categories of daily rated staff, such as foremen, should be transferred to monthly basic pay, in order to provide a more stable and effective establishment. The transfer of such posts to the monthly paid establishment was at the time offset by corresponding reductions of staff on daily rates of pay. However, and on the other hand, in the face of the expanding public works programme undertaken in the years that have elapsed since, it has become necessary again to increase the number of those engaged by the Public Works Department on daily rates of pay. It will be readily appreciated, for instance, that the increased main-laying and waste detection operations undertaken by the Waterworks sub-department, preliminary work on the Tai Lam Chung reservoir scheme, maintenance work on roads, vehicles and plant, and the opening of the Tsat Tse Mui quarry in 1950 have all had their effect on the total establishment of the Public Works Department.

However, I would assure Honourable Members of Council that Government will continue to take all possible steps to make economies and to keep staff down, bearing in mind our commitments and the necessity for maintaining efficiency in administration.

My Honourable Friend Mr. Cassidy indicated that he thought that it was about time that Government made a statement on what is being done about the airport at Kai Tak. Honourable Members will recollect that in May of last year a statement was issued reporting that, following on a conference in London, at which our Director of Civil Aviation was present, a Ministry of Civil Aviation Survey party, under the leadership of Mr. Broadbent, arrived in the Colony to examine a plan which had seen drawn up in Hong Kong. This plan was for the extension of the runways at Kai Tak to enable the airport to handle with safety and reasonable regularity, modern aircraft such as the Comet and the Stratocruiser.

The report eventually prepared by this Survey Party envisaged the development of Kai Tak in four phases. In the first of these it was recommended that certain radio beacons and meteorological stations should be established on Waglan, Cheung Chau and Stonecutters to assist aircraft in approaching Kai Tak in bad weather. The second phase was to be the extension of the eastern end of the main runway, described as "07", by 2,000 feet and also the removal of the hill at the western end of this runway. In the third phase it was proposed that there should be radar trials carried out to ascertain whether certain radar equipment could be operated effectively. The fourth phase was to be the construction of a new runway whose funnel would stretch into Kowloon Bay. This plan was considered by the Ministry of Civil Aviation, the Air Ministry, certain Government Departments in this Colony and our Air Advisory Board, and in consequence Government has accepted this plan in principle.

As Honourable Members are aware, action has already been taken on the first phase. With the assistance of a Colonial Development and Welfare grant, new buildings to house the radio beacons and meteorological stations on Waglan and Cheung Chau will soon be erected. Working plans have already been completed. They will also be aware that the hill at the western end of Runway "07" has now almost disappeared and therefore that part of the action required in the second phase has been carried out. We have unfortunately encountered difficulties in the third phase, that is the one dealing with radar trials. This has been due to our inability so far to obtain the necessary equipment. We appreciate that the results of these trials may be required in connexion with the construction of the new runway envisaged in the fourth phase, but Government has decided, rather than delay consideration of the general problem too long, to proceed with the examination of the lay-out and estimates for the extension eastwards of the existing runway and of the construction of a new runway stretching out into Kowloon Bay. To this end Government addressed the Secretary of State last February requesting him to arrange for consulting engineers to be engaged to design the lay-out and prepare preliminary estimates of these two projects. It will not be possible to calculate the cost of these two projects until the consulting engineer's report is received. But Government hopes that the £3 million interest free loan, originally intended for the proposed Deep Bay air-field, will be made available for this scheme. Confirmation on this point has not been received from Her Majesty's Government as to whether consulting engineers can be engaged at an early date. I should

like to add that the extended runway and the new runway will enable Argonauts using Kai Tak to give a better performance, but the experts are not all agreed upon the effect on other modern aircraft. However, Government's local advisers are confident that once the two runways are completed, the Comet and the Bristol will be able to operate safely into Hong Kong.

My Honourable Friend Mr. Watson drew attention to the unemployment problem in the Colony and I should very much like to assure him—in his absence—that the problem and its implications are receiving close consideration by Government.

Finally, Your Excellency, I would like to broach delicately the malodorous nullah mentioned by my Honourable Friend Mr. Terry. He will have heard what I have just said about the progress made on the question of additional construction at Kai Tak, and he will, I hope, appreciate that until the position is clear about our construction commitments at Kai Tak it is not possible to proceed with specific action to remove this particular unfortunate odour. (Applause.)

THE FINANCIAL SECRETARY:—Sir, before I deal with such points raised by speakers in the earlier part of this debate as have not yet been answered, I should perhaps revert to that part of my introduction of the Appropriation Bill which dealt with the possibility and indeed the probability of additional taxation in the near future. That near future turned out to have been much nearer than I thought at the time. Within a few days after the 5th March, on which I gave that warning, it appeared that it would be necessary to provide for considerably more expenditure than had in fact been budgetted for. The reasons for that additional expenditure are to be found in the report of the Select Committee which is before Honourable Members to-day. The additions to the estimate of expenditure come to not far short of \$3½ million. Thus the revised estimates show a deficit not of \$45,000, but of \$3½ million, against which I proposed to raise \$1½ million by increasing the betting duty. A further \$2 million thus had to be covered. I therefore advised Your Excellency that in my view the least painful method of bridging this gap was to increase the duties on certain types of liquor. Your Excellency accepted my advice and brought the increased duties into effect forthwith by an Order under the Public Revenue Protection Ordinance. The estimate of yield from this measure is just over \$4 million and the net effect is that after allowing for the increased expenditure recommended by the Select Committee we should

show a surplus of \$2 million for the forthcoming year. This is not a very large surplus, and the situation will need very close watching during the next six months, especially in view of the general recession in trade and business to which so many members referred in the course of the debate. I can but hope that I may yet prove to have been somewhat conservative about the revenue estimate.

One or two members referred to the hardships imposed on this Colony by what they term the American embargo. When I was head of the Department of Commerce and Industry, I had a considerable amount to do with this embargo, and as members are aware, went to Washington at the request of the British Embassy there to present the case of Hong Kong. I think I should remind Honourable Members that the Government of the United States does not regard its action as constituting any embargo against Hong Kong. They have placed restrictions on the export of a considerable number of items to this Colony, but I think it is fair to say that the restrictions have been considerably relaxed in the course of the last year or eighteen months, and yet further relaxations have just been announced. The situation which arose as a consequence of these restrictions is one that Government has had very much in mind, and I can assure members that we have not been inactive. I feel that every credit must be given to Her Majesty's Government, which came to our aid in supplying many types of goods, and particularly raw materials, of which we were in dire need. I might particularly mention the large allocation of tinsplate which was made to us in order to keep some of our factories from closing down.

One point was made which I think indicated a misconception on the part of the Honourable Ngan Shing Kwan in referring to water charges. There is no intention of making a large surplus on our water undertaking. Government policy is, and has been, for many years to see to it that the water undertaking pays for itself, but no more. The survey to which I referred is thought advisable because of the fact that the accounts are kept in the first instance in the normal Government manner, which as Honourable Members are aware, is very different from commercial accounting, in that it is run on a cash basis. I am anxious that as soon as possible someone shall get down to a thorough investigation of the accounts so as to produce a proper profit and loss account and a balance sheet, to enable us to see exactly where we stand. There is nothing more to it than that.

One or two members emphasized the necessity for economy in administration, and especially for economy in stationery and printing. I am very sorry that the zeal of the Secretariat staff in seeing to it that the needs, or possible needs, of Unofficial Members in the way of official papers to help them in the conduct of this Council's business should have been interpreted as being wasteful. Instructions have now been issued that the distribution of papers to members of this Council shall be gone into and I trust that if any Honourable Member feels that any resulting economies are being pushed too far, he will let me know at once. I may mention as a matter of interest that one of our officers who, like the Honourable P. S. Cassidy, has been delving into past records has found that in the year 1891 a member of this Council, the Honourable T. H. Whitehead, introduced a motion to the effect that each member ought to be supplied with two copies of every sessional paper. The matter was not pressed to division and the motion was withdrawn. So far as stationery is concerned, I think that the establishment of the new Printing Department will have a very good effect. In the past it was comparatively easy for a department to order new forms from the Government printing contractor almost without limit. The department was able to specify the type of paper it required, and the size of paper it required. The Government Printing Officer is now scrutinizing every new order for forms, and has already been able to secure considerable economies by reducing the quality of the paper where a high quality is not really required, and even more by reducing the size of the form. This policy will be continued. In the course of last year Your Excellency gave instructions to economize in the use of paper.

The Honourable M. W. Lo raised the question of increasing the yield from rates on buildings which are subject to the control of the Landlord and Tenant Ordinance. He propounded the theory that rates represented a contribution towards the cost of services supplied by Government. This theory is an attractive one, but I doubt if it is really valid in this Colony. In the U. K. and in many other countries it is the case that rates are payable to the local municipal or rural authority and represent, at least in theory, the cost of services supplied. But over and above the rates the householder has also to pay taxation to the central government of the country. Now here there is a fundamental difference in that both rates and other taxes are all paid into the one pool from which funds are disbursed in accordance with the decisions made in this Council. It therefore cannot really be said

that rates are a contribution towards the cost of services supplied, any more than are duties on tobacco, for example, or the 15 cent stamp on a cheque.

Nevertheless the Honourable Member's suggestion will be given careful consideration when the report of the Committee which Your Excellency has appointed to advise on rent control has been received, and when Government's policy on this thorny question has been decided. It must be borne in mind that liability for Property Tax is related to the rateable value.

The Honourable C. E. Terry referred to the fact that in many cases assessments for profits tax were being delayed, and cited the case of one particular company which had provided in its balance sheet for arrears of tax for two years. As I indicated earlier in this debate, I am aware that things are not satisfactory, and the mounting arrears of work in the Inland Revenue Department have given me cause for much concern ever since I took over my present duties. The establishment of that department has been increased, and I am glad to say that as a result of the visit of the Commissioner of Inland Revenue to Australia, it is now almost certain not only that all the vacancies will be filled, but that there will be one officer over and above the establishment of Grade I Assessors. It is thought advisable not to lose the opportunity of taking this officer, and accordingly the staff will for some time to come be one more than is provided for in the estimates. The Commissioner expects that a great volume of the arrears will be disposed of during the forthcoming year, and it is for this reason, primarily and fundamentally, that the estimate of revenue has gone up from \$50 million to \$60 million for the forthcoming year.

A number of members expressed the view that more might be done to see that those who do not pay tax, and who should pay tax, might be made to pay. This is also very much in my mind, and I propose to see to it that the necessary action is taken. But I feel that our first step is to try and clear away the arrears. When this has been done we shall get down to the task of searching out the people who do not pay. In this we shall be materially assisted by the new Ordinance to provide for registration of business names and partners. This legislation has already been considered by Government in draft form, but has been referred back for further amendments. The work is being pressed ahead and I trust that it will be presented to this Council within the next couple of months.

The Honourable C. E. M. Terry also referred to the necessity of making sure that other types of revenue do not go uncollected. The particular case of water revenue to which he referred was brought to my attention by the Director of Audit personally a little while ago, and it is being dealt with. The problem of making sure that existing sources of revenue are being tapped to the utmost has presented itself also in other fields. The yield from liquor duties is perhaps a case in point. Those members who scan the monthly reports from the Department of Commerce & Industry are no doubt aware that there are quite a number of illicit stills being operated in the Colony, and that there is a certain amount of tobacco smuggling. I believe that the campaign against this evasion of duty has rather suffered by reason of the fact that the revenue staff have had of necessity to be diverted to control of imports and exports following on the decisions taken as a consequence of the Korean crisis, but I have intimated to the Director of Commerce and Industry that he must take all possible steps to see to it that evasion of duty, and smuggling, are stopped. This is even more important now in view of the 25 per cent increase on the rate of duty for liquor distilled locally.

I should add that the Honourable P. S. Cassidy's suggestion, that advertisements might be a possible source of revenue, is being actively followed up.

I feel, Sir, that I cannot conclude without making some acknowledgment of the very kind references to myself by the Unofficial Members. Indeed, I observe that one newspaper has put into the mouth of one Honourable Member certain compliments to myself which I do not think he in fact said in the course of the debate. I can but say that I have endeavoured to set forth the Colony's financial position and prospects in the simplest way I can, and in fulfilling that duty I have been helped at every stage by the wise counsel of the Unofficial Members which has been freely at my disposal, and also by their candid and constructive criticisms which I find most stimulating. (Applause).

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

THE COLONIAL SECRETARY moved:—"That the Report of the Select Committee to which was referred the Appropriation for 1952-53 Bill together with the draft Estimates be adopted."



THE FINANCIAL SECRETARY seconded and the motion was carried.

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

Clause 2.

THE FINANCIAL SECRETARY:—Your Excellency, I move in clause 2 that instead of the words “two hundred and eighty five million two hundred and seven thousand one hundred and ninety eight dollars” there shall be substituted the words “two hundred and eighty eight million six hundred and seventy three thousand and twelve dollars.”

Schedule.

THE FINANCIAL SECRETARY:—Your Excellency, I move that the Schedule be amended in every detail as recommended by the Report of the Select Committee so that for the total of \$285,207,198 there shall be read the figures \$288,673,012.

Preamble.

THE FINANCIAL SECRETARY:—Your Excellency, I move that in the Preamble for the words “two hundred and eighty five million two hundred and seven thousand one hundred and ninety eight dollars” there shall be substituted the words “two hundred and eighty eight million six hundred and seventy three thousand and twelve dollars.”

Enacting Clause and Title.

THE FINANCIAL SECRETARY:—Your Excellency, I move that the words “two hundred and eighty five million two hundred and seven thousand one hundred and ninety eight dollars” be substituted by the words “two hundred and eighty eight million six hundred and seventy three thousand and twelve dollars.”

This was agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Appropriation for 1952-53 Bill, 1952, had passed through Committee with amendments and moved the Third reading.

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

**ESTIMATES FOR 1952-53.**

THE FINANCIAL SECRETARY moved the following resolution:—

Resolved that this Council approves that the estimates of revenue and expenditure for 1952-53 incorporating the amendments proposed by the Select Committee should be adopted and further that this Council approves the expenditure of \$7,511,500 on the items in the Schedule of Expenditure under the Rehabilitation Loan in the aforesaid Estimates which sum shall be met from loan funds and shall be charged as an advance from the surplus funds of the Colony pending reimbursement from loan funds.

He said: Your Excellency, this Resolution indicates formal approval of the Estimates.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

**THE DUTIABLE COMMODITIES ORDINANCE,****CHAPTER 109.**

THE FINANCIAL SECRETARY moved the following resolution:—

Resolved pursuant to section 4 of the Dutiable Commodities Ordinance, Chapter 109 as follows:—

That the DUTIES ON LIQUOR as set forth in the Resolution of the Legislative Council published as Government Notification No. 628 in the *Gazette* of the 29th November, 1946, be revoked with effect from 2 o'clock P.M. on Tuesday, the 18th March, 1952, and that thereafter duty shall be payable on liquors at the following rates per gallon:—

## PART I.

<i>On—</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>
	\$	\$	\$
Liqueurs . . . . .	—	44.00	55.00
Brandy, Whisky, Gin and other spirituous liquors . . . . .	44.00	44.00	55.00
Champagne and other sparkling wines . . . . .	—	36.00	44.00

<i>On—</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>
	\$	\$	\$
Port, Sherry and Madeira. . . . .	—	20.00	25.00
Other still wines . . . . .	—	16.00	20.00
Cider and perry . . . . .	—	2.00	2.50
Concentrated beer in whatever form, whether form, whether ale basis, or malt and hops concentrate, or otherwise . . . . .	1.15	1.50	1.90
and in addition, for every degree by which the original gravity exceeds 1045 degrees. . . . .	0.03	0.04	0.05
Other beer, except cider and perry, not exceeding 1055 degrees original gravity . . . .	1.00	1.50	1.90
and in addition, for every degree by which the original gravity exceeds 1055 degrees . . .	0.03	0.04	0.05
Intoxicating liquo9rs in this Part above the strength of 22 degrees under proof, for every degree above such strength, in addition to the duties specified above . . . . .	0.50	0.50	0.65

## PART II.

<i>On—</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>
	\$	\$	\$
Chinese type liquor and Sake . . . . .	5.00	5.00	6.25
and in addition, for every one Per cent by which the alcoholic strength by weight exceeds 25 per cent. . . . .	0.20	0.20	0.25

## PART III.

<i>On—</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>	<i>Hong Kong Origin</i>
	\$	\$	\$
Spirits of wine, arrack, and liquors Other than intoxicating liquors. . . . .	5.00	5.00	6.25
and in addition, for every one per cent by which the alcoholic strength by weight exceeds 25 per cent. . . . .	0.20	0.20	0.25

Provided that the Director may assess the duty on intoxicating liquors, not specified in Part I or II, at the rate prescribed for liquor which in his opinion most nearly approximates to the liquor on which duty is to be assessed;

Provided also that the Director may in his discretion assess the duty on any quantity of liquor of less than two gallons, imported at any time in one consignment at \$50 per gallon.

He said: Sir, the necessity for this resolution has already been made plain in the course of the debate upon the Appropriation Bill, and I fear that we have no option but to raise more revenue to carry out the programme that we have in mind.

The liquor duties were last revised in November, 1946. The effect of the increases which are proposed, and which have in fact already been brought into effect by an order signed by Your Excellency under the Public Revenue Protection Ordinance, is that the duty on a bottle of Brandy of non-Empire origin will go up by \$2.50, that is from \$6.67 to \$9.17; the duty on a bottle of Scotch will go up by \$2 from \$5.33 to \$7.33, and the same increase applies to gin of Empire origin. Irish whisky is similarly affected.

The duty on locally distilled Chinese liquor, which is comparatively low for its strength, will go up by 25 per cent, that is from \$4 a gallon to \$5, with a corresponding increase for imported liquor, and a proportionate increase for liquor of a strength exceeding 25 per cent.

Honourable Members may be interested to hear the figures for consumption of liquor on which duty was paid in 1951, over and above duty free deliveries. They are as follows:—

Brandy . . . . .	88,164 gallons
Whisky . . . . .	74,093 gallons
Gin . . . . .	32,625 gallons
Liqueurs . . . . .	11,542 gallons
Beer . . . . .	1,933,273 gallons
Chinese type liquor . . . . .	1,232,128 gallons
Sparkling Wines, including	
champagne . . . . .	4,222 gallons
Port, Sherry and Madeira . . . . .	37,781 gallons
Other still wines . . . . .	17,623 gallons
Cider and Perry . . . . .	2,560 gallons.

I estimate that the increase in duty on the basis of the consumption figures I have quoted will be in \$4,100,000 annually. The total revenue from all duties on spirituous liquors in 1951 was just over \$18¼ million.

I have not recommended any increase in the duties on wines, because they are already heavy even in comparison with those imposed in the United Kingdom, nor is it proposed to increase the duty on beer or on cider.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

#### ADJOURNMENT.

H.E. THE GOVERNOR:—Council will adjourn to 2. 30 p. m. on Wednesday, 9th April.