

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 23rd March, 1955.****PRESENT:**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, G.C.M.G.
HIS EXCELLENCY THE COMMANDER BRITISH FORCES
LIEUTENANT-GENERAL CECIL STANWAY SUGDEN, C.B., C.B.E.
THE HONOURABLE THE COLONIAL SECRETARY
MR. ROBERT BROWN BLACK, C.M.G., O.B.E.
THE HONOURABLE THE ATTORNEY GENERAL
MR. ARTHUR RIDEHALGH, Q.C.
THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS
MR. BRIAN CHARLES KEITH HAWKINS, C.M.G., O.B.E.
THE HONOURABLE THE FINANCIAL SECRETARY
MR. ARTHUR GRENFELL CLARKE, C.M.G.
THE HONOURABLE THEODORE LOUIS BOWRING, C.M.G., O.B.E.
(*Director of Public Works*).
THE HONOURABLE DOUGLAS JAMES SMYTH CROZIER
(*Director of Education*).
DR. THE HONOURABLE YEO KOK CHEANG
(*Director of Medical and Health Services*).
THE HONOURABLE HAROLD GILES RICHARDS, O.B.E.
(*Director of Urban Services*).
DR. THE HONOURABLE CHAU SIK NIN, C.B.E.
THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.
THE HONOURABLE LO MAN WAI, O.B.E.
THE HONOURABLE DHUN JEHANGIR RUTTONJEE.
THE HONOURABLE CEDRIC BLAKER, M.C., E.D.
THE HONOURABLE KWOK CHAN, O.B.E.
DR. THE HONOURABLE ALBERTO MARIA RODRIGUES, M.B.E., E.D.
MR. ROBERT WILLIAM PRIMROSE (*Deputy Clerk of Councils*.)

ABSENT:

THE HONOURABLE NGAN SHING KWAN.

MINUTES.

The Minutes of the meeting of the Council held on 2nd March, 1955, 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>
Sessional Papers, 1955: —	
No. 4—Annual Report by the Public Relations Officer for the year 1953/54.	
No. 8—Annual Report by the Director of Education for the year 1953/54.	
Compensation (Defence) Regulations, 1940.	
Compensation (Defence) Notice of Claim Rules, 1955	A. 23
Pharmacy and Poisons Ordinance (Chapter 138).	
Poisons (Amendment) Regulations, 1955	A. 24
Pharmacy and Poisons Ordinance (Chapter 138).	
Poisons List (Amendment)(No.2) Regulations, 1955	A. 25
Companies Ordinance (Chapter 32).	
Authorized Auditors (Disciplinary Inquiry Proceedings) Rules, 1955	A. 26

APPROPRIATION (1955-56) BILL, 1955.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to apply a sum not exceeding four hundred and forty-five million, seven hundred and forty-seven thousand nine hundred and fifty dollars to the Public Service of the financial year ending the 31st day of March, 1956."

THE COLONIAL SECRETARY seconded.

DR. CHAU SIK NIN: —Your Excellency: My Unofficial Colleagues and I keenly regret that circumstances did not permit you to address Council personally on the occasion of the 1st reading of this Bill. We have come to expect and look forward to your analysis of the state of affairs at this particular time each year and to be guided into the course we ought to follow in the year ahead. When you have told us that it has been a year of bouyancy we have been contented; when you have said it has been a year of ups and downs, we have drawn strength from the confidence you have been able to inspire in us. This year your address was laid on the table, but the man behind the words was not present to infuse the warmth of his personality into them and Sir, the one small pleasure that we can normally anticipate with the presentation of the Estimates was missing. We are all the more sorry because we shall probably not have the opportunity of hearing you address us again on the Budget. We are much too much aware of the heavy shadow of your impending retirement hanging over us, and we could but wish that we had had the pleasure of your presence at this last Budget presentation.

We have been grateful Sir, for yet another year of your leadership and inspiration, and our confidence in the future, in spite of a further drop of 11% in our trade figure for 1954 and a threatened deficit in 1955/56, springs from the knowledge that under your guidance, the ground has been well prepared for any foreseeable eventuality.

My honourable Friend, the Financial Secretary, is again to be complimented on the masterly manner in which he has drawn up the Estimates and for his carefully thought out proposals for finding (albeit with resort to our reserves) the revenue to meet yet another record budget. As I listened to his address three weeks ago one little item struck me as rather remarkable—his estimate of revenue compared with actual revenue for the year. To juggle with figures running into hundreds of millions is a task I do not envy, and to be able to do so and to find after twelve months that there was a difference of less than 3% is a feat I can but admire and applaud.

I have noted that for the year just ending it is anticipated that we are likely to end up with an estimated surplus of at least 21 millions, if not substantially more, as the result of which the Colony's accumulated surplus will be equivalent to a complete

year's total income, so hitting the target set up a few short years ago. For the coming year, however, estimated revenue will fall short of estimated expenditure by 32 millions but because of the accumulated surplus in hand of a year's revenue it is not intended to increase direct taxation—a pronouncement which is received with great relief.

Estimated expenditure for 1955-56 takes a big jump over the revised figure of 1954-55 of over 62 millions which is largely accounted for by the inclusion as an expense to be written off during the year, of capital works under the heading of Public Works Non-recurrent. For 1955-56 at approximately 105 millions, this includes the Tai Lam Chung Water Supply and kindred schemes absorbing 36 millions, the Kai Tak Airport development of approximately 16 millions and the Resettlement Housing projects of 12 millions. I would stress that this capital expenditure figure I have just mentioned only covers actual monies intended to be disbursed during the coming year. When completed, it is estimated that these schemes will have cost us over 305 millions, out of which it is estimated we shall have already paid and charged off against the Colony's income to the 31st of this month 52 millions. I should mention that I have only detailed three of the schemes included under the Heading Public Works Non-recurrent. As already indicated the whole of the 105 millions for expenditure during the coming year is to be treated as a charge against the Colony's revenue for that year. I note that the estimate of the amount expendable on all present Public Works Non-recurrent when completed will total over 524 millions.

I have made an analysis of the proposed expenditure of the 446 millions we expect to be disbursed during the coming year, with the following result—

The Public Works Department, including related "non-recurrent" items, heads the list with	127 millions
Next comes Education with	55 millions

including the cost of Buildings at nearly 3 millions which I have transferred from Public Works "Non-recurrent" and 35 millions under the Subventions heading

Police follow next with	44 millions
after providing for nearly 4 millions from Public Works "Non-recurrent"	
Fourth in line of expenditure is the Medical Department with	40 millions
including 3 millions odd under Public Works "Non-recurrent" and 6 millions in Subventions	
Fifth, is Defence at	28 millions
Then come Urban Services and Social Welfare with 18 millions each, totalling	36 millions
this is after transferring 12 millions odd from Public Works "Non-recurrent" and 3 millions from Subventions to Social Welfare	
Pensions stand next at	14 millions
followed by the Post Office at	13 millions
then the Marine Department at	12 millions
The rest of the 32 odd departments which I have grouped together, are responsible for disbursing sums ranging from under to millions to 150 thousand and total	<u>77</u> millions
Giving a total budget estimate of expenditure of.....	<u>446</u> millions

It has become a habit now for each record budget to be succeeded by another but it is evident we cannot go on forever in this way and the time has indeed come when we must not only pause to take stock of the situation but to consider also how far we can go from here.

The community does not take kindly to increased taxation and is just as unwilling to see abandonment of any of our schemes for development—each of which seems equally essential. Thoughts on the lines "you can't have your cake and eat it" immediately come to mind, but before we become too dogmatic, let us assure

ourselves that there is no extravagance and no waste. My Unofficial Colleagues and I will oppose any increase in direct taxation, it being our view that the present system of direct taxation is already too inequitable for any further burdening of that small section of the community to whom it is presently applied. During the course of this debate, suggestions will emerge that will point the way to increasing revenue should this course become necessary, but before further imposts are levied, we hope that our recommendations for cutting expenditure and eliminating extravagance will be followed up.

Your Excellency's reference to the task that faces us in primary education was a realistic appraisal of its magnitude. There is no doubt in my mind about the importance, from all points of view, of facing up to it immediately and with adequate measures. The longer we delay, or the longer we meet this problem with half measures, the greater will be the burden we shall ultimately have to tackle. And then it may be too late.

As I see it, the choice is not whether we shall have more schools for our rapidly growing child population, but whether we shall have more schools of the right type—schools that are reliably run and that can be trusted to give a sound and unbiassed kind of teaching. Education to the people of this Colony is, and always will be, of first significance. If they cannot have the best kind they will feel forced to accept a baser kind, a kind that is deficient in standards and in most of the qualities that we must regard as essential in producing a clear-thinking and well-informed younger generation. Worse still, a kind that will produce discontent, and offer a field which those ill-disposed towards us will be unlikely to neglect. Should this be allowed to happen on a large scale, recovery may be beyond our power, for the Education Ordinance, which is intended to secure the proper control of schools and school managements, would already have lost much of its effectiveness. On all grounds, therefore, I welcome the statement contained in Your Excellency's address to this Council, and amplified on another more recent occasion, regarding a plan of school expansion which Government is now considering. I attach the greatest importance to this matter. I believe that everything possible should be done to meet the problem while, though large, it is still within manageable proportions.

This plan would take seven years to complete and would, I take it, aim at providing for the entire child population of primary school age that we may expect to have by 1961. In addition to the construction and staffing of more Government schools, it would encourage reliable voluntary organizations to set up additional aided and private schools, and endeavour generally to expand the partnership which now exists between the Government and the public in the field of primary education. I think that this partnership is an essential part of this or any other scheme that aims at universal primary education, for Government alone would be quite unequal to the task. Even with such a partnership it will not be an easy undertaking because many of the children for whom we are obliged to cater are surplus to our normal population. They are children who with their parents sought and obtained refuge in this Colony from events elsewhere. I think we can claim to have honoured our obligations towards them, and I am sure we shall continue to do so to the best of our ability. But insofar as these children are an international problem, should they not also be regarded as an international responsibility? It is true that they are being absorbed into the community, and that the time may be past when they can be classified apart from the rest; nevertheless they impose a heavy additional burden that—particularly in the present circumstances—we might fairly expect others to share.

I have dwelt at some length on primary education because in my opinion the problems it presents are by far the most pressing and urgent in the whole educational field. There are, however, others as well; and they are dwarfed only by comparison.

There is, for example, the need to extend facilities for Technical education. At the least, this may be a case of bread and butter, for unless our growing industries are supplied with properly trained craftsmen and technicians they will be seriously ill-equipped to meet the growing competition in those markets where their goods are now selling.

For example, no provision exists as yet for instruction in textile engineering, although the manufacture of textiles has become a major industry. Nor have we provided for such things as production engineering the training of laboratory technicians or for sufficient accommodation for part time day release classes. Facilities for commercial education do exist, but on an inadequate

scale. The report on Technical Education and Vocational Training which was published more than a year ago outlines these and many other requirements of a modern and commercial centre that Hong Kong has yet to meet. I know that Government is not indifferent to these needs and that it is doing, and will do, what it can. Here again, of course, we come up against the limitations of the public purse, and as with primary education, the solution is most likely to lie in a form of partnership. In other countries, partnership in technical education takes the form of capital grants, the offer of endowments or scholarship awards to state or municipal technical institutions by industrial groups that are directly concerned. I see no reason why the same method should not be applied to Hong Kong, and I appeal to the leaders of industry to give this matter their earnest consideration. I am sure Government would welcome this kind of cooperation: indeed I understand that it has already given active consideration to the construction of a new Technical College in Kowloon that would accommodate the additional courses that are necessary

It is disturbing to note that the shortage of hospital accommodation becomes more and more acute. Construction of the Tsan Yuk Hospital and plans for the New Kowloon and Mental Hospitals are proceeding, but progress seems so very slow. Even when these are completed, the total number of beds then available will still bear no relation to the size of the Colony. We face here the same problem that arises with regard to schools, housing and all our social welfare schemes—the relentless pressure of our rapidly increasing population. Our problem of population today results not from natural increase but from our acts of humanity in opening our doors to those who sought our refuge. Hong Kong, I think we can fairly claim, has done more per capita of normal population to shelter those in need of sanctuary than any other community in the world, and it seems hardly fair that we should be expected to shoulder entirely from our limited resources, the consequences of events beyond our control, and of which we had no part in the making.

The Report on "The Problem of Chinese Refugees in Hong Kong" prepared for the United Nations High Commissioner for Refugees gives some support to this argument. In paragraph 265 it states that "most of the measures (of relief) recommended require not only the cooperation of Governmental authorities and private organizations but also some kind of international assistance,

particularly of a financial nature." With the important proviso that the acceptance of any help we might obtain from international sources should in no way impair our own authority, I strongly recommend this proposal to Government and suggest that steps be taken immediately to follow it up.

Coming back to the Medical Department, I think we are agreed that epidemics have been conspicuous by their total absence, and in view of the extremely dry year we have experienced, this speaks well for the vigilance of our medical authorities. When water is scarce and hard to come by, there is always a danger of typhoid and the dysenteries, through the consumption of impure waters, but the incidence of these diseases during the year, was no more than in any normal year. Our thanks then are due to my honourable Friend the Director of Medical and Health Services and his staff for the measures they have adopted to ensure public health.

The problem that arises from the wastage of nurses has been mentioned from time to time. There appears to be a general reluctance on the part of the nurse to remain in Government service after graduation, and the reasons for this must be solved otherwise it will prove difficult to provide the essential number of trained nurses to staff the new Kowloon Hospital and other institutions that have been planned. One incentive to stay would be the prospect of early and I repeat "early" promotion to the more remunerative posts in the service. There has recently been a trend for nurses upon graduation to seek further studies mostly in the United Kingdom. Post-graduate work indicates a desire for a permanent career and for the acquisition of ability to give better service to the community. It is hoped therefore that when these nurses return to the Colony upon completion of their courses, they will be offered posts commensurate with their additional qualifications and experience.

I should like here to express the hope that the proposal for the fluoridation of the Colony's water supply will be reconsidered.

Fluorine is a mineral salt. Fluorides, either normally occurring in, or artificially added in the correct proportion to drinking water, if taken over a prolonged period, will greatly reduce tooth decay. Use of fluorides in water as a measure to control dental caries has been an outstanding and unqualified success in other parts of the world.

A mission from the United Kingdom sent by the Ministry of Health investigated American experience with fluoridation and reported to the Ministry of Health, the Medical Research Council and other interested bodies, the following main conclusions. Firstly, there is abundant evidence from Britain and America, that lifelong consumption of water containing fluorides at levels around 1 part per million results in a substantial reduction of incidence of dental caries in children, and probably in adults also. Secondly, there is no scientific evidence whatsoever that fluoridation involves any danger to health, on the contrary there is very considerable evidence that it is harmless. Thirdly, the amounts of fluoride added to water can be controlled very accurately.

Exhaustive tests by the United States Public Health Service have demonstrated conclusively that fluoridation of the drinking water supply over a period of at least 9 years, have shown a reduction of dental decay by 55 to 60%. Tests were also made but no evidence was found that fluoridated water had an adverse effect on industrial processes such as food canning, dyeing and brewing—all of which are sensitive to changes in water supplies.

The incidence of dental caries in the Colony of Hong Kong is high, and extremely high among children. Fluoridation would be of inestimable value to all classes, for with reduced dental decay there be fewer infected teeth and abscesses, and would result in better general health and greater physical capacity to work.

It might be advanced that Hong Kong's water supply is very seriously restricted and intermittent and there would therefore be difficulties in dosing. Of the 833 fluoridation machines installed in the United States there has not been a single record of mechanical failure. The equipment feeds exactly the quantities of fluoride needed with perfect accuracy and safely without relying on the human element. At a time when our annual crop of babies is rapidly increasing it is more important than ever that any health measure that has such positive results as fluoridation should be made immediately available.

The cost of fluoridating all piped water supplied in the Colony in the proportion of 1 part per million is estimated at \$100,000 per year for the actual sodium silico-fluoride, *i.e.*, about 4 cents per capita per year. The cost of an average filling will

pay for fluoridation for one person for many years. Thinking in terms of toothaches to children and financial headaches to parents, the benefits to both should prove enormous.

There is a prevalent shortage of dental man power in Hong Kong and the Government is offering scholarships in dentistry tenable at the University of Malaya. It is but logical to adopt fluoridation of water at the same time to prevent tooth decay and so reap the benefits of both preventive and curative measures.

Another question which I feel calls for early reconsideration is the question of Home Leave.

In another age it was desirable and probably necessary for Government servants to be granted long periods of leave to induce them to come to work in this so called uncivilized quarter of the globe and to give them time to recuperate from the stresses and strains of their arduous duties. Now I am not suggesting that today's Civil Servant works any less hard than his predecessors, on the contrary, he is quite likely to be more efficient. But Hong Kong is no more a pirates' nest and the physical dangers and hazards of tropical diseases that were a feature of bygone days have long since been remedied and controlled. Measures for the personal comfort of Government servants have kept pace with modern engineering developments. With these optimum working conditions, the arguments in favour of long periods of leave because of climatic or environmental hardships become in the main invalid.

An expatriate officer today is granted 1 day's leave for every 7 days' resident service in Hong Kong, which taken after a four-years' tour, usually makes about 7 months' leave. Having reached the age of 40 and completed 10 years in Government service, he is granted 2 days' leave for every 11 days' resident service which after a 3-years' tour usually makes about 6½ months. In addition he is granted 32 days' surface travelling time in each direction and if in the Government's interest he is required to travel by air he is given an extra 14 days' leave as well as 3 days' travel allowance—if directed to travel both ways by air then he is entitled to 28 days' additional leave and 6 days' travel allowance. Apart from Home Leave, every officer is entitled to 15 days' local leave per annum.

It appears then that after completing his initial tours of 4-years' duty, an officer is absent on leave for nine months at the end of each tour, and thereafter 8½ months upon the completion of each succeeding 3 years. This is far too long for any officer to be away from his duty. Apart from inefficiency that naturally results with the chopping and changing of officers in the department and from department to department, there are the questions of acting pay and redundant officers, or perhaps I should say, officers who should be redundant but who are found necessary to do acting duties—all a waste of valuable personnel and funds, of time and of effort. Waste in any form can never be justified and the taxpayer rightly demands that before the application of either additional taxation or the pruning shears to any of our capital projects, waste must be eliminated.

I do not propose suggesting how much or how often an officer should be granted leave. The question is one that requires a thorough investigation and Government should appoint a Committee for the purpose of taking Home Leave out of the "sun helmet" days and bringing it into line with modern conditions and current trends. There is nothing revolutionary in this suggestion. Leave granted to staff members of our mercantile community is not nearly so generous and one of our sister colonies is resorting to changes in her Home Leave system of a most radical nature.

In going through the estimates, I find a figure in the region of \$4,500,000 set aside for the purpose of expatriation pay and a further sum of \$3,000,000 for transport of Government officers—this latter sum being passages for officers and their dependents. Government has declared its policy of engaging more local personnel and I shall be a lot happier when I see greater vigour displayed in the implementation of this policy. Promotion of local employees to posts of professional grading has been noted, particularly in the Medical, Education and Public Works Departments, but there is room for a much wider use of local staff in all departments as well as promotion to even higher posts. Before resorting to recruitment of officers from the United Kingdom, it should be the duty of every department head to consider the merits of the personnel in his department and to promote those officers who have the qualifications and ability to fill the vacant post. Except for those offices which most understandably must be filled by the Colonial Service, every Government post

regardless of grade should be advertised locally and only after it has been ascertained that there is no possible local candidate should the matter be referred to London. Savings in expatriate pay, passages and costly Government quarters are thereby influenced and the questions of home leave and acting pay do not arise. Here indeed is one considerable source of savings. A further benefit accrues to the community for the engagement of local personnel contributes towards relieving the pressure of the unemployment problem and Government as the largest employer in the Colony has a duty to make use of every scrap of local talent available which can be justifiably employed.

The report of the Consultants who have been invited to look into the feasibility and desirability of a cross harbour tunnel will be awaited with interest. Much controversial discussion has taken place on the subject, and no doubt much more will ensue before the matter is finally decided. Apart from the argument of capital cost, the greatest agitation against such a project appears to be the fear that parking space on the Island, already a deficient quantity, will be even more difficult to find. This is true, but I think the difficulty is not insurmountable. Some of our more enterprising souls are already discussing the feasibility of erecting multi-storey parking garages. Garages of this type have already proved popular and profit making in other large cities in the world, and there is no danger that such a project would be short of support in Hong Kong. There are few places in the world today where parking is free, and parking lots too could be made money producing. Here is another suggestion to help my honourable Friend the Financial Secretary in his quest for additional revenue.

It is pleasing to note that Government is paying more of the attention that is due to the New Territories and its development, and that during the year the Sha Tau Kok Primary School and Maurine Grantham Health Centre were completed and commenced operation. I am also glad to learn that steps have been taken to improve standards of agriculture and irrigation by the implementation of various recommendations of the Rural Development Committee.

The year, however has not been a happy one for the New Territories farmers due to drought, typhoon, animal diseases and the unexpected experience of frost.

The frost we had in the

latter part of January, and early February was most severe causing several million dollars' worth of damage to crops and fruit trees—the crops of papaya, tomatoes and sweet potatoes being particularly affected.

The New Territories Village Council (Heung Yee Kuk) has commenced the work of investigating the population of its 600 villages. This work is long overdue and I hope Government will render the village elders every facility towards the completion of their task. In this connexion I should like to inquire how far the Cadastral Survey referred to last year by my honourable Friend the Financial Secretary has progressed. It was my hope then that the survey would be completed with a minimum of delay and that subsequently every effort would be made to encourage the opening up of uncultivated areas so as to give the New Territories farmers the chance of a better livelihood. We owe it to ourselves as consumers as well as to the farmers as producers of food to do everything possible to improve their lot.

With these remarks, Sir, I have pleasure in supporting the motion before Council. (*Applause*)

Mr. TERRY: —Your Excellency: Prior to the presentation of the Budget, the honourable Colonial Secretary laid on the table two documents of interest and importance. The first of these, Sir, was the Hong Kong Annual Report for 1954—a publication which reflects great credit on the Colony and its producers. There is however one item in this Report which I think calls for comment. Chapter 20, which gives the History of the Colony, contains on page 267 the following paragraph: —

"Hong Kong remained in Japanese hands for over three and a half years and was liberated when units of the British Pacific Fleet entered the harbour on August 30th, 1945, about two weeks after the capitulation of Japan. A brief period of military administration was followed by the reestablishment of civil government on May 1st, 1946."

No mention is made of the fact that the British Government of Hong Kong did in fact take over immediately after the Japanese surrender on August 15th. Mr.

Gimson (later Sir Franklin

Gimson) assumed the office of Lieutenant-Governor, and assisted by officers of the Government service from the prison camps as well as by leading citizens of the Colony of all races, and with the full cooperation and support of the local population, maintained the essential form of government until the actual arrival of the relieving force on August 30th. There seems nowadays to be almost a tacit conspiracy to forget that *inter regnum*, perhaps understandable in the light of global events; but there is no doubt, however, of the value of that decisive action to the Colony in general and of its effect on the morale of its inhabitants, nor of the benefits which followed the establishment of an ordered regime instead of the chaos which would undoubtedly have supervened while we all waited for the relief to arrive had no such step been taken. This is a matter, Sir, on which we feel a local pride; I feel therefore that our own local history should not omit to record an event of such significance, unique as it was in the history of those times, and I hope the omission will be rectified in the next Report. I realize of course that the Chapter is necessarily merely a condensed History, but the insertion of one sentence between the reference to three and a half years in Japanese hands and that to the arrival of the Fleet would suffice.

The second publication of equal interest and greater importance, was the Revised Scheme for Salaries and Allowances of the Government Service, which, as the honourable Colonial Secretary said when tabling it. “replaces the Report of the Salaries Commission tabled in 1954”. I felt strongly tempted Sir, at that stage, to interject the Trans-Atlantic phrase “And how!” Having sat as a member of that Commission, I am only too well aware of the complexity of the Government salary structure, and of the difficulties inherent in achieving any completely satisfactory and workable system of revision without scrapping the whole complicated system and starting afresh. It is therefore in no spirit of carping criticism, nor with any sense of resentment at the failure to implement the recommendations of the Commission, that I now speak on this subject; on the contrary, I would have welcomed any alternative scheme which would have more adequately solved the problems facing the Commission than the recommendations which they made were able to do. I do not propose to embark here upon a detailed analysis of the document—this

is neither the time nor the place for such an exercise—I

will merely say that I think it contains several undesirable features. My major objection is to the pension revision contained in the scheme. Para. 14 on page 3 of the tabled Scheme says: —

"The revised scheme will achieve one of the main purposes for which the Salaries Commission was set up by giving more adequate benefits on retirement, *particularly* to local officers."

(the emphasis is mine) and then cites as an example a particular local officer grade. The honourable Colonial Secretary used practically the same words when laying this Scheme on the table, but I cannot find anywhere a basis for the suggestion contained in the paragraph I have just quoted that *all* pensions were inadequate at the time the Commission was appointed. In fact the Commission's report makes two definite statements which categorically refute any such suggestion (I quote from page 7 of their Report). In para. 8, it is stated: —

"It is not generally contended by expatriate officers that existing pension rates are inadequate in themselves",

and in Para. 9: —

"Pensions earned at present by expatriate officers in Hong Kong compare favourably with those earned in other Colonies, with possibly one exception, and with those earned by civil servants of like status in the United Kingdom."

It is quite apparent from the whole context of the four paragraphs in the Report under the "Pensions" heading, that the Commission's minds were devoted to seeking a remedy for the entirely unrealistic method of assessing the local man's pension, without unduly inflating the cost to the Colony of expatriate pensions, on which no representations or evidence of inadequacy had been placed before them. If in fact it was found that the application of the method suggested by them to the complex structure of the Government Salaries scale led to administrative difficulties or created unacceptable complications such as the reduction of the pensionable value of an office for future holders, how can this be held to have justified the total abandonment of the principle and the substitution of a scheme which in fact *increases* the pensionable emoluments of those very

offices? A brief analysis if my figures are correct shows that the effect of the scheme now adopted is to increase the pension of five grades of expatriate officers ranging from G.C.S. Special class through Professional Grades to Departmental Heads by varying amounts between One hundred and Two hundred and twenty pounds per annum. I do not know what effect the full application of this scheme has on the total expatriate pension bill of the Colony: The figures given for Personal Emoluments on page 5 of the Memorandum on the Draft Estimates are a lump sum including Pensions, and show an increase of nearly 60% over the 1952/3 figures. For some obscure reason, the comparison is made in these figures of the percentage which this item comprises of the total Expenditure figures, and they seek to show that this percentage has increased by only .3% in that period. I cannot see the point or the logic of this comparison. A similar point regarding pensions was advanced by the honourable Financial Secretary in the Budget Debate of 1950, and I have been trying ever since without success to appreciate its value. As I have said before in this Council, Sir, it is axiomatic that staff commitments must increase in some degree as further schools, hospitals and other public services are provided, but I am still at a loss to understand the significance of relating the increase in the Personal Emoluments bill to a percentage of an overall budget of Four hundred million dollars. This, however, is something of a red herring—I revert to my previously expressed question as to what justification exists for Government's rejection of the considered opinion of the Salaries Commission that no case had been made out for an increase in expatriate pensions?

One thing, however, which the figures I have just quoted do make clear is that over a third of our total expenditure is still devoted to Personal Emoluments. Nobody in this Colony begrudges the individual Government Servant, whether he be high or low, a fair working wage. Criticism which has been levelled in the past, and is still levelled, is that the total cost of Administration of the Colony is too high. That criticism will only be stilled when the public in general is confident that they get value for their money; the point made by my honourable Friend who preceded me as to the necessity for elimination of waste and inefficiency is the first step towards obtaining that confidence.

My honourable Friend, the Senior Unofficial Member, spoke for all of us Unofficials in his review of the Budget in general, and my other Unofficial

Colleagues have yet to speak. So I will

not therefore take up the time of this Council with repetition, but there is one point I would like to make. You, Sir, in your address, quite rightly laid emphasis on the fact that the so called "Squatter" Community is now an integral part of our population—they are our charge, and our responsibility. No one who has ever visited the scene of a "Squatter" fire, or even an ordinary "Squatter" area which has not suffered, will find it in their heart to deny the priority that has been placed upon the necessity for proper resettlement of these people. But, Sir, in our sympathy for them, and our appreciation of the problems involved, let us not forget the rightful claims of the ordinary man to peaceful occupation of his dwelling. While it may be necessary to permit fire victims as a temporary measure to construct themselves shelter from the weather under verandahs and adjacent to dwelling houses, there is no excuse for permitting "pavement squatting" with all its attendant evils to continue indefinitely. There has, unfortunately, been a tendency in some circles of Government either to cast the protection of their cloak over these pavement squatters and say "Touch them not," or else blandly to deny their existence. The influx of these people, Sir, is costing the taxpayer money—in the wake of Resettlement costs follows inevitably the provision of Education and increased Medical and Health charges, because it is no use educating a community if you do not keep them healthy; similarly additional charges for the administration of Law and Order are called for to ensure that our new citizens grow up in a law abiding community. To these costs, the beneficiaries themselves contribute little or nothing; the resident does, and he has every right to claim the peaceful occupancy of his dwelling, wherever it may be. I think it high time that this other aspect of our most pressing problem received the attention of Government, and as a first step I suggest that far more supervision and control should be exercised over the conditions prevailing in these pavement shacks. Frequent inspection, combined with instruction in elementary rules of hygiene and sanitation, with sanctions for continued infringements, would go a long way to eliminate the fouling of the gutters, the breeding of flies and the other menaces to health and comfort with which the unfortunate occupants of the dwellings against which the shack

dwellers have built have to contend. Similarly, a campaign of Hygiene enforcement in some of the illegal squatter areas themselves is long overdue.

In the Estimates themselves, Sir, the figures of expenditure on Public Works Non-recurrent, both in hand and proposed, are becoming steadily more astronomical, but after a careful and comprehensive study of them in company with my Unofficial Colleagues it becomes obvious that they all relate to works of vital necessity, many of which are long overdue. At this stage, Sir, I should like to express my congratulations to those of my honourable Friends who sat on the Sub-Committee on the Government Building Programme on their excellent and realistic report, which shows clearly the time and labour devoted to consideration of that programme in the public interest. I am sorry to see, however, that amidst all the large scale schemes included (I hesitate to use the term "grandiose") one item of comparatively small cost, the need for which has been stressed for many years, is not yet under starter's orders, although its entry for the race appears to have been accepted by the Stewards. I refer to item 7 in Category "C" of the sub-Committee's Report—"Government Offices, Kowloon, \$5,000,000—to include G.P.O." When the existing converted garage which serves as the Central Post Office for Kowloon and the New Territories was opened about twenty years ago (I speak from memory) it was expressly stated by Government to be a "Temporary" Post Office—it has remained so ever since! From figures published by the Postmaster General I estimate that approximately 21½ million items are posted annually at this "temporary" post-office, and about 15 million items are received there for distribution, while cash receipts amount to about eight million dollars per year. The staff handling this volume of traffic (with great efficiency) work under conditions which from personal inspection I consider hopelessly inadequate. The recent acquisition of an adjacent godown as a sorting office has resulted in some improvement, and the alterations to the layout have greatly improved the facilities offered to the public, who are appreciative of the Postmaster General's efforts in this direction. I do not agree, however, with the statement which recently appeared in an article in the Press that they are now "more than adequate". They still fall short of what such a Post Office should provide, and leave no room for inclusion of facilities for handling all mail to and from the ships at the wharves, and the growing Airmail and Parcel requirements. Such provision would undoubtedly relieve congestion

at the Victoria General Post Office, and reduce the daily trucking of mail across the traffic artery of Connaught Road. It is tragic to see such an out of date "make do" converted building serving administratively the postal requirements of over one million people, particularly as the whole area of Kowloon and the New Territories is served by only five branch offices, all of which are inadequate now, and will become more so with the natural expansion on which the Financial Secretary laid emphasis in his budget speech. I should like to see this project accorded a much higher place in the "priority" list.

My honourable Friend, the Senior Unofficial Member, in his able Analysis, showed "Education" as the second biggest head of our Expenditure; in fact, in everything that has been said in this Debate so far, emphasis has been placed on the necessity for providing adequate Educational facilities and on the terrific problems facing us in this connexion. Yet, Sir, it is a deplorable fact that one of the Colony's leading educational establishments, the La Salle College, is denied the use of its very fine school buildings by reason of the fact that they are still under requisition as a Military Hospital. No one, least of all myself, will deny the necessity for this requisitioning in 1949, and I believe it is true to say that the College authorities themselves showed a cooperative attitude. I do not know what assurances were given those authorities at the time as to the tenure of the requisition, but I do know that speaking in this Council on the 29th March, 1950, the then Financial Secretary said "The Military Authorities are anxious to release requisitioned buildings the moment this becomes possible." Speaking now five years later, it is perhaps pertinent to inquire why that moment has never arrived, or whether in fact it did arrive, but the postman only knocked once? I hope, Sir, that the strongest representations to secure the release of this building to its proper and badly needed purpose will be made by the Government, who after all, were the original requisitioning authority.

In our present state of trade depression, the tourist industry is assuming more and more an important place in our economy; estimates from various sources of the amount of money expended in the Colony, not only by visitors themselves but by the vessels which call here solely or primarily for their

passenger traffic, show indeed how valuable this "invisible import" is. A year ago I welcomed the initiation by Government of a survey of this question, and I would now welcome information as to the progress of that survey, other than the remark in passing about the money which appeared in the Annual Report. I feel that much can be done to stimulate this traffic, provided those charged with that duty take a broad and imaginative view of the problems and the means to achieve their end; it is not sufficient merely to rely on the hoary old policy of circulating glowing pamphlets of the "Come to Happy Hong Kong" type. Encouragement must be given to improve tourist amenities, and where a lack exists, to remedy it. We have one first class Hotel on the Mainland, with a restaurant which compares favourably with any elsewhere in the world, but where does a tourist take his lunch in Hong Kong, in the City of Victoria? That is only one instance of a lack which cries for energetic action; others easily come to mind, and I should like to see action taken to create a strong Committee or other body of responsible men with the requisite knowledge and interest who would energetically undertake the stimulus of tourist traffic by all possible means. That this body should be appointed by and supported by Government is obviously not only desirable but necessary, and the sooner the better.

In conclusion, our congratulations are due to the honourable Financial Secretary, not only on his customary lucid exposition of the current financial position of the Colony, but on the successful results of the year's working (if one can apply such a commercial term to Government Accounts) —a year that has been far from free of stress and strain. The setting of a goal of a reserve equivalent to one year's revenue was prudent financing in our circumstances, and its achievement is to the credit of Mr. Clarke and his predecessor. The Financial Secretary's somewhat gloomy appreciation of the future trend does no more than confirm forecasts voiced in this Council over the past few years, and I consider it fully justified. It is not yet, however, cause for dismay or perturbation, but neither is the creation of our substantial reserve cause for complacency. Careful budgetting, efficient collection of all revenues, and exploration of potential sources of new revenue will all be called for with increasing vigour, but I am confident that the sound financial structure created will enable us to weather the

present economic storm as other storms have been weathered in the past. To do so, however, will call for the co-operation and support of all members of the community, and I am sure this will once again be forthcoming.

Finally, Sir, in wishing my honourable Friend the Director of Public Works a Happy New Financial Year, may I express the hope that we shall be “out of the Trenches by Christmas”? (*Applause*)

MR. LO MAN WAI: —Your Excellency: Although I have served on this Council for some years, it was only recently that I came to realize that there is a defect in the proceedings of this Council, at least as far as the Unofficial Members are concerned. Whether it is due to an unwritten law of this Council or to a tacit understanding among the Unofficial Members, the fact remains that none of us has seen fit to assume the role of a filibuster. And yet filibustering tactics can be an effective weapon. It is practiced in other legislative assemblies and I understand that it has been reduced to a fine art in the United States. It is interesting to recall that a member of the Urban Council tried it at a meeting of the Urban Council sometime ago. But I hasten to assure the honourable Members that I have neither the capacity nor the inclination to keep them here until mid-night by babbling at interminable length. I had calculated that Sir, you, but for your unavoidable absence at the last meeting, would have taken under an hour to give us your comprehensive address, and my honourable Friend, the Financial Secretary, took only one hour for his Budget Speech. Taking this into consideration, I feel that my share of the valuable time of this Council should be not more than one quarter of an hour.

Within this allotted time, I propose to say a few words on Kun Tong Reclamation Scheme, one of the subjects of Your Excellency's address, and then to make some comments on my honourable Friend, the Financial Secretary's speech and then I would like to speak on two matters which have not much bearing on the Bill before this Council.

The important role which local industries occupy in the economy of Hong Kong is clearly emphasized in Your Excellency's address and the case for Government's assistance and encouragement was eloquently put by Your Excellency. No one would question the Government policy of making land available for factory sites. The scheme at Kun Tong, reclaiming 140 acres

certainly would go a long way to meet the demands for factory sites. The crucial question is upon what terms the reclaimed land be granted to industrial undertakings. I understand that

Government's assistance to industries would not be in the form of protection or direct subsidy, but I note that Government's intention is to provide land at reasonable price for sound industrial undertakings. I think the formula, "reasonable price", requires clarification. If "reasonable price" means a price below the proper market price, I feel the matter requires serious consideration. It is true that land at the present time commands a high price whether it is for residential or industrial purposes. Even so, industrial undertakings paying such high price manage to carry on a profitable business. In fact, there has been recently an outcry in the United Kingdom against our local factories being able to manufacture goods at such low cost as to ruin Home Industries. In my opinion, the effect of the opening of large reclaimed land at Kun Tong for factory sites would be to bring down the present high price for land. By developing land and making it available for industrial purposes, Government performs a most useful service. But if Government were to sell land below the proper market price, then I can see a lot of undesirable complications. Who are to be the beneficiaries? Inevitably there would be corruption. I take it that there would be restrictions against re-sale, etc. The granting of Crown Land on special and restrictive terms has been tried in the past. It has always led to abuses, and it has never worked out in the way that was intended. I am not sure it benefits the intended beneficiary ultimately. Although he may get land with restrictive conditions at a cheap price, the factory proprietor has to spend large sums of money to build his factory. If the land were free from restrictions, he can go to a bank for a loan to finance the buying of the land and the building of the factory. But no bank would take a mortgage of land with restrictive conditions. The factory owner would therefore have to tie up a large part of his capital in his factory building. Then again, suppose he wishes to close down, he would have great difficulties in quick realization of his factory asset. And what would be the position in the event of his bankruptcy? For all these reasons, I think land should be granted to industrial undertakings upon the usual terms. It follows therefore that the price should be the market price.

I come now to the honourable Financial Secretary's Speech. He has given us a clear picture of Hong Kong's financial position. I particularly welcome his exposition of the extent to which Hong Kong depends on outside capital, and of the necessity to keep the tax on profits low. It is absolutely true that capital is attracted to Hong Kong by our low rate of taxation. This in my opinion is the foundation of our financial policy. Therefore before we seek to increase the rate of the taxes under the Inland Revenue Ordinance to meet our ever-growing expenditure, we should consider other ways and means of finding the money. In his speech, he has mentioned several items. I hope as a result of the report of the Committee on the working of the Inland Revenue Ordinance, loopholes will be closed and revenue collected from those who at present have escaped their due portion of tax. This is not the occasion to discuss their recommendations. But it seems to me there is one matter which was not considered by the Committee but which has an important bearing on the problem of tax evasion. No one likes paying taxes. If there is an easy way of evasion, the temptation is too hard to resist. Unless the law is amended in one respect there is at present an easy method of evasion. The law, as it now stands, provides that when a receipt for payment of money is given, it should be stamped. But there is no legal obligation to give a receipt. Let me illustrate the consequence of this state of the law by a concrete example. A professional man earns a taxable income of \$100,000. On this, he is liable to pay at the rate of 12½%. But suppose he takes cash for his professional charges and does not give a receipt and does not enter the amount in his books, it is difficult for the Inland Revenue Department to ascertain his total income. Sir, I am satisfied that the practice of receiving cash in business transaction for the purpose of tax evasion is prevalent and it should be stopped. I can see no inconvenience or hardship if it were made compulsory for a recipient of money over \$10 in respect of business transactions to give a receipt. I am convinced this amendment of the law would be of great assistance to the Inland Revenue Department in checking up returns of income.

Another means of obviating further taxation is of course by cutting the cost of Government. It seems to me that if the present leave period for expatriate staff were reduced and more local people were recruited for the civil service, there would be a great saving in the cost of the administration. My honourable Friend, Dr. S. N. Chau, has dealt fully with these two points, and I support his remarks.

But Sir, the amount which we can obtain from these various ways and means is a mere drop in the ocean compared with the vast capital expenditure to which we are committed. A large part

of this expenditure is caused by the presence of the huge number of Chinese political refugees. According to the Hambro Report, the number is estimated to be 385,000, or with their dependants, around 675,000. I can see no solution to our financial problems in years to come unless such revenue producing schemes as water supply were financed by means of a loan.

Having offered these various suggestions in support of the honourable Financial Secretary's policy not to increase the rate of direct taxation except as a last resort, I should like to compliment him on his speech and have no criticism to make, except with one reservation. This reservation relates to his reply to the point I raised in last year's Budget Debate on the imposition of an extra 3% stamp duty on the sale price on the first sale of land bought from Government after the war. This imposition is clearly due to a defect in the wording of Section 6 of the Stamp Duty Ordinance. I am astounded to hear from my honourable Friend that Government intends to capitalize on this mistake and am still more astounded by the reasons given for adopting this attitude. He says in effect that he would not like to forego this extra 3%, because Government is short of funds. He further says that the error has not excited any objection from others, nor caused any real hardship. Does this mean that when a clear case exists for correcting a mistake made by a Government Department, Government will not do anything about it unless there is a popular clamour? Sir, if one were so inclined, it is not a difficult undertaking to get up a monster petition to Government on any matter. And I confess I cannot understand what hardship has to do with this matter. The truth of the matter is that by a piece of bad drafting, Government has been enriched by an unjust imposition. The persons affected by this legislation are not members of a Union. Unless they sell their properties, they remain in blissful ignorance of this unfair imposition. When they do sell and are told of this extra 3%, they, being law abiding citizens, take for granted that whatever law is enacted, it carries out the deliberate policy of Government. They do not pause and consider that even the Legal Department is sometimes capable of making a mistake.

The refusal to proceed with the necessary amendment is coupled with the

threat of an increase in the rates of stamp duty on land transactions. My honourable Friend, the Financial Secretary, made two propositions, one that very considerable profits being made by the purchases and sale of land and buildings are usually capital gains and as such are not subject to profits tax; the second that we have no form of capital gain tax in this Colony. While agreeing with him on the second proposition, I join issue with him on the first proposition.

I do not dispute the proposition that large profits are being made in the purchase and sale of landed properties transactions. But they are usually made by speculators. In this case, it is not true that the profits are capital gain. Persons who carry on business of buying and selling land are liable for profits tax on the profits made on a sale. It may be that some of these persons have escaped paying their proper tax, but this is no reason why the present stamp duty of 2% on the sale of property should be increased. It must be borne in mind that this duty is borne by the purchaser and any increase would add to the cost of acquiring houses and would tend to put up rent. Seeing that because of high rents, Government is forced to embark upon vast expenditure for low cost housing, it seems extraordinary that Government should think of a measure which would have the effect of increasing rent.

Speaking about laws, I would like to bring up the subject of law amendment. People in Hong Kong live under the rule of law. There is no better system of laws in the whole world than the Common Law of England. We in Hong Kong enjoy the benefit of this system. But to meet with the needs of a growing community, the laws should be changed from time to time.

We are governed by the Laws of England existing on the 5th April, 1843, except so far as they are inapplicable to the local circumstances of the Colony or of its inhabitants, and by Hong Kong Ordinances passed since that date.

Some years ago, a Law Revision Committee was appointed in England to make recommendations for amendments in the Common Law and Statute Laws of England. This Committee has from time to time made recommendations and as a result the common law has been amended in some very important aspects. I am sure that some of these amendments should be introduced in Hong Kong. Apart from the fact that these are beneficial changes, it is a great advantage to keep our laws in line with those of England as far as the local circumstances

would permit. I therefore suggest that a Committee be appointed by you, Sir, to go into this question.

In the editorial of the South China Morning Post of the 15th March, comments were made on the little interest displayed by the community in the Budget. It is too true that the public shows concern only if a new tax or increase in taxation is proposed. This is an unfortunate state of affairs. There are, however, signs that this may change. I am glad that recently a new organization under the name of "Hong Kong Civic Association" has been formed by a group of responsible persons. This sort of organization is all to the good. I feel it has a most useful part to play in bringing to the attention of the public problems of Government and in educating the community to take a greater interest in public affairs. I wish it all success.

I notice my set time is nearly up. But Sir, before I end, may I make a brief reference to your impending relinquishment of your high office.

For the first time in our history, the Revenue for 1955-56 has reached the record figure of over \$400,000,000 and we are budgeting on a record deficit. To me it is highly significant that these two records should coincide with the last term of your office. Although I would not suggest that your Excellency is directly responsible for the first record, some credit must be given to you for your wise choice of the right person to act as the Financial Secretary. As regards the second record, the deficit is, of course, due to the vast expenditure for the various schemes which could not be brought into being without your sanction and full support.

Sir, there has been great development in the Colony during your tenure of office. When all the schemes initiated by you have borne fruit, Hong Kong will be a better place still to live and to work in.

With these observations, it is my pleasant duty to give my support to the motion before Council. (*Applause*).

MR. DHUN RUTTONJEE: —Your Excellency: The responsibilities and commitments of Government have expanded so much that in all undertakings priority selection becomes necessary. I think there will be no question of the priority right of the housing problems. It would seem that

there has always been a housing problem, because of the steady growth of this Colony over the last century. We read from the History chapter of the Hong Kong Annual Report for 1954 that the population which had only been 3,659 at the time of the occupation in 1841, had increased 20 years later, in 1861, to 120,000, and we are told that the Colony's housing accommodation and all other amenities were then taxed to the utmost.

The advance southward of the Communist armies in the civil war in China in 1949 and 1950 created an immeasurably more serious housing problem, the population increasing in two years from 1,800,000 in 1948 to an estimated 2½ million, chiefly because of the great influx of Chinese refugees. The Government and the social services of this Colony have faced this problem with energy and determination, and it was gratifying to read the tribute to "the efficiency and generosity of the British administration" in Dr. Edward Hambro's recently issued report to the United Nations High Commissioner for Refugees on "The Problem of Chinese Refugees in Hong Kong". We have noted with pleasure that in his report Dr. Hambro states that it seems unreasonable to expect that Hong Kong should by itself be able to solve the enormous problems arising from this great influx, and that international agencies cannot ignore the fate of the Chinese refugees crowding this Colony. It is hoped that some action will be taken on his recommendation that a special Fund be created to assist the integration of these refugees in independent occupations. This Fund must be administered by the Hong Kong Government and be made available also to help in the general problem of rehousing the homeless.

We have now read with real satisfaction Your Excellency's statement, tabled at the last meeting of this Council that Government is determined to push on with its housing and resettlement programme, and that it is hoped that the Government Departments concerned will be so successful in overcoming all the difficulties involved that it will be necessary to apply to this Council at a later date during the coming financial year for a supplementary appropriation for this programme. I ought perhaps to add here, that this supplementary appropriation is in fact only a loan to the Housing Authority and that interest at the rate of 3½% is chargeable, so that while the initial capital has to be found, it is in effect an investment.

When speaking in the Budget debate last year I said that Hong Kong had every reason to be proud of what it was doing for the rehousing of the homeless by the erection of small substantial

concrete buildings to replace the wretched shanties to be found on almost every vacant piece of ground on the immediate fringes of Hong Kong and Kowloon. Your Excellency had then, however, reminded us that there were some 350,000 persons other than refugee squatters who were inadequately and, indeed, squalidly housed because of the Colony's greatly swollen population. The two private non-profit making societies—the Hong Kong Housing Society and the Hong Kong Model Housing Society—were making what could hardly be called more than a mere token effort to cater, for this class.

However, within one month after Your Excellency's address to this Council on the 3rd March last year, you created a Housing Authority, with the object of providing low-cost housing for persons living in overcrowded and unhealthy conditions, who were unable to find better accommodation at rents within their means. Provision is now being made in these Estimates for the first housing blocks on a 6½ acre site at North Point, which will provide 1,763 flats in 11 storey blocks at a cost of 26 million dollars. We are happy to learn that Government hopes to step up the programme, that sites already allocated to the Housing Authority provide land for about 2,300 flats to house some 20,000 people at a cost of roughly 32 million dollars, and the Housing Authority hope to erect eventually 10,000 housing units a year, adhering to the principle of multi-storey construction, which was adopted on the recommendation of the Urban Council after the great fire at Shek Kip Mei on Christmas Day 1953, as it would enable the best use to be made of the limited land available. The taxpayer looks askance at some of this expenditure especially that part of it which is for temporary relief. This in the opinion of critics, comes close to the category of waste. It is therefore reassuring that the multi-storey buildings are permanent and can be adapted later to normal low-cost housing.

It is gratifying to learn that 28,000 persons who were formerly squatters have been re-housed in multi-storey blocks; that about 100,000 persons have been resettled in concrete houses of the cottage type; that accommodation for a further 20,000 is actually under construction; that present Government plans provide for multi-storey accommodation for about 150,000 persons in all by

the end of 1956—from all of whom an economic rent will accrue to the Colony's revenue, and that Your Excellency is of the opinion that Hong Kong's serious squatter problem is already about half

solved. I hope I shall not appear as a member of the Housing Authority, to be blowing my own trumpet when I say that I feel I am expressing the opinion of every member of this Council in stating that the Department of Resettlement and the Housing Authority have handled this whole complicated problem with ability and enthusiasm and have really done splendid work during their first year.

Your Excellency has referred to the desirability of dispersing a large part of the urban population to districts in which land is not so valuable, on which buildings of the cheaper cottage type could be erected by private persons. In this connexion I would revert to proposals which I made in this Council on the 8th July, 1953. I then said I should like to see every encouragement given to an extension of the plans for further building of cottage-type houses. These were being erected as part of the squatter resettlement scheme, but I suggested that the housing situation would be appreciably relieved if the plan were extended to permit buildings of the same type being built for or by workers, other than squatters, who were living with their families in overcrowded cubicles or mere bed spaces, and for which they were paying excessive rents.

I urged that Government make a large area at Shatin available for this purpose, and I pointed out that, while the transportation problem in other districts rendered many suburban areas on the island and in Kowloon unsuitable for workers' houses, rapid transportation by railway was available to and from Shatin, and Government might be prepared to assist by providing cheap fares at very special commuter rates. I understand that with the new diesel-engined locomotives, the running time between Shatin and Kowloon Point should not exceed 20 minutes. Land is available for this purpose along the Shatin foothills, but I am reliably informed that an additional area of, perhaps, a square mile, if necessary, could be reclaimed from the flat tidal land at the south end of Tide Cove at a low cost, as filling material would be readily obtainable from the surrounding hills, and rejected rocks in large quantities from the adjacent mines.

It has been particularly unfortunate that Hong Kong has been faced with

these resettlement and housing problems at a time when the Colony's traditional entrepot trade has been so seriously reduced by the United Nations' embargo on the shipments

of many categories of capital or strategic goods to China. The imposition of these restrictions on trade with Hong Kong's principal market was a severe blow to the commercial life of this Colony, but Hong Kong has loyally carried out its obligations to the United Nations at a tremendous trade cost—representing a drop of 1,000 million dollars in 1954 on the figures for 1950. This might have been disastrous but for the astonishing transformation of this traditional entrepot during these five years into a great industrial centre, so that the percentage of locally produced exports to total exports has increased from to per cent to nearly 30 per cent. During last year 328 factories were registered, bringing the total to about 2,500—employing over 115,000 workers.

This remarkable transformation was in no small measure rendered possible by the considerable amount of external capital brought into Hong Kong, and by the enterprise and know-how of newcomers to the Colony, especially from the refugees.

The Government's preoccupation with the question of assisting the development of the Colony's industries can, therefore, be appreciated. In Your Excellency's address to this Council earlier this month on the Budget, you stressed the desirability of such help being afforded, especially by making land available for factories at special rates which would encourage investment in industrial enterprises. There is still a very considerable amount of idle capital in Hong Kong, and there is no doubt that it will be readily forthcoming if suitable factory sites can be made available at a reasonable cost. Because of the shortage of satisfactory sites, many of the present factories are built on Crown Land held on temporary permit pending development of the districts in which they are situated. It has recently been stated on good authority that applications have already been made for 350 factory sites at Kun Tong, totalling eight million square feet, some of these being for new industries; others for the extension of existing factories.

The extent of such assistance, must, however, be determined by the Colony's revenue, and it is felt that the prices charged for all land made available

for factories should fully cover the public outlay on roads, water and other services. I would further suggest that, in return for every concession in the price of land, industrialists should be required to provide housing accommodation for their employees at no more than an economic rent, and close to the factories in which they are employed. They might also be encouraged to provide them with cheap but nourishing meals. Good food and adequate housing would contribute in a big way towards the elimination of our serious T.B. problem. The ultimate purpose to be served by Government providing such assistance to industry must not be the production of increased profits for factory owners. And we have been glad to note Your Excellency's qualification that such public help should be made available only when the industry is sound and will make a definite contribution to the Colony's well-being.

It is suggested that Kun Tong and other new satellite industrial towns be definitely and permanently reserved for that particular purpose—with the exception of quarters for factory employees. The whole of North Point was at one time so allocated by Government, but a wholesale residential settlement in that area in recent years has to a great extent rendered further industrial development undesirable—and this within a stone's throw of wharves and warehouses.

It is further suggested that the provision of adequate and rapid communication to and from Kun Tong, Tsun Wan, and other new industrial centres, be given prompt and serious consideration.

On the question of education, I wish to support the remarks of my honourable Friend Dr. S. N. Chau. I do not think that the public fully appreciates the extent of the Government's large programme of school expansion over the past two years, or realizes that it has involved a capital expenditure of 7½ million dollars on new Government schools—the greater part on primary schools; that during those years Government assistance to subsidized schools was increased from \$2,900,000 to \$10,700,000, and that the number of pupils in primary schools rose from 88,000 in 1947 to about 179,000 in 1954. In addition to this capital expenditure, the Colony has had to face a very considerable and annually increasing recurrent expenditure over that period. Now a new 7-year plan for primary education, involving a capital expenditure of

\$38,000,000, is under consideration.

I note with satisfaction that it is planned to enlarge the Grantham Training College to provide for the accommodation of 300 full-time teachers-in-training.

On the subject of taxation, should it be found that increased revenue is essential, Government may be prepared to consider an addition to water rates. This would make for economy in consumption and for avoidance of waste. I am informed that, despite the exceptionally heavy capital expenditures involved, our present water rate at 80 cts. per 1,000 gallon is among the lowest in the world, and considerably below that charged in Singapore. Another possible source of revenue would be the payment of rates and taxes on all domestic buildings from a date of say three months after the issue of the Building Ordinance Office's Completion Certificate. Far too many residential buildings—in some cases whole blocks—are vacant because landlords are holding out for what home-seekers consider to be exorbitant rents, often with key-money.

Finally, I must agree to the proposition that all non-recurrent expenditure be regarded as flexible, and subject to modification according to fluctuations in the Colony's revenue. Where priority selection becomes necessary, however I think housing and education must be given initial consideration. It hardly seems appropriate or equitable that, while the Colony's normal entrepot trade is almost at a standstill, taxation should be increased to meet the cost of extraordinary projects to the full extent envisaged when further taxation was not contemplated for that purpose. (*Applause*).

MR. BLAKER: —Your Excellency, I take this opportunity of offering my congratulations to my honourable Friend, the Financial Secretary, on his able presentation of the Budget. Generally speaking I find small grounds for criticism. With our expanding population we must become reconciled to the large capital expenditure for water works, schools, hospitals, etc.

As a representative on this honourable Council of the Colony's Commercial Community I should like to register the appreciation which business men have of the helpful services given by the Department of Commerce & Industry. We still have with us major controls on trade with the mainland, which in a traditional

free trade centre such as Hong Kong are not popular, but am glad to see that there has been recently some easing of controls particularly as regards exports to and imports from America. The Trade Development section of the Departments of Commerce and Industry is now getting into its stride and I feel that it has justified the decision to set it up. One point I would like to mention is the suggestion I made last year that representatives should be sent periodically to visit existing and potential markets. One finds that more is achieved by a personal visit than by many files of correspondence. During the year the amendments made in the Business Regulation Ordinance straightened out the difference which had been the cause of a certain amount of friction between the business community and the Department.

You, Sir, in your inspiring address to Council when this debate opened, referred to the expansion of local industry and I should like to record my support for the work which Government is doing in making industrial sites available and in many other ways. It is one matter however to provide land for the factories and quite another to see that adequate land is available for business administration purposes. At present the normal expansion of the business centre is throttled by the continued occupation by the Services of such a vast extent of land in the centre of the city. Many of the buildings are of one or two stories and were laid out in the middle of the last century when land itself was of little account. The existing cost of maintaining such buildings must be very high. If the Services Departments have to be located in the centre of the city, could it not be arranged that they surrender some urgently required land in return for new buildings more modern in character and conception and in a more confined space. This whole question is of primary importance to the expansion of the business centre and every effort should be made to arrive at a solution bearing in mind also the pressing requirements of our flow of traffic.

As I have stated earlier there is little we can do to reduce our outlay for capital projects and therefore we must look for ways and means of reducing our recurrent expenditure. In this respect I wholeheartedly support my honourable Friend, the Senior Unofficial Member in asking for a thorough investigation of the Home Leave question—the existing terms of which he has set out in detail, Sir, based on my commercial practices these terms are quite

outmoded. The "travel time allowances" presumably had their origin in the days of Sail and possibly followed the rules of such a great institutions as The Chinese Maritime Customs, who, at one time, gave two years leave after a 7 year spell—this lengthy leave being given to take care of the voyage home which might take 3/4 months. Today, however, in the light of existing travel facilities, we must be more realistic. The present system involves carrying a much larger expatriate staff than is necessary.

My suggestion is therefore that leave should be given for a stated period (without any travel time allowance) to take effect from day of departure and it should be left to the officer concerned as to which route he elects to travel by.

Air passages generally are, I admit, more costly, but the increased fares would be more than offset by the saving in salaries, pensions, etc. of say two months based on the present travel time allowance. However, presumably with travel time allowance withdrawn many more officers would elect to travel by air and in this connexion I think that the question of chartering during the peak season might merit investigation. Based on current charter rates the cost of a British plane (similar in type to those now operating on main trunk routes) to lift say 40 passengers from Hong Kong to London would work out at a price considerably less than first class sea passages. If a round trip charter were feasible the cost per capita would of course be a good deal less. Government chartering is nothing new and I have heard of this operating successfully in another Far Eastern country.

Rating Ordinance: The present Ordinance was brought in some 54 years ago and is based on United Kingdom practice at that time. In the United Kingdom radical changes were made in rating some 30 years ago and I suggest that a revision of this Ordinance might bring about a greater equality of rating and also cause income from this source to be increased.

Building Sites: I still think that some relaxation could be given for building in several of the Waterworks catchment areas, especially in the light of modern drainage practice. There remains an unsatisfied demand for good sites and I should like to see every possible encouragement given to builders.

With these remarks I beg to support the motion of my honourable Friend.
(*Applause*)

MR. KWOK CHAN: —Sir, in the review of the Colony's main activities throughout the past year which you made in your Presidential address we found that realistic approach to our problems to which we have become accustomed, if I may say so with respect, under Your Excellency's administration.

On the part of the public in general any anxiety over the possibility of heavy new imposts should be quickly dispelled by Your Excellency's disclosure that there is no intention to resort to such measures in order to meet the budget deficit. The business community in particular—much perturbed by the adverse trade condition and by the obscurity of the international political horizon—should find Your Excellency's statement most encouraging and reassuring. The general reception was indeed one of widespread gratification.

Coming to the budget itself I venture to say that the task of the honourable Financial Secretary, in producing the annual budget for presentation, is indeed an onerous one; and not in the least enviable, especially when it comes to presenting a budget with a deficit of 32 million dollars. However, his statement that the deficit is to be met by drawing on our General Revenue Balance, and that it is not proposed to increase either direct taxation or any of the various forms of duties at the moment, has had a shock-absorbing effect and should provide welcome relief to the community, which is striving frantically to overcome the trade recession. I am happy to associate myself with the fitting tributes paid to him by my Senior Colleague for a difficult job admirably done.

While we fully appreciate the sympathetic consideration for the taxpayer shown by Government on this occasion, we should not flatter ourselves into taking for granted that in the event of a recurrence of this unfavourable budgetary position the same consideration will necessarily be shown next year or in any future year.

Allocations to educational and medical services, which are but two of the many important items of expenditure, are bound to be on the increase in view of the swelling population, accelerated by a rapidly-increasing birth-rate. It is estimated that the number of children of primary school age will increase from 210,000 to 366,000 between 1955 and 1961, *i.e.* in the short space of six years.

The education of the next generation as future good citizens of Hong Kong

is a responsibility preponderantly ours, and I am confident that public support should not be lacking in any further commitments such as the provision of more primary schools and of increased facilities for the corresponding pre-requisite of training of teachers.

May I here repeat a comment that I made in my budgetary speech last year and say that we in Hong Kong would prefer our children to be brought up in the Hong Kong atmosphere which is familiar to them. It was for this reason that I made reference to text-books written primarily for Malaya being used in our schools. I am glad to say that my comment did not go without result, and it is with great satisfaction that I have learned that an English publisher is now in the process of issuing an English Course specially for Hong Kong.

On the importance of medical services it would be superfluous for me to insist and I therefore shall not linger on this point.

As to the itemized estimates, I understand that figures have been carefully pruned wherever this was found possible without any impairment of the efficiency of the service concerned.

Nevertheless I am beginning to think that in our budgeting the stage to which the idiom "cut one's coat according to one's cloth" can be applied has now passed. In seeking to meet the needs of our increasing population, which is expanding by leaps and bounds, we now find our cloth so short that it is hardly sufficient to cut any coat which we could hope to get into. Eventually we may have to face the only alternative, however unpalatable it may seem, of finding some means of lengthening the cloth so that a coat—very tight-fitting perhaps—can be cut.

Your Excellency's remark as to the likely need of both trimmed expenditure and increased taxation foreshadows the course which budgetary affairs may take if the shape of things to come should follow the shape of things as they are.

Taxes are the price that the community pays for the many benefits and services which the Government, as the keeper of the public purse, is there to provide. They answer to the hire which in private life we pay for services rendered.

The honourable Financial Secretary's indication that it is not proposed to increase either direct taxation or any of the various forms of duties at the moment

I take to imply that he is not enunciating a long-term policy. But whatever my honourable Friend may contemplate for the future, we should like to be assured that the principle of leaving no stone unturned to ensure that both expenditure and taxation are kept to the absolute minimum will be observed.

I note that one of our local newspapers drew a comparison between Hong Kong and the Republic of Ecuador, pointing out that Ecuador with a larger area but with approximately the same population, has an annual expenditure less than that of Hong Kong. Just why Ecuador should have been chosen for purpose of comparison is not clear to me. It would have been equally correct to choose such a country as New Zealand, which also is much larger than Hong Kong, but in actual fact has a smaller population, the figure for the last census being given as just over 2,100,000. Yet New Zealand's annual expenditure is approximately £ 180,000,000 or seven times that of Hong Kong.

The fact of the matter is that there can be no valid comparison of Hong Kong with any other territory, for I do not think there is any other place in the world which manages to carry on such a large trade with no natural resources whatever.

The item under the heading of Public Works Non-recurrent is, as usual, a large one, but it should be appreciated that the task of the honourable Director is very much like that of the young Chinese seamstress in the proverb, who busied herself with needlework throughout the year only to finish wedding dresses for other maidens. This item too has been scrutinized to give priority to requirements according to their order of urgency.

The appointment of a Housing Authority is another important step towards the alleviation of the housing problem. The task of this Authority is to provide low-cost-housing to which the lower-salaried group may have access. To attain this end it is necessary to keep disbursements at a reasonably low level. In this respect, I would like to make a plea to Government for assistance by means of such considerations as the assessment of government dues on a favourable basis and the like.

The attempt to provide low-cost-housing for citizens in the lower-salaried group is something new in this Colony, as it is indeed in most parts of the world. I am happy to be able to say that the Housing Authority is doing its utmost to speed up this work, and to confirm that the first block of these buildings should

make its appearance within the next eighteen months.

We must not lose sight of the fact that tenants in old tenement building who are now enjoying the benefits of a comparatively low rental are frequently exposed to the danger of having to move out

from their old premises once approval is obtained for demolition to make room for a new multi-storied structure. From the point of view of the development and modernization of the city this is perhaps unavoidable. True, there will be more accommodation provided for domestic habitation as well as for business requirements. But we should not overlook the fact that by the time the new structures are ready the rentals will be raised appreciably to a level that the class of people who were living there or who carried on business there before can never hope to reach. Thus we shall be in the position of offering an improved standard of living to persons who are financially precluded from taking advantage of it. This will have an important bearing on the economy of this Colony. Low-cost-housing, on an even larger scale, will therefore be in constant and growing demand. The solution of this problem, not absolute perhaps but only partial, will involve heavy capital expenditure, and there is cause for gratification that this matter is receiving very close attention from Your Excellency and that material assistance from Government has been substantial.

In your address Your Excellency referred to your word of advice given to the manufacturers of Hong Kong in your speech at the opening of the 12th Exhibition of Hong Kong Products in December last in regard to the necessity for scrupulously honest behaviour by merchants and manufacturers if our industry is to continue to prosper.

We have had enough allegations from abroad, even from members of our own family, so to say, directed against our Hong Kong products. Most of these allegations we believe to be either ill-founded or prompted by economic rivalry. Nevertheless, we must acknowledge Your Excellency's advice to be a timely reminder to our merchants and manufacturers, with whom, the Department of Commerce and Industry has been in constant consultation on the urgent necessity of introducing an effective system of certification and standardization. Incidentally this subject was very fully discussed in committee at the meeting of the ECAFE Sub-Committee on Trade which was successfully held in this Colony

early this year, and we should be activated by the enthusiasm over this subject shown by members of ECAFE, comprising countries belonging to or having interests in this region, with most of whom we trade, to take early positive action to institute such a system.

Your Excellency's lecture tour of America, closely followed by the meeting of the ECAFE Sub-Committee on Trade held here, has afforded opportunities to the people of America and representatives of many countries to gain a better understanding of our Hong Kong problems, and there is reason to believe that Hong Kong should benefit correspondingly.

It is a matter for satisfaction that in the course of the past year Government has found itself in a position to withdraw from trading in rice and other items of daily necessities. There is still a large section of the business community entertaining the hope that the facilities for trading in these commodities, which are at present confined to a selected few, may yet be extended freely to those who were previously engaged in that business, and who are able to meet the requirements prescribed.

I am particularly impressed by the good work of the Department of Commerce and Industry, where every possible step is taken to promote the trade and industry of Hong Kong, and I am glad to say that my opinion is fully shared by those who have had constant contacts with this department.

The Director of this department is a strong advocate of participation in foreign trade fairs, and I think he is right. The advantages of participation should not be under-rated; it is through this channel that our products can be brought to the notice of foreign buyers, and it is in this way that export trade can be appreciably expanded. Government expenditure on financing participation in foreign trade fairs should be regarded as a good investment.

At no time has the value of maintaining an office of the Hong Kong Government in London been so evident as it has been for the last twelve months. The Director and his staff have at all times kept their eyes and ears open and have never been caught napping when the need has arisen for a true presentation of Hong Kong's case.

Our manufacturers have shown much enthusiasm over the reclamation scheme to provide factory sites at Kun Tong, which was announced by Your Excellency in your address. I understand some 350 applications for allocations of sites have been sent in.

The question I would wish to ask now is: whether in the preparation of this new scheme, consideration has been given to the possibility of smoke or dust nuisance from factories eventually built on the site, causing inconvenience to the movements of aircraft, since the proposed area is in such close proximity to the airport.

While welcoming the good news of this new scheme, some manufacturers, according to what I have been told, are facing the unhappy ordeal of having to move their factories from Crown Land sites upon which they have been built on temporary permits. Strictly speaking, there should be no grounds for complaint, since the factory owners are aware of the temporary nature of these permits, but in view of Your Excellency's expressed wish to encourage industries, would it not be possible to have the orders for removal adjusted to coincide with the availability of alternative areas on which the factories concerned may be re-sited?

The problem of hawkers, to which Your Excellency referred at length in your address, has been one which the Urban Council has, for many years continuously, tackled with determination. In the light of experience, improvements in the system of licensing and in the provision of sites, and fresh decisions on policy, have been sought, and in many instances implemented—all for the purpose of making the lot of the hawker a better one, and of providing better opportunities for employment. The Chairman of the Urban Council made a statement covering this subject very fully at a meeting of that Council yesterday, and I have no doubt that the revised policy announced by him will be favourably received.

When the honourable Financial Secretary touched upon the subject of loans from the Development Fund to football clubs for their stadia, he remarked that it was hardly appropriate that a long amortization period should be applied to such projects as sports facilities. On this point it grieves me to say that I find myself at issue with my honourable Friend.

Under the Physical Training and Recreation Act, 1937, of Great Britain, National Advisory Councils are functioning, and one of their stated principal objects is: to review the existing facilities for physical training and recreation in the various localities within their area, to direct public interest to the value

of such training and recreation and to encourage the promotion of local schemes for the provision of further and better facilities therefor. This shows how much importance is attached to the promotion of sports facilities in Great Britain. Likewise, in all modern cities of other countries the provision for sport is regarded as equal in importance to that for education, and physical education is invariably included in the curriculum of every school. Physical exercise and sport contribute essentially to the health and well-being of the young as well as of the old. These stadia provide the venue for outdoor sports, mostly for school children; and for healthy recreation for the grown-ups, both the actors and the spectators, the latter of whom find welcome diversion from a hard day's work in witnessing a sports function in the open. Purely from the point of view of adding to the amenities of the locality, the building of these stadia is well worthwhile, while a further advantage is the removal of the danger of fire which was ever present with bamboo stands. The clubs responsible for these ventures are non-profit-taking and certainly deserve our appreciation for their service to the public. Apart from the interest derived from these loans, government benefits also from the entertainment tax which these revenue-producing sources contribute. To substantiate this statement I have obtained figures to give some idea of the large sums involved. The figures include entertainment tax paid to Government by South China Athletic Association, Hong Kong Football Club and Hong Kong Football Association:

<i>During the Season</i>	<i>Season's Total</i>
1949/50	\$112,000
1950/51	230,000
1951/52	290,000
1952/53	239,000
1953/54	264,000

1954/55 unfinished 251,849

Sir, you can see from these figures that revenue derived from this source has been well maintained, in spite of the general decline in trade which has affected revenue from other sources. I hope my honourable Friend will not think that I am prejudiced when I make this statement in defence of the stadia loans. Allow me to repeat what I said in my last budget speech—that Government could have made the commitments of the clubs concerned much lighter had the loans been granted interest-free.

The good work done by the Social Welfare Office and by the Kaifong Welfare Associations has earned them their rightful place in the life of this Colony. They again figured prominently in the many disastrous fires last year, and many a chaotic situation has been saved through their timely application of relief measures now rendered highly efficient through practical experience. These fire disasters, which have been unusually frequent in the past year, have likewise rendered the work of the Fire Brigade, Police, and other auxiliary services many times more difficult, and the promptness in which these services responded to the calls is worthy of general praise.

My honourable Colleagues who have spoken before me have covered the ground in most competent fashion and I feel now that there is nothing further I need say.

May I conclude by expressing my high appreciation of Your Excellency's address, which has engendered an atmosphere of confidence and resolution, and which should assist the people of Hong Kong to continue to maintain this Colony as a little paradise of freedom and stability.

Sir, I have much pleasure in giving my support to the motion. (*Applause*).

DR. A. M. RODRIGUES: —Sir: We have reached that stage in a growing city where the budget gets bigger each year and the services relatively better but where the financial result is in the other direction, so in spite of, or rather because of this record budget we now face a deficit for the first time in recent years.

Your Excellency's keen appraisal of the overall situation and your realistic

approach to the problem has helped to instil quiet confidence to the people of Hong Kong without dimming their sight to the portent of this first deficit budget.

There has also been relief in the thought and knowledge that there will be no increase in direct taxation, a decision which once again demonstrates the wisdom and perspicacity of my honourable Friend, the Financial Secretary. With the formidable list of

awaited projects, some near essential in importance, I find it difficult to say "Yes", —Sir, to your question whether a halt should be called to new expenditure.

Honourable Members have already pointed out, and I agree with them, that the case has yet to be proved that waste and extravagance does not still exist. We should confine ourselves where possible to utility buildings, not architectural wonders, and planning should be thorough and wide in outlook to avoid abandonment after money and time has already been expended; and to avoid necessity for further work when, if this had been planned at the initial stage, the cost would have been cheaper.

Although we are often made to believe that the degree of efficiency and load of work is such that any suggestions brings forth the request for additional staff, I am not convinced that this formidable "Empire" especially with regard to expatriate staff, is a minimal requirement. In my opinion, more local talent could be used in the upper brackets of Government Service. It has been said that applications from Hong Kong born for service are not many. I know that some who are in the service and in a senior position, with over 20 years of service have nowhere near the same comfort nor the same consideration given them as their expatriate counterpart. The house allowance which is embodied in the Salaries Commission, which method of embodiment is, to say the least, most peculiar, is in my opinion insufficient for these officers who hold positions of trust and responsibility. We have many locally graduated doctors who have through further study acquired specialized knowledge and status. I sincerely hope that these will be given every opportunity of attaining the higher posts in the New Kowloon Hospital and other hospitals planned.

Regarding revenue, I am happy to note that fees charged by Government are

in process of study and possible revision. Some of these are, at the present time, unrealistic and I put forward the magnificent Hong Kong Annual Report as an example. An ordinary novel sells today for at least \$10.50 and enjoys reasonable sales. The Hong Kong Report is good and attractively presented and yet sells for \$6.00. I am sure it could have been raised to \$10.00 without discouraging those, who would have purchased it at the lower figure, from acquiring a copy.

In describing the pattern of the Colony's economy the honourable the Financial Secretary has, in one line, glossed over the value of the tourist traffic in providing income. The Hong Kong Annual Report states that "a survey carried out during the year to assess the magnitude of the tourist traffic suggests that the business value of tourism to the Colony at the present time is not less than \$145 million per year and that, given the right encouragement, tourism could become one of the Colony's leading industries."

Another writer claims that visiting seafarers spent close to £ 10 million and this does not include the money spent to re-supply the ships.

These figures, accrued at a time when no wide-scale positive action is being taken to attract visitors, might well be substantially increased with proper tourist promotion. Think of the effect on our general economy, the chain-reaction benefit that will be derived from this fresh source of financial supply.

We have had some publicity already through various conferences held here, through reports following the visits of Parliamentary groups and even visits from 'Hollywood'.

An unfortunate and unwelcome bit of publicity, but publicity nevertheless, has also resulted from the impetuous attacks, mostly unfounded, made at the *bona fides* of our industry.

The Colony will be ever grateful to your Excellency for the successful way in which your audiences were won for Hong Kong during your recent lecture tour. It is up to us to maintain and supplement this good impression.

How can we give the right encouragement to tourism?

It has been said that first and last impressions always remain, —what

happens between is quickly forgotten. A first step should therefore be to streamline procedure as regards entry permits, visas and immigration control. Unpleasant experiences, delays, lack of courtesy all only serve to discourage the visitor and possibly his friends from subsequent trips. This is more applicable to those from Asian countries who look upon Hong Kong as the ideal shopping centre, thanks to the enterprise of our shopkeepers, for goods from all over the world can be purchased here and often cheaper than at the country of origin.

Provision of sufficient first-class accommodation, good restaurants, attractive road signs and city plans in the right places are among the other points that might be looked into.

While Hong Kong is endowed with much natural beauty and some views are among the finest in the world, it is not an unusual sight to see tourists precariously perched over the edge of Stubbs Road trying to establish a better view of the harbour or the reclamations to the East. A forthcoming amenity near the Peak Tram will, in my estimation, be a boon, despite some opinion to the contrary. Here, I shall digress, if only for a moment, to remark that this project has been coupled with the name of my good Friend, the honourable Director of Public Works not without some banter. I would suggest that this be given serious thought, to serve as a reminder of and a tribute to his farsighted vision and panoramic outlook of all things under his command.

The main roads on the island as well as the mainland should be kept as pathways of comfort and pleasant enjoyment, and all possible eyesores should be removed. I have in mind a particularly offensive stretch in the Tsun Wan area extending from the 8½ miles to the 9th milestone.

While the visitor is expected to spend for our benefit, it should be a requisite, for obvious reasons, that he should be prevented from being mulcted and in this respect efficient guide services are essential. I am informed that some are already functioning and doing a good job.

I believe this whole matter is of sufficient importance to warrant the formation of a committee to study possible improvements and implement them.

It is usual, in the course of this debate to air one's views on what might have been and on what might still be. With large surpluses this is never a very

difficult task, but a deficit budget might be said to take the wind off one's sails. Nevertheless, I feel it my duty to air some of my views.

In answer to a question whether he had prepared his budget speech, an unofficial member once replied that all he had to do was to repeat the previous year's speech but present it in another form. This was, of course, spoken in jest but nevertheless, I find myself faced with two hardy annuals.

I am urging the reconsideration of the question of Fluoridation of Water, the benefits of which have already been ably expressed and outlined by my Friend and Colleague, Dr. the honourable S. N. Chau.

In Government's reply last year to my proposal to introduce this health measure in Hong Kong, much was made of the fact that the United Kingdom Mission did not recommend an immediate start to fluoridation for the whole of the United Kingdom. It was suggested that Hong Kong should wait till the pilot schemes in the United Kingdom had been reported on. This was a misreading of the Mission's report for at the outset, the report firmly stated that fluoridation is safe and effective and nothing can be found against it. The only question at issue is the ideal proportion of Fluoridation to be added to water supplies for British conditions, where the natural content varies in different parts of the United Kingdom.

In Hong Kong, on the other hand, and this is after widespread analyses were made, fluorides have not been found to be present at all in our water, and it would not serve any purpose to wait for figures from the United Kingdom, in fact, it would be foolish to do so, when every year's delay is depriving our children of the benefits of fluoridation, which (from a recent report from Canada) reduces the incidence of caries by 69% in the 6-8 year group, by 44% in the 9-11 age group and by 36% in the case of the 12-14 age group.

In December last year, Government put forward as a reason against fluoridation our restricted and intermittent water supply. As has been pointed out by my honourable Colleague, with proper machinery accurate dosage can be achieved without difficulty, and a competent waterworks engineer has noted that "there is not any insuperable technical objection" to the fluoridation of Hong

Kong's water supply. I reaffirm what has already been stated and this is that fluoridation is not mass medication but analogous to the 'Chlorination of water and pasteurization of milk'.

At the recent meeting of the Dental group under the World Health Organization it was recommended to all countries in Asia where caries is a problem, to adopt Fluoridation. Let us in Hong Kong take the lead in Asia.

The subject of requisitioning has already been introduced by my honourable Friend, Charles Terry, who has opened the innings, so to speak. It is left to me to complete it, batting on this somewhat sticky "La Salle College" wicket.

This beautiful building was requisitioned temporarily as a Military Hospital, with the belief and understanding that a hospital as such would be planned and construction begun almost at once. Today, over 5 years have passed and while many projects have been completed by the Military Authorities, some of them fairly substantial in size as well as cost and providing for social, educational as well as domestic requirements, there is not the slightest suggestion that a hospital is to be built now or in the near future. Instead, regular alterations have been made to the college and grounds in the attempt to alter it to what it was never intended to be.

The Christian Brothers were among the first pioneers in Education in the Colony, and it was with this same spirit that La Salle College was built to satisfy the growing need of schoolchildren in the days when Kowloon was rapidly expanding. Their keen foresight and wise planning was reflected in the fine building and spacious grounds, which latter no longer exist.

We have an extensive educational programme planned for 7 years ahead, yet the Brothers with their vast and time-worn experience in teaching are prevented from fully performing their rightful function, that of teaching 1,200 students in their own college. They have, instead, been expected to make-do in a temporary building teaching less than 900 students. I sincerely hope, that in this case, the architect's conception of "temporary" coincides with that of the requisitioning Authority, or else we may have a collapsed building in the near

future.

The present hospital can hold 400 patients but the average bed-state is 250, including cases which judged by local standards could not be regarded as strictly hospital cases. I have learnt that further improvements, if they can be called such, are envisaged and the hospital is expected to take over cases from the Bowen Road hospital when this is rebuilt, covering another 4 years.

Before further costs are incurred by the Military Authorities I urge that Government, and I repeat Government, as the Authority responsible for the requisitioning, should take steps to prevent the perpetuation of what appears to be a breach of good faith.

I support my honourable Friend, Charles Terry regarding the erection of a New Kowloon Post Office. My honourable Friend has very adequately covered this matter and I cannot usefully add to what he has said. I should however emphasize again that when the present building was erected it was stated that it would only be temporary . . . a terrible word. I would suggest that this word be dropped from official circles unless it be more clearly defined with regard to period of time.

The honourable the Financial Secretary has referred to an incompatibility existing in the Labour family, which was amicably settled.

On the other hand I am happy to observe that a very healthy relationship exists, though definitely platonic, between the Medical and Education departments. I would like to congratulate my honourable Friends the heads of these two important departments for their efficient and combined handling of the health problem among school children, for medical education and prophylactic measures are paying good dividends albeit not in terms that our honourable Financial Secretary would like.

Regarding prophylaxis of schoolchildren I have what I consider a constructive suggestion to make; —that the schools be directed to maintain for each child individual record-books providing a guide for parents as well as physicians in future health care. It is not unusual for a parent on inquiry, to profess ignorance of whether their child has received inoculations or not, with

the result that the child is often subjected to unnecessary injections, which may even be harmful. This booklet should be of uniform entry and be the property of the child on leaving school.

We have been asked whether we can afford the medical and health services we are giving. One might well ask whether we can afford to live. Without a healthy community how will our industries be able to produce their goods, our banks function, and

our various public services fulfil their requirements. Medical aid and hospitals have a prior claim on our resources and even with what is planned there will be insufficient hospital accommodation. The New Kowloon hospital, the Mental hospital, Tsan Yuk hospital are only first steps to bridging the gap. We have no hospital for Chronic diseases nor for eye diseases and the Sai Ying Pun clinic still has to be rebuilt. Private enterprise cannot maintain a first-class hospital without endowments or public donations. It is up to government to do all it can. A recent appeal by a first-class hospital proves my point. It is my sincere hope that this appeal will meet with prompt public response.

I align myself with my honourable Friend Kwok Chan in taking issue with the honourable Financial Secretary regarding sporting facilities. My Friend has reminded us, with figures to prove it, that a steady income is derived from sport. Even without this, the value of sport cannot be assessed in terms of financial return.

In a community of over 50 nationalities, who are living in peaceful harmony, it is my contention that sport is a contributing factor in maintaining these excellent relations. A visit to any local club on a Saturday afternoon will establish the truth of this statement.

Sport is not only healthy recreation but organized sport brings out qualities of good leadership, sound judgement, fair-mindedness and team spirit all of which will go towards forming the right type of Hong Kong citizen. Clubs supply in part the necessary facilities, but with the increasing demands private club resources are inadequate if standards are to be maintained.

Remove sporting facilities and the void in the lives of these citizens might well be filled instead with discontent, delinquency and other possibilities affecting public security.

Hong Kong has gained recognition in International Sport, and this has brought with it prestige, goodwill and understanding and sympathy for the people of Hong Kong.

I hope the Financial Secretary's observation is not meant as a definite outlining of policy, based as it is on one item, the Colony Stadium. Perhaps his pessimism with regard to its future finances might be explained away as a case of bad-timing in

erecting a stadium when two others exist, rather than to the principle that a Colony Stadium is unnecessary. I for one, would like to see more participation of Hong Kong sportsmen in International games and I see no reason except one, why this Colony should not be the venue for some future Far Eastern Olympics or Empire Games. The only reason against this is our inadequate facilities. We need a full-size Swimming Pool and an Indoor Stadium. The former is already in the planning stage and it would be well for the organizations concerned to plan for an indoor stadium for future consideration by Government. I can offhand count 14 branches of sport which would use this stadium, and which are finding some difficulty, financial as well as regarding facilities, in promoting their games, but who nevertheless carry on in the interests of the Colony's sportsmen.

The honourable Kwok Chan has rightly pointed out the value of physical education in children. To this add the value in training them in discipline, clean living, sense of fairplay and again leadership, and sport will have a moral value equal nearly to that of a sound education.

Cricket remains one of the few branches of sport which is strictly as well as traditionally British and it instils all the qualities already mentioned, therefore I was disturbed to read that a School Cricket League was abandoned due to lack of facilities. I hope this will be remedied by the honourable the Director of Education when the New Stadium is ready using a matting wicket which will not affect the turf.

Annual athletics play a regular part in every school's activities and this stadium will supply those schools without grounds, with the necessary venue. I must here record the hope that these facilities will be provided for the schools free-of-charge.

Sir, Hong Kong has been referred to as the Colony with a paternal

Government. I would add that we have been blessed with a very wise and dutiful pater, and we are also fortunate in having some fairy godmothers among us.

Ours is not a house divided but a family of communities, each united in itself but striving with the whole for the good of Hong Kong and in so doing, peacefully upholding this Colony as a shining example and symbol of free-world principles. (*Applause*)

THE FINANCIAL SECRETARY moved that the debate on the Second reading of the Bill be adjourned and that the Bill together with the draft Estimates of Revenue and Expenditure, be referred to a Select Committee composed of the Colonial Secretary as Chairman, the Financial Secretary, and all the Unofficial Members of Council.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

MARKETS (AMENDMENT) BY-LAWS, 1955.

MR. H. G. RICHARDS moved the following resolution: —

Resolved that the Markets (Amendment) By-laws, 1955, made by the Urban Council on the 1st day of March, 1955, under section 5 of the Public Health (Food) Ordinance, Chapter 140, be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

JUDICIAL PROCEEDINGS (REGULATION OF REPORTS) BILL, 1955.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to regulate the publication of reports of judicial proceedings in such manner as to prevent injury to public morals".

He said: Sir, the purpose of this Bill is described in the statement of

objects and reasons. The Bill is based on an act of 1926 of the United Kingdom. The subject was very thoroughly debated in Parliament and although criticisms and misgivings were expressed, the Bill, which was a non-party measure, was given a second reading in the House of Commons by an overwhelming majority—222 Ayes, 3 Noes. So far as I am aware, the Act has put a stop to the publication of salacious details of cases before the Courts in the United Kingdom, though I cannot recollect any occasion where a prosecution has been taken under it.

Honourable Members will have in mind a recent local trial which was given great publicity in some organs of the Press with varying degrees of indecent detail. The Courts are open to the public, and if people wish to go there to listen to unsavoury cases there is nothing to prevent them. That is one thing: it is, to my mind, quite another that newspapers should thrust the lurid details of unsavoury cases before the eyes of the public. One could have wished that journalists and publishers would regulate this matter for themselves: they have not done so, and the Government is therefore justified in bringing forward this measure to curb publication of matter which is harmful to public morals.

Sir, during and after the trial that I have mentioned I was approached by a number of persons—perhaps other honourable Members were too—who suggested that it was high time that something was done to prevent the reporting of indecent detail, and I feel sure that this measure designed to that end will have the support of the public in general.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

Section 46 of the Divorce Ordinance (Cap. 179) places restrictions on the publication of reports of matrimonial proceedings. It is considered desirable also to prohibit the publication in relation to any judicial proceedings of indecent,

offensive or revolting details, and to incorporate the provisions of section 46 in the same Ordinance. That is the purpose of this Bill.

2. Documents for use in connexion with any judicial proceedings, *bona-fide* law reports and publications of a technical character *bona-fide* intended for circulation among members of the legal or medical professions are exempted from the prohibition. Prosecutions may not be instituted except by or with the consent of the Attorney General.

AIR NAVIGATION (ABATEMENT OF SMOKE NUISANCES) BILL, 1955.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to make provision for the abatement of smoke nuisances affecting the use of Hong Kong Airport (Kai Tak) by aircraft".

He said: —Sir: At the committee stage I shall move a number of amendments which are the outcome of further consideration given in the light of suggestions which have been made to the Government. A table of the proposed amendments is in the hands of honourable Members as is also a re-draft of the Bill incorporating the proposed amendments which will enable honourable Members to see how the Bill will look if the proposed amendments are adopted. I think that the major amendments call for some explanation at this stage, the minor ones are explained in the remarks column of the table. Sir, there are three major amendments.

As the Bill now stands the Director of Civil Aviation is required to give notice of an apprehended nuisance under clause 3, and in the event of the occurrence of a nuisance after notice given, the occupier of the premises is guilty of an offence and liable to heavy penalties. It is thought that these provisions are too drastic because they throw the whole onus, once notice has been given under clause 3, on the occupier of premises and it may be very difficult, if not virtually impossible, for him to judge whether he is creating or contributing to the existence of a smoke nuisance: he is very much in peril under the clause as it stands. It is therefore considered equitable that the notice under clause 3 should be purely in the nature of a warning that a nuisance is likely to emanate

from premises, so that if thereafter a nuisance does emanate, a notification to abate it will not come like a bolt from the blue. It will be in the discretion of the Director of Civil Aviation to give the warning notice and no penalty will automatically attach where a smoke nuisance occurs after notice given. That nuisance will fall to be dealt with under the clause which deals with abatement of smoke nuisances. As the notice under clause 3 is purely in the nature of a warning, it is considered that there is no longer any necessity to provide for an appeal.

The next important amendment Sir, concerns clause 5 of the Bill before Council. As the clause stands it provides that where a smoke nuisance exists, the occupier of the premises from which it emanates shall be notified of the nuisance and required to abate it forthwith and to prevent a recurrence. Sir, the amended version provides for the giving of notice where a nuisance either exists or is imminent, such notice requires the occupier to reduce or eliminate the emission of smoke to the satisfaction of the Director of Civil Aviation, and the notice remains in force until the Director notifies the occupier that it is no longer necessary to reduce or eliminate the emission of smoke. In the event of such a notification not being complied with the occupier will be guilty of an offence.

A further major amendment is the provision for an appeal by a person to whom a notification to abate has been given, and this appeal is to the Governor or the Governor in Council at the option of the appellant. The reason for this option is that a notification to abate may necessitate the closing down of a factory for periods of varying length. If the period were of short duration an appeal to the Governor in Council would be elusory and therefore the alternative of an appeal to the Governor has been given.

Honourable Members may have seen in the China Mail for March 15th a statement by the Chairman of the Green Island Cement Co. at its annual general meeting about the action which his company has taken and will continue to take for the abatement of smoke nuisances affecting the Airport. The arrangements which have been made between the company and the Director of Civil Aviation have so far proved efficacious, and continued co-operation will I feel sure avoid any necessity for legal proceedings.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clause 1 was agreed to.

Clause 2.

THE ATTORNEY GENERAL: —Sir, I beg to move the amendment standing in my name.

The amendment was as follows: —

(a) Add the following definition—

‘ “Director of Civil Aviation” includes the Deputy Director of Civil Aviation;

(b) in the definition of "smoke", insert the following words—

"and any vapour";

(c) in the definition of "smoke nuisance"—

(i) leave out the words "or vapour or a combination of them"; and

(ii) leave out the words "the airport;" and substitute the following—
"Hong Kong Airport (Kai Tak). ";

(d) leave out the definition ‘ "the airport" means Hong Kong Airport (Kai Tak)’.

The clause, as amended, was agreed to.

Clause 3.

THE ATTORNEY GENERAL: —Sir, I beg to move the amendment standing in my name.

The amendment was as follows: —

Leave out the word "shall" and substitute the word "may"

The clause, as amended, was agreed to.

Clauses 4-7.

THE ATTORNEY GENERAL: —Sir, I beg to move that each of these clauses be left out.

This was agreed to.

New Clause (Notification of existence or imminence of smoke nuisance)

New Clause (Appeal)

New Clause (Penalty for failure to abate nuisance)

New Clause (No liability for loss or damage)

THE ATTORNEY GENERAL: —Sir, I beg to move that these new clauses stand part of the Bill.

The new clauses were as follows: —

Notification of existence or imminence of smoke nuisance. (1) On any occasion when, in the opinion of the Director of Civil Aviation, a smoke nuisance exists or is imminent, he shall, as soon as practicable after he has become aware thereof, notify the existence or imminence, as the case may be, of the nuisance to the occupier of any premises which, in his opinion, are by the emission of smoke causing or contributing to the existence or imminence of such nuisance.

(2) Such notification shall require such occupier, forthwith and for so long as it remains in force, to reduce or eliminate the emission of smoke from his premises to the satisfaction of the Director of Civil Aviation.

(3) A notification given under subsection (1) shall remain in force until such time as the Director of Civil Aviation notifies the occupier of the premises to which it relates that there is no longer any need on that occasion to reduce or eliminate the emission of smoke from such premises.

(4) A notification given under subsection (3) shall be without prejudice to the giving of a further notification under subsection (1) as occasion may require.

(5) If a notification given under either subsection (1) or subsection (3) is not in writing, the Director of Civil Aviation—

(a) shall, if so required at the time of the notification by the person to whom the same is given, confirm the same in

writing; and

(b) may, if no such requirement as aforesaid is made, confirm the notification in writing.

(6) Written confirmation under subsection (5) shall be given as soon as practicable after the giving of the notification to which it relates.

Appeal. (1) Any person to whom a notification under subsection (1) of section 4 has been given, may appeal

against any requirement thereof by writing addressed to the Governor or the Governor in Council at the option of the appellant.

(2) The Governor or the Governor in Council, as the case may be, shall either confirm or vary or annul such requirement and his decision shall be final, but pending such decision, the appellant shall comply with all the requirements of such notification.

Penalty for failure to abate nuisance. In the event of a notification given under subsection (1) of section 4 not being complied with, the occupier of the premises in relation to which it has been given shall be guilty of an offence and liable—

(a) on summary conviction, to a fine of twenty thousand dollars and to imprisonment for six months; or

(b) on conviction on indictment, to a fine of one hundred thousand dollars and to imprisonment for twelve months.

No liability for loss or damage. Neither the Government nor the Director of Civil Aviation shall be liable for any loss or damage—

(a) consequent upon the enforcement of any of the provisions of this Ordinance; or

(b) caused by the existence of any smoke nuisance, whether or not any of the provisions of this Ordinance have been enforced.

The four new Clauses were agreed to.

Council then resumed.

THE ATTORNEY GENERAL: —Sir, I beg to report this Bill from Committee with

amendments and with Your Excellency's leave to say that, pursuant to Standing Order 28, it will be published in the *Gazette* as amended prior to the Third reading, which will be taken at the next meeting

ADJOURNMENT.

H. E. THE GOVERNOR: —That concludes the business, Gentlemen. Council will adjourn to this day week.