

OFFICIAL REPORT OF PROCEEDINGS.**Meeting of 16th March, 1960.**

PRESENT:HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, K.C.M.G., O.B.E.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT-GENERAL SIR EDRIC MONTAGUE BASTYAN, K.B.E., C.B.

THE HONOURABLE THE COLONIAL SECRETARY

MR. CLAUDE BRAMALL BURGESS, C.M.G., O.B.E.

THE HONOURABLE THE ATTORNEY GENERAL

MR. ARTHUR HOOTON, Q.C. (*Acting*).

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. PATRICK CARDINALL MASON SEDGWICK (*Acting*).

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE, C.M.G.

THE HONOURABLE ALLAN INGLIS

(Director of Public Works).

DR. THE HONOURABLE DAVID JAMES MASTERTON MACKENZIE, C.M.G., O.B.E.

(Director of Medical and Health Services).

THE HONOURABLE COLIN GEORGE MERVYN MORRISON

(Director of Urban Services).

THE HONOURABLE ROBERT MARSHALL HETHERINGTON, D.F.C.

(Commissioner of Labour).

THE HONOURABLE NGAN SHING-KWAN, O.B.E.

THE HONOURABLE KWOK CHAN, O.B.E.

THE HONOURABLE JOHN DOUGLAS CLAGUE, C.B.E., M.C., T.D.

THE HONOURABLE HUGH DAVID MAC EWEN BARTON, M.B.E.

THE HONOURABLE DHUN JE HANGIR RUTTONJEE, O.B.E.

THE HONOURABLE FUNG PING-FAN, O.D.E.

THE HONOURABLE RICHARD CHARLES LEE, O.B.E.

THE HONOURABLE KWAN CHO-YIU, O.D.E.

MR. ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*).

MINUTES.

The Minutes of the meeting of the Council held on 24th February, 1960 were confirmed.

OATHS.

MR. R. M. HETHERINGTON, D.F.C. took the Oath of Allegiance and assumed his seat as a Member of the Council.

H. E. THE GOVERNOR: —We welcome you to our Council, Mr. Hetherington.

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, 1960: —	
No. 5—Annual Report by the Director of Commerce and Industry for the year 1958/59.	
No. 6—Annual Summary of the Education Department for the year 1958/59.	
Report of the Select Committee on the Draft Estimates of Revenue and Expenditure for 1960/61.	
Defences (Firing Areas) Ordinance.	
Defences (Firing Areas) (Amendment of Schedules) Order, 1960	A. 11.
Colonial Air Navigation Order, 1955.	
Hong Kong Air Navigation (Airport Fees) Regulations, 1960.....	A. 12.
Emergency (Requisition) Regulations, 1949.	
Emergency (Requisition) (Use of Land by Her Majesty's Military Forces) (Cancellation) Order, 1960	A. 13.
Protection of Women and Juveniles Ordinance, 1951.	
Places of Refuge	A. 14.
Births and Deaths Registration Ordinance.	
Births and Deaths Registration (Amendment of First Schedule) Regulations, 1960	A. 16.
Industrial and Reformatory Schools Ordinance.	
Reformatory Schools (Revocation of the Reformatory Schools Regulations) Rules, 1960	A. 17.

THE COLONIAL SECRETARY moved the following resolution: —

Resolved that the Report of the Select Committee, to which was referred the draft Estimates of Revenue and Expenditure for 1960-61, be adopted.

He said: Sir, the Report of the Select Committee on the 1960-61 draft Estimates of Revenue and Expenditure is in the hands of honourable Members and all the proposed amendments are fully set out therein. I need only say that if the recommendations in the Report are adopted the estimated deficit for 1960-61 will be reduced by over \$40 millions from \$266.8 millions to \$226.1 millions.

The Financial Secretary seconded.

MR. NGAN SHING-KWAN: —Your Excellency, it is my privilege to open the debate this afternoon, and to express on behalf of all the Unofficial Members the gladness which is in our hearts at the news of the birth of a Prince to Her Majesty the Queen. It is indeed an occasion for happiness and rejoicing, and we take great pleasure in associating ourselves with Your Excellency's remarks at the last meeting of Council.

The budget for the coming financial year has been considered by a Select Committee which included the Unofficial Members of Council and it will be seen from the Committee's report that the revised estimates of revenue and expenditure are \$712.1 millions and \$938.2 millions respectively. The estimated deficit is thus reduced from \$266.8 millions to \$226.1 millions, as just mentioned by our Honourable Colonial Secretary the main reason for this reduction being the increases in the rate of duty on petrol and tobacco and in the charge for water, which were announced three weeks ago by the Honourable Financial Secretary.

Before proceeding, however, to discuss the Estimates I should like, Sir, to voice the deep satisfaction that is derived throughout the Colony from the knowledge that the overall control of our affairs is in the hands of one so eminently capable as yourself. During the two years which have elapsed since you assumed office, the progress which has been a feature of post-war Hong Kong has continued unabated, and I am confident that Government will do its utmost to ensure that the advance is maintained.

Turning to the Budget, I must admit that the deficit appearing in the Estimates was more than I had anticipated, and I could not but admire the air of quite confidence with which the Honourable Financial Secretary disclosed his plans for dealing with the situation. That we should look firstly to the reserves built up during the years of surplus goes without saying; it is equally obvious that if we were to rely solely upon those reserves, they would be very quickly absorbed by the tremendous programme of public works which lies ahead. I agree that

this programme will have to be carefully reviewed, but there are many urgent social problems facing the Colony. I should be reluctant for instance to see a slow-down in the basic expansion programmes for water, health, education and housing, and I shall have more to say on these subjects in a moment. In the circumstances, I am of the opinion that the compromise proposed by the Honourable Financial Secretary, whereby we shall meet 20 per cent of the bill for non-recurrent public works from revenue and the remainder from our surplus balances, is both reasonable and realistic. He could hardly have suggested less; he might well have asked for more. Acceptance of my honourable Friend's proposal in turn implies acceptance of the need to raise additional revenue and I did not, therefore, oppose in Committee the measures taken by him in this respect.

The prospect of a heavy deficit and the threat of additional taxation invariably give rise in any country to discussions as to the efficiency of the Public Service, and Hong Kong is no exception in this respect. I understand that some of my Colleagues will be touching upon this point this afternoon, and I shall confine myself to only one aspect—that of staff. The proposed increase in the Establishment for the coming year again provides for close on 5,000 posts, bringing the total number of persons in the employ of Government to over 50,000. Many of these new posts derive from the completion of Public Works projects previously approved by Finance Committee, whilst others result, as the Honourable Financial Secretary has explained, from the overall expansion of the Government machine, which must try to keep pace with the multifarious requirements of the community. The fact remains, however, that each year at this time Finance Committee has about three weeks within which to approve several thousand new posts and this does not permit of detailed consideration. As I said last year, departments invariably present a good case when seeking approval for minor increases in staff during the course of the year, but there is not the same opportunity to study the merits of the various applications when faced with a block request for several thousand new posts. I do feel, therefore, that it would be of assistance to Unofficial Members in satisfying themselves that the increases in staff are essential, if they could be allowed more time within which to study the applications, and I commend the point for the consideration of Government.

I should like, Sir, to mention also the part played by Heads of Departments in the matter of staffing. Their recommendations are usually accepted by Finance Committee and I cannot stress too highly the importance of their ensuring that all staff are actively and usefully employed before authority is sought to engage additional personnel.

The increase in the charge for water, which was announced three weeks ago in this Chamber, has been the subject of much comment. This is quite understandable as any change in the cost of this vital

necessity of life is a matter of public concern, and I propose to say a few words on the subject in the hope that I may help to clarify the position. It is a subject with which I am familiar, as I raised the question of water charges as far back as 1952, on the first occasion I was privileged to participate in the debate on the Budget. I remember quite clearly the answer which my honourable Friend the Financial Secretary gave at that time. He told Council that it was not the intention of Government to make a substantial profit on water, but merely to ensure that the undertaking paid its way and no more. Since that time a great deal of money has been spent on maintaining and improving the water supply system to meet the demands of our ever-increasing population. A new reservoir has been built at Tai Lam Chung in the New Territories from where water is carried to urban areas, and another reservoir is under construction at Shek Pik on the Island of Lantau from where water will be carried under the sea to the taps in our homes. Prior to the announcement three weeks ago, this tremendous programme of expansion had been undertaken without any increase in the charge to the consumer, but the effect of our huge capital investment is now beginning to make its presence felt in the accounts of the Water Authority, which has to make increasing provision for interest on capital advances and sinking fund contributions. This has resulted in an increase in the charge for water, which is expected to yield about \$3,500,000 a year, or approximately 10 cents per head of population per month. The increase is consistent with Government's policy that the water undertaking should be self-supporting, and I am sure my honourable Friend will confirm that his remarks in 1952 still hold good today.

The expansion programme to which I have referred has not proved nearly sufficient to satisfy the demand for water and further schemes for collecting rainfall in the New Territories at Plover Cove and Hebe Haven are under investigation. These schemes will also cost a great deal of money. The possibility of distilling sea water by nuclear power is a tempting alternative, but I am doubtful if the time has yet come when we should place any degree of reliance on this method. I am convinced that as you, Sir, stated, we must continue to press ahead with conventional schemes whereby we may increase the Colony's capacity to store its annual rainfall.

Your Excellency's remarks on our problems and progress in the field of Education will have been read with wide interest, and I welcome the news that the number of pupils in schools and colleges of all kinds is nearing the half million mark. Five years ago the figure was just over a quarter of a million and it is noted that most of the increase in enrolment has taken place in primary schools. I have always taken a great interest in the Seven Year Primary School Expansion Programme and am happy to learn that of the target increase of 217,000, set in 1954, we had already provided 203,000 places by the

end of 1959. The resounding success of the Primary School Expansion Programme is, therefore, assured and as you, Sir, have said it is necessary now to concentrate on the provision of more secondary schools. This is a pressing problem, the urgency of which is not, in my opinion, adequately reflected in the school building programme.

I am convinced that adequate provision should be made for secondary grammar schools and for secondary technical schools to accommodate those students who are fitted for these types of education, bearing in mind the community needs for recruits to the University, to the Technical College, to the Post-Secondary Colleges, to the Teacher-Training Colleges, and also to direct employment at this level.

I also note with interest the proposal to provide three year secondary school courses. I understand that these courses will be specially designed for less academic students to be given a practical training which will make them welcome recruits to industrial and commercial firms. Every year there are many students still too young to go out to work, who cannot secure entry to secondary school after taking the Joint Primary 6 Examination, and the proposed three year courses should go a long way towards alleviating this problem. At the same time, the students will receive a general education which should fit them for further training in part-time courses such as those offered by the Technical College and by the Government Evening Institute. In this respect I hope to see these part-time courses continuing to expand.

I would also urge that in considering the locations of new secondary schools, we should not overlook the claims of the New Territories. I believe that there is a need for more English education in secondary schools in the New Territories and suggest that Government might consider providing parallel courses in English and in Chinese at its schools.

From schools I turn to teachers, and to an item in the Estimates which has not been progressing as fast as one would wish. I refer, Sir, to the re-provisioning of the Northcote Teachers Training College. Two years have elapsed since the announcement that this College was to be removed to Sassoon Road, and the importance of the project has been underlined recently by the fact that Finance Committee has had to agree to the use of the Lo Fu Ngam Primary School as a temporary training centre for teachers. I am informed that the shortage of trained teachers is a serious problem, particularly amongst private schools, and I trust that the coming year will see substantial progress in the construction of this new training college for teachers.

I endorse your remarks, Sir, about the Post-Secondary Colleges and their future. I believe that these Colleges will justify the encouragement which is being given them.

The most significant step taken during the year in the matter of Housing was undoubtedly the acceptance in principle by Government of the need to make a start on the provision of low-cost accommodation for families with monthly incomes of less than \$300. I have long advocated the importance of assisting families in this category, who cannot afford the rents charged on the housing estates operated by the Housing Authority and the Housing Society, and I do commend most heartily this decision of Government.

Another noteworthy advance in Housing during 1959 was the completion of a further 21 multi-storey resettlement blocks. This brings the total number of persons resettled to over 300,000, but it would seem we are fighting a losing battle in this respect. On the basis of the latest survey, squatters are multiplying twice as fast as we resettle them, and one wonders where it is all going to end. We are committed to provide accommodation for a further 500,000 over the next five years, but what assurance does Council have that there will not be another half million awaiting resettlement at the end of this period? It is a problem which must be faced. On the one hand there is the squatter who has been here for a number of years and whose children were probably born here, and on the other hand we have the newcomer to Hong Kong. I think the time has come when an attempt must be made to draw a line between the two categories. Resettlement is an expensive business and one to which we cannot commit ourselves indefinitely in the light of present financial circumstances.

Another point to be considered is the charge for this type of accommodation. The present rent of \$14 per month for a standard room was fixed shortly after the completion of the first blocks. It was then calculated that this would be sufficient to cover all administrative and maintenance costs and to provide for the recovery of all capital costs in 40 years, with land fixed at the nominal figure of \$10 per square foot and interest at 3½ per cent. Some of these resettlement blocks have now been occupied for over five years and in the light of experience during this period I suggest a survey might be made to ascertain if the original estimate of administrative and maintenance costs was adequate, and if the buildings may still be expected to last for 40 years. I should like to make it quite clear, Sir, that I am not anxious to see any adjustment in the charge for this accommodation, but if we are to undertake the resettlement of another half million persons it seems not unreasonable to investigate if the original basis for the calculation of rent was a sound one.

I turn, now, Sir, from the housing of squatters to the housing of Government. The Service seems to be growing faster than it can be accommodated, both in the matter of offices and quarters, and I note that it is proposed to spend some \$8.3 millions on the rental of various premises. I am not, Sir, in favour of this extensive renting of private

premises, except as a temporary expedient. Some expansion of the Service is inevitable, and I consider we should press ahead with projects for the housing of officers eligible for accommodation and in the provision of additional office accommodation. The renting of private property at prevailing rates is not an attractive proposition and the less Government has to resort to it the better.

The rapid growth of the Colony over recent years has placed a heavy strain on our medical and health services, whose problems have been aggravated by water restrictions and high density of population. It is to the credit of the departments concerned that, despite adverse conditions, epidemic diseases have been kept at a remarkably low level, but it is disappointing to learn that there are still many parents who do not take advantage of the free inoculation services provided by Government for their children. Whether this is due to ignorance or neglect I am unable to say but, for the sake of the children who have yet to be inoculated, I hope the Medical Department will not be discouraged by the poor response, and will continue by every means at its disposal to bring to the attention of parents the facilities that are available for preventive inoculations.

The re-construction of the Kwong Wah Hospital to provide 1,238 beds and the completion in 1962 of the new Queen Elizabeth Hospital with 1,320 beds will ease the shortage of hospital accommodation in Kowloon. I'm sure, however, that my honourable Friend the Director of Medical and Health Services will be the first to agree with me that we must continue to plan for the expansion of medical services, and it must be expected that his department will make heavy calls on our finances for many years to come. In this and other regards we are fortunate to have the support of the Hong Kong Jockey Club which has financed several medical projects in recent years. I think we are sometimes inclined to take too much for granted the contributions of the Jockey Club both by way of taxes and by donations to charity. It is income which could easily be lost to the community were it not for the exemplary manner in which the sport is controlled in Hong Kong.

Reverting to medical projects, I should like to put in a special plea for the area east of Causeway Bay on the Island, comprising North Point, Shan Kei Wan and Chai Wan. The number of persons residing in these districts has increased considerably over recent years and is continuing to increase with several low-cost housing estates completed or under construction and a new resettlement estate taking shape at Chai Wan, not to mention private developments. I understand that it is intended to build a new hospital at Shau Kei Wan which is a very welcome but nevertheless long term project that may not materialise for several years. I would urge, therefore, that the construction of the new polyclinic which is also planned for Shan Kei

Wan should be put in hand as soon as possible. Apart from the need for general clinical facilities in the area, there is the pressing problem of beds for maternity cases, which are not available at the existing dispensary, but which could be provided at the new polyclinic.

I have one other point regarding hospitals. It concerns tuberculosis, which remains our most serious health problem with an estimated 2 per cent of the population suffering from the disease in active form. The main centres for the treatment of this disease are the hospitals operated by the Hong Kong Anti-Tuberculosis Association, and one cannot speak on this subject without acknowledging the fine work that is being done by this Association in co-operation with Government, and also by the Tung Wah Hospitals and other voluntary agencies which are assisting in the struggle against tuberculosis. Of the 1,850 beds which are available for this purpose over 70 per cent are in hospitals on the Island, and I would suggest, therefore, that when the time comes, as inevitably it must, to increase the number of beds for the treatment of tuberculosis, a site should be sought in Kowloon. The primary requirement is, of course, for more beds, but the convenience of patients, and their families who wish to visit them, has also to be borne in mind.

I think, Sir, that the problems arising from the emergence of Hong Kong as an industrial centre have been sufficiently aired in recent weeks for me to need dwell upon them at any length. As I have said before, we owe a great deal to the skill and enterprise of the industrialists who have given the Colony a new basis for its economy. It goes against our natural instincts and background of free trade to control this economy, but there are indications that we may be compelled to do so in the long term interest and in the absence of voluntary arrangements. The matter is one of great importance to the Colony and I trust that our manufacturers have taken careful note of the observations of Your Excellency and the Honourable Financial Secretary at Council's last meeting, and of the possible adverse consequences of the course which industrial development is taking in Hong Kong.

I have spoken on the need to step up our activities in certain directions not because I have overlooked the deficit for which we have budgetted, but because I do not consider the time has yet come when we should curtail expenditure on essential social services. Admittedly, the Public Works Programme will have to be reviewed, and a closer watch kept on expenditure than in recent years, but I have full confidence in the ability of the Honourable Financial Secretary to steer us through the changing tide of our financial affairs.

Finally, Sir, it is the wish of the Unofficial Members of Council that I should take this opportunity to pledge to you our full support in the suppression of bribery and corruption, which was recently the

subject of a question in the House of Commons. We are aware, Sir, that this is a problem which is not confined to Hong Kong, nor is it encountered only in official circles, and we assure Your Excellency of our readiness to co-operate with Government in its efforts to eradicate this evil practice.

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

MR. KWOK CHAN: —Your Excellency, three weeks ago in this Council Chamber, you gave us a very clear review of the major problems confronting Hong Kong and a comprehensive survey of the varied achievements of the past year. We are indeed proud of, and at the same time grateful for these splendid achievements. You have also given a prudent evaluation of the shape of things to come and have mapped out the course we should follow in the coming year. Please be assured, Sir, that we in Hong Kong have the fullest confidence in you as our wise, farsighted and understanding skipper.

My honourable Friend the Financial Secretary has, as in past years, presented a difficult budget with exceptional skill and clarity. I heartily congratulate him on this masterly feat. For twelve years, Hong Kong has enjoyed budgetary surpluses, but a substantial deficit has occurred in the current financial year, and in the coming year the deficit is estimated to exceed two hundred million dollars. Difficult though it may seem to believe that this Colony is to spend in the forthcoming financial year for the first time the colossal sum of over \$930 millions, it is none the less not altogether unexpected. From year to year public expenditure has been mounting substantially and steadily, and there had not been a single year in which there had not been some considerable increase in staff and expenditure generally. The net increase of Government staff is given as 4681, and this brings the grand total up to 50,227, accounting for the sum of \$324.7 millions under personal emoluments and pensions in the Estimates. This is a very high proportion of a total estimated expenditure of \$931 millions. But the fundamental reason for the deficit is expenditure on public works, the bill for which next year will come to \$290 millions. Although it is predicted that the coming year will still be one of prosperity and healthy economy, I feel that we should not be oblivious to the fact that public spending has reached a point at which we can no longer afford to be complacent and that the time has come when all those who are concerned with our public finances should undertake a rational examination of our expenditure. It is true that for the time being we can safely draw on our reserves to meet the deficit, but this cannot go on year after year. Efforts should therefore be made to prevent redundancy and to raise efficiency, if we want to ward off enforced retrenchment. It is for this reason that I wholeheartedly support Your Excellency's call for economy. I am glad that my honourable Friend the Financial Secretary

has already proposed to re-examine the Public Works Programme with a view to weeding out projects which are merely desirable from those which are essential, and to find ways and means of pruning departmental overheads. I am confident that my honourable Friend will be able to introduce soon a number of curbs on any un-essential expenditure.

One reason for the current year's deficit is the increase in salaries of the Civil Service as a result of the implementation of the recommendations of the Salaries Commission. I endorse most of its recommendations and think that the money has been well spent, for a contented and respected Service is expected to give the community more efficient and honest service. The Commission has also done a great service by making recommendations which have the effect of narrowing the gap between expatriate and non-expatriate officers. I hope that this gap will continue to close and that one day there will only be one set of conditions of service and one set of General Orders applicable to officers of the same grades, irrespective of race and place of domicile. When the time comes, I am sure more local talent will be attracted to the public service.

The report of the Commission has however produced repercussions both within and without the public service. Thus, outside the service, we find employees of the public utilities and the major industries, etc., also seeking similar salary increases from their employers. This may affect the profits of the enterprises concerned, but I hope that increased salaries will result in raising the efficiency and productivity of the employees, thereby offsetting the higher running costs. In my opinion, Government, being the biggest employer, has done the right thing in taking the lead in raising the standard of living of the workers in the Colony.

Within the Service, I am informed that all non-medical professional women officers have resented the fact that the Commission had not treated them on an equal basis with their medical colleagues. As intense dissatisfaction exists among these officers, Government would do well to reconsider this particular question.

Your Excellency: in your review of the year, you dwelt particularly on World Refugee Year. It is indeed a matter for satisfaction that our "Problem of People", which has been discussed publicly time and again at our budget meetings, is at long last receiving the attention of the world through World Refugee Year and that generous donations are coming in from quarters outside Hong Kong. As is well-known, Hong Kong has combatted the problem of refugees without any external aid in the early years of the existence of the problem. Sizeable appropriations have yearly been made to enable immediate and effective measures to be undertaken to cope with the situation. We are proud that much has been done, but the problem is still no nearer complete solution.

We therefore expect much more to be spent to improve the situation, and in this respect you, Sir, have outlined clearly what should be done regarding our own plans and what we hope to do with the funds donated from abroad. In the past years we have hoped for outside assistance to help us cope with this problem of large-scale immigration. At last this hope has come true, and material assistance has reached us. I am sure that the people of Hong Kong are grateful to the overseas donors for their contributions and I only hope that this type of practical help will not be confined to this World Refugee Year.

Indeed, now that the world at large has awakened to our refugee problem, I wonder if we should not make the best use of this opportunity to let them know and understand more about Hong Kong, and especially about our gigantic efforts to provide for the physical and social needs of the immigrants—housing them, educating their children, supplying them with medical facilities and water, etc. all of which has been a heavy drain on our limited resources. Given fuller publicity there is no doubt that we shall be able to enlist the sympathy and understanding of our friends overseas. When this stage is reached, I hope that our partners in trade, for example, will refrain from adopting any discriminatory or unfriendly measures that would have the effect of curtailing our exports—the earnings from which are so vital to us in providing for our immigrants and in maintaining this small but important outpost of western democracy in the East.

Our problem of people leads me to think of the considerable number of hawkers in the Colony, many of whom are refugees. They toil day and night themselves to eke out a living, but at the same time provide a service to the needy section of the community because they sell their wares at a considerably cheaper price. Hawking therefore not only provides a livelihood for many, but also reduces the cost of living of a large section of the community. However, as a result of rapid development, the hawkers are constantly being deprived of their sites for operation; in other words their livelihood is constantly in jeopardy. I understand that the Urban Services Department, the Police Force and the Kaifongs have put their heads together to try to solve the problem, and that some considerable improvements have been introduced. I do sincerely hope that this co-operation between the Urban Services Department and the Police Force, and between these departments and the public, will continue and will be emulated by other departments when occasions arise. At the same time, I call upon the hawkers to exercise appropriate self-restraint and self-discipline so as to ensure that any arrangements arrived at will remain a success.

Arising from the population problem is the water problem, over which the people of Hong Kong have shown constant concern; for it is the rapid increase in population that has aggravated our water difficulties. In this respect, I was particularly pleased to hear from Your Excellency

that Government had been following the latest developments for producing fresh water from the sea coupled with the generation of electric power. It has been my belief, and I have not failed to express it at budget meetings in the past years, that, should there be no likelihood of outside help, Hong Kong can only solve its water problem by converting sea water, which we have in abundance, into fresh water. However, the cost, which is considered to be appallingly high, remains the principal obstacle to any Government attempt to introduce this modern method of getting our much needed supply to meet our sharply-increased consumption.

My honourable Friend the Financial Secretary, in proposing the increase of water charges, has explained that we have sunk \$145 millions in capital investment in water since the 1st of April, 1952, and that we are spending freely on still more gigantic and very expensive schemes. In saying this my honourable Friend no doubt had in mind such freshwater-lake schemes as the Plover Cove Scheme which is to cost many hundreds of millions of dollars. Before we commit ourselves, I would advise that we should pause to ponder for a while; for in your address, Your Excellency made reference to the possibility of acquiring additional supplies of water from across the border. This is a new development that demands our special attention. I wonder therefore whether it would be wise and appropriate now to review the whole situation in the light of this new development? Would it not be prudent to examine further the justification for spending hundreds of millions of dollars on the Plover Cove and similar schemes while the possibility of additional supplies is in sight? I think a special committee might be formed to go into this over-all problem very carefully, including the pro's and con's of building an atomic plant for the desalting of brackish water; of constructing fresh water lakes; and of the degree of reliance which we can place on additional supplies from outside sources. If careful consideration reveals that the building of an atomic plant for desalting water is found to be feasible in the not distant future, then perhaps we might save the hundreds of million dollars which we now propose to spend on fresh water lakes. Government has sought expert advice before on such projects as a harbour tunnel, town-planning and the like. Therefore on such an important question as that of water, I would implore Government to give further consideration to this question from all angles so as to convince the public of Government's prudence in spending and to keep the cost to the taxpayers to the minimum.

As my honourable Friends are aware, the Chinese people have always treasured the intrinsic value of good education. As a Chinese, I am therefore most pleased to hear from Your Excellency that there are further plans afoot for the development of education at ALL levels. However, I must frankly say that the expansion of education must on no account be achieved at the expense of good quality. This

particularly applies to the university level. I would therefore very much like to see our university authorities do their utmost to raise the standing of the University and to seek the recognition of all degrees of the University throughout the world, and particularly within the Commonwealth. I have heard on many occasions many a frustrated parent complain bitterly that 'local' degrees are not everywhere recognised. With regard to the proposed establishment of a second university in the Chinese language, I have nothing but praise for this adventure. But I must strike at this stage a warning note that whatever courses may be offered must, *inter alia*, be of practical value. I am of course thinking of the employment prospects of the graduates of this proposed university. It is my considered view that, as far as possible, graduates of this second university must be accorded the same status as graduates of the present university, and that the former must be competitive with the latter as far as employment prospects go; otherwise we shall find in our hands a group of highly-educated but frustrated and discontented young men. Such a situation, if it ever arises, can be politically dangerous. I strongly commend this to the full consideration of those who are responsible for the planning of a second university.

So far I have dwelt on aspects that involve expenditure. I shall now turn to trade and industry, which are revenue-producing. As an ex-member of the Trade and Industry Advisory Committee I am particularly pleased to note that the trade promotion vote in the Estimates has been increased by \$255,000, bringing the total allocation up to \$565,000 for the coming financial year. One may not readily appreciate the full value and significance of this item of expenditure, but if one makes a study of our trade statistics and records one finds that this item can really be remunerative. As an instance, in the statistics of 1959, there was a very significant rise in the trade figures between Hong Kong and certain countries in the Caribbean and Central and South America. One may safely attribute this rise to the Trade Mission which Hong Kong sent to these countries in 1958 and in which I had the privilege to participate. The opportunities, occasioned by this visit, to present Hong Kong's case—particularly as to what we can buy and what we can sell—to prospective customers there were enormous. Similarly, I am confident that Hong Kong's participation in the Melbourne International Trade Fair and the Vienna Autumn International Trade Fair in 1959, the Trade Mission led by my honourable Unofficial Colleague Mr. Richard LEE to West Africa, and the attendance of Dr. the Hon. S. N. CHAU at the Australian Conference this year, will reap good harvests and result in the opening of many more new markets for Hong Kong products to the mutual benefit of Hong Kong and the countries concerned. When I mention Australia, I must express my disappointment at the delay in the opening of a Hong Kong Trade Office there, which was approved in the current year's Estimates. If

this is due to the failure to find a suitable person to head that Office, I would suggest that a young and capable local officer should be trained up to fill the post without delay.

I note that the Colony's external trade in 1959 was substantially greater than in 1958 and that the value of total exports was \$3,274 millions, showing an increase of \$289 millions or 9.6% over the total for 1958. In this respect, tribute must be paid to the Commerce & Industry Department for their fine and sustained efforts in promoting trade and industry, which are the lifeblood of the Colony. Although I have not the slightest doubt that this good work will be continued in the coming year, I venture to suggest that this department might explore the possibility of developing the *local* market for local goods, and of encouraging the flow of overseas capital into Hong Kong as well as the free flow of goods and commodities.

Your Excellency, before I resume my seat, I wish to take this opportunity to pay a public tribute to our efficient Public Service. With your permission, Sir, I would like to cite a few examples. The first is the anti-narcotics drive which was launched in November last year, when a comprehensive White Paper on the subject was laid before this Council. Under the able co-ordination of my honourable Friend the Secretary for Chinese Affairs, the drive has already scored a telling success. More fruitful raids on divans, trafficking centres and clandestine drug factories have been carried out and the seizures of dangerous drugs have increased. The Kaifongs and other public-spirited bodies and welfare agencies have spontaneously responded to the appeal to participate in the drive and the public conscience has been awakened to the evils of drug addiction. Admittedly, it will take a long time before the long-established vice of drug addiction can be completely eradicated, but that so much has been achieved within a matter of four months is clearly an indication of the efficiency of the Secretariat for Chinese Affairs, the Police Force, and the Preventive Service.

Mention of the Police Force reminds me of a recent press report that the Commissioner of Police was empowered to order a re-test of drivers involved in accidents. This report immediately aroused concern and consternation among professional drivers who were afraid that if they failed in a re-test they would automatically lose their employment. However, within a matter of a few days, an explanation was promptly proffered by the Police which removed all unnecessary misapprehensions on the part of the drivers. Such quick and understanding action on the part of the Police was greatly appreciated by the public and I am sure will do much to instil public faith and confidence in the Police Force.

To these examples, I could add many others, such as the prompt action taken by the authorities to facilitate the opening of a second vehicular ferry service, which has proved to be a boon to the public, and the sustained efforts of the Police in suppressing triad activities throughout the Colony. As a taxpayer, I feel justified in saying that I am proud of our Administration and of the services and amenities which we enjoy in Hong Kong.

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

MR. J. D. CLAGUE: —Your Excellency, I do not propose, in the limited time available to me, to attempt to comment in detail on my honourable Friend the Financial Secretary's comprehensive analysis of the Colony's Budget.

There is, however, one point which I would like to place on record, and that is that I am given to understand by the signatories to the Public Works Subcommittee Report that when they agreed the grading of projects they were not in possession of the estimated costings which are now available, and therefore they were not aware that the expenditure involved was so high. I am personally satisfied that unless funds are forthcoming during the current year from outside the Colony and I feel strongly that they should, then Finance Committee will ensure that some of the projects are delayed, at least temporarily; so that there will be no question of there being a deficit of \$266 millions. It would be quite imprudent, in my opinion, to use such a high percentage of our resources in one year unless the economic conditions were such that Government expenditure was required in order to maintain employment. This is certainly not the case at the present time. I feel that in deciding priorities a good deal of consideration should be given as to whether a project is likely to earn revenue or not. A fair blending of revenue producing and non-producing projects would seem to me to be a sound method of approach. As I see it the two most important points made by my honourable Friend the Financial Secretary were—firstly, in his reference to the Public Works non-recurring programme which he undertook to re-examine, and secondly those very important three and a half lines in which he gave an undertaking that he would "carry out a close examination of departmental spending and re-introduce a number of curbs which have been out of fashion for some years". On the basis of this policy I am perfectly satisfied to leave these matters in his capable hands, and I will be very surprised if at the end of this debate he is left in any doubt as to the support he is likely to receive from Unofficial Members.

I am hopeful revenue will prove buoyant. There are a number of indications that it will, but to some extent this must depend on the ability of the Department concerned to track down those who, if one

is to believe popular rumour, still succeed in evading their tax responsibilities. I wonder, Sir, if the time has not come to publish more statistical details on this subject, and I also wonder whether a slightly larger proportion of the staff available could not be devoted to pulling in new clients, even if this resulted in a little less efficiency as far as that department's "regulars" are concerned. I think all taxpayers would prefer to see the number of the department's clients increase rather than that the rate of tax should go up!

On the home front one of the problems which faces us is Malpractices and Corruption. Government's position in this matter is perfectly clear, namely, they are on record as being prepared to take all possible action to eradicate these evils, and in fact during the past year further important administrative steps were taken to tighten up the position on the Government side. I am aware that Government has in existence a Committee consisting of Officials who have been working on this problem for some time, and I have practical evidence of some of the successes they have achieved. I feel, however, Sir, that now, the public interest would be best served by appointing some "Unofficials" of the highest integrity to that Committee, and with great humility, Sir, I offer the suggestion that a senior member of the Legal Department be Chairman because I believe that in many cases it is the inadequacy of, or the impracticability of enforcing, the law which is at the root of the trouble, and which provides the dishonest operator with a base from which to operate. In principle I think prevention is better than cure, and I would like to draw attention to the three steps which Government have taken during the year which illustrate my point.

The first concerns taxi licences about which I spoke last year. The increase in the number of licences issued has done much to improve matters.

My second example concerns the taking of Driving Tests. Sufficient evidence became available to indicate that due, at least in part, to the large backlog in applications, an undesirable situation has developed, as was clear from cases which were coming before the courts. During the past year Government took drastic action to increase the staff available to handle this problem and put in safeguards, which even if they do not solve the problem entirely, will I am sure, go a long way towards it.

My third example is the abolition of the tax on Toilet Preparations which the Honourable Financial Secretary announced last year. You will also recall that he also advised strongly against re-introducing this tax even if at some future date revenue was urgently required. I would like to underline his warning by pointing out that a careful study of the export figures for toilet preparations to Macau over the years would tend to indicate that the rumours circulated at the time in business

circles were fully justified and that large sums of revenue were lost to Government during that period as a result of smuggling. By eliminating what proved to be an unenforceable tax, Government has eliminated yet another heaven-sent opportunity for those traders who are on the look-out for dishonest methods of making money. Moreover, the law-abiding trader is no longer at a severe disadvantage.

I would now like to refer to one subject which requires early Government action, and that is the question of illegal taxis. These cannot be put off the road at the present time, I suggest, without causing great hardship to the public because the public transport service is so completely inadequate, particularly in the New Territories. On the other hand, although the business is illegal under the existing law, it flourishes. I suggest that, as no truly law-abiding citizen would care to operate under these circumstances, the logical result is that much of the trade is in the hands of Triad Societies or their fellow travellers. Surely the law should be altered to allow this trade to continue until such time as public transport is adequate, for it is clearly the inadequacy of the alternative methods of transport or their high cost which have caused this situation to develop. Alternatively, a new law should be promulgated forthwith which recognizes the public's transport needs. The fact remains that those who were prepared to flout the law have had this business to themselves for at least four years already, and it is time the position was recognized and dealt with by one means or another.

I feel that Government is deserving of greater assistance from the general public in its battle against corruption and malpractices, and I believe that by putting "Unofficials" on their Special Committee some progress in this direction may be made, but it must be on a two-way basis with full co-operation on both sides.

I cannot avoid making my annual plea for more industrial sites to be put up for auction as soon as possible. I know that the Honourable Financial Secretary expects to receive more revenue from land sales in 1960 but, alas, too high a proportion is expected to come from the sale of two areas in the Central district, though I feel even here we should be grateful for small mercies! May I express the hope that Government's plans for the development of the Naval Dockyard land will be finalized at an early date, and that those portions which are to be put up for sale to private development should be released as soon as possible. In this connexion, if we cannot obtain outside financial assistance and have to slow down our development programme, then, by releasing land for development by private enterprise, we will ensure full employment without involving ourselves in a large deficit.

My honourable Friend, the Director of Public Works has come in for his annual drubbing, but I hope that his department will not be provoked into spending more money on this account, merely in order to

meet estimated expenditure. We don't want to go "broke" chasing estimates! Should the Public Works Department non-recurring expenditure in 1960 reach the proposed estimate, it will only do so, on this occasion, I am sure, against the wishes of the "Unofficials", so that next year he may expect to escape without criticism.

I would like to say a few words on Tourism. This is one industry which we can expand indefinitely without incurring anyone's wrath, and I wonder if Government has given as much encouragement and assistance as it might. There is little doubt that the tourist trade is going to increase and it is vital that we do all we can to ensure that our visitors enjoy their stay here. I feel a concerted effort should be made by all concerned to increase the number of "features" that we are able to offer tourists. In this connexion, I trust the Tourist Board will put forward constructive suggestions and that Government will give their proposals the most sympathetic consideration.

I regret that Government have seen fit to introduce a head tax on passengers leaving Kai Tak as it would appear that the passengers are to be inconvenienced unless Government have arranged that the airlines will absorb the charge. Our whole object as a free port and tourist centre should be to provide the quickest possible immigration and customs services with the minimum of formalities. In fairness to Unofficial Members I feel it is only right that it is recorded that we were not consulted before this regulation was Gazetted.

On the subject of increased water charges, I believe there must be some misunderstanding in the minds of the public as I have heard some very reasonable citizens complain that it was hard on poor people to have to pay so much more for their water. Am I not correct in saying that there will be no increase in the charges for water in Resettlement Areas, nor are those who draw their water from public standpipes going to have to pay more? I wonder whether the Information Office could put out a full release including the points made by the Honourable Financial Secretary when he introduced the measure. My honourable Friend Mr. R. C. LEE also has some pertinent comments to make on this subject which will I trust serve to allay unfounded fears of hardship. I welcome Your Excellency's statement on the possibility of obtaining water from China, and I hope that satisfactory arrangements can be made expeditiously.

It is not possible to deal with each and every Department, but I do feel that special praise is due to the Education Department who have made such excellent progress, and I am confident they will successfully tackle the many big problems which still face them.

I also feel that a pat on the back should go to the Department of Agriculture, Fisheries and Forestry — the excellent work of this comparatively small department is often overlooked. While on the

subject of agriculture, I do wish that the hundreds of huts, or should I call them shanties, which are springing up all over the New Territories, presumably authorized for agricultural purposes, could be a little less like squatter huts, for they are surely spoiling the whole appearance of the countryside, and I doubt if they are economic. I say this not in a critical sense but in the hope that perhaps, with a little thought and perhaps even financial help, a more satisfactory answer may be possible.

I would now like to refer briefly to the report of the Salaries Commission which has by now been largely accepted and implemented. I think in general it will be agreed that the recommendations were fair and generous. In isolated instances, where key personnel are involved carrying, as they do, great responsibility, I would not myself have opposed even larger increases, but I think few will disagree that in return for the salaries now being paid the taxpayer has a justifiable right to expect first class service. Reference in the report was made to the remuneration received by business men, but I would like to make the point that in the commercial world many fall by the wayside—they have no vested right in a substantial pension provided they "soldier on". Contracts are not automatically renewed and those who survive do so strictly on merit.

I am personally satisfied that Government take this point, but I think it is in everyone's interests that it should be recognized.

I believe Government have plans for the formation of a Highway Authority, or some such body, and I wonder whether it is possible for them to make a statement on this subject. Similarly, should there not be a Committee to co-ordinate the activities of the Public Utilities, particularly in view of the big expansion which is envisaged? I see no reason why, if there is proper planning and good liaison, the Telephone, Electric and Transport services should not be all readily available as new areas are opened up. In regard to Public Transport services, I believe the public would welcome a statement from Government as to measures to improve the transport services on both sides of the harbour which are likely to occur during the financial year 1960/61. I think also some explanation is called for as to why the establishment of a full second vehicular ferry service has been so long delayed. I think I am right in saying it was recommended by a Government inter-departmental committee which published its report in 1956, and during the intervening four years a great deal of inconvenience has been suffered by the travelling public.

I would like to congratulate Government and the Yaumati Ferry on the speed with which they recently installed the additional temporary service, and I hope it will not be closed down until the full requirements of the travelling public are met in one form or another.

I would also like to congratulate those responsible for adapting the freight sheds at Kai Tak for temporary use as an air terminal. I am on record as having been very disappointed that the planners did not build the new terminal at the same time as the new runway, but I willingly concede that the present arrangements are a vast improvement on the old set-up. Whilst fully appreciating that his main concern is the security of the Colony, may I make an appeal to the Commissioner of Police that he continues to interest himself personally in the question of the immigration procedure at Kai Tak. The Port Authorities, aided by shipping interests, have established for Hong Kong a most valuable reputation for the quick turn-round of shipping. I would like to think that all those directly or indirectly responsible for the running of the new Kai Tak can establish for themselves the reputation of being the most efficient airport in the world. If more staff are required to achieve this desirable result, then I am sure they will be forthcoming for, as I have pointed out elsewhere, the tourist industry is one we can expand without incurring the wrath of protectionists. I realize that it may not be possible to perfect the arrangements until such time as the new terminal is completed, but I am satisfied that the challenge will be accepted by those responsible in the spirit in which it is given and, moreover, whilst it is dangerous to prophesy, I believe that they will succeed.

May I now dwell for a moment on our "External" problems. On the economic front my honourable Friend the Financial Secretary has given chapter and verse of some of the actions which have been taken by other countries to limit our ability to export and therefore in practice have added to our difficulties in finding employment for our citizens of whom, as Your Excellency has been at pains to point out, one in three are refugees. My honourable Friend showed great restraint in recording these facts and made only passing reference to our difficulties with the United States which is currently our most important customer. I will take issue with my honourable Friend on only one point, namely, he said and I quote "we have no weapons with which we can fight". To the extent that we have no wish to put on counter tariffs and quotas, he is of course correct, but surely we have a most powerful weapon at our disposal though we have not used it to any great extent as yet. That weapon is, I suggest, the contents of the last ten Hong Kong Government Annual Reports, containing as they do a story of great courage in the tackling of the Colony's problems. Your Excellency, the truth is that readable as they are, these publications do not reach a sufficiently wide circle and alas our problems and our achievements are known largely only to those who have the good fortune to visit us. I think there can be no doubt but that we have failed to make our case sufficiently well known. Perhaps it is already too late as much damage has resulted from ill-informed criticism, but

I would urge that we make a real effort in the public relations field, a subject on which my honourable Friend, Mr. BARTON and others will speak at greater length.

I would like to place on record that both the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries Working Party, support the plea, which my honourable Friends Mr. RUTTONJEE and Mr. LEE will be making for better overseas representation.

May I now, Sir, turn to less parochial matters. Some two years ago in this Debate I suggested that an invitation might be issued to a Parliamentary Mission to visit Hong Kong. Later in the year a group of Members of Parliament visited the Colony and I am certain everyone will agree that a great deal of good resulted. Today, Sir, I would like to propose that a return visit by a Hong Kong delegation be paid, and I can do no better than to use the same words as I did on a former occasion, namely, that I commend the idea to my senior colleagues. Several of my honourable Friends have referred to the success of recent visits to various countries and I think it important that a delegation should visit the United Kingdom in the next six months. The purpose of this Mission is, I suggest, obvious, namely, to explain Hong Kong's current problems as seen by the "Unofficials", to all who are interested, the Colonial Office, Board of Trade and the British public, and even the Prime Minister who has, to this Council's knowledge, interested himself deeply in our affairs. Members will recall his intervention at the time of our negotiations with the representatives of the Cotton Board.

It is my view, Your Excellency, that because of our unique political set-up in Hong Kong, a tremendous responsibility devolves on Unofficial Members. More than once during my service on this Council I have felt that had the "Unofficials" been more vocal, the Colony might have done better in certain transactions which have taken place. If the present system is to continue, and I believe a great majority of the people wish it to do so, then I feel it behoves us to take the initiative in order to ensure that the Colony's true interests are safeguarded.

My honourable Friend the Financial Secretary in his closing paragraphs posed the question of whether we can afford to take the risks involved in continued unrestricted development, or whether we must abandon our traditional policy of "laissez faire", at least as far as exports are concerned, and I cannot avoid replying to his pertinent question in the light of recent developments.

There is no quick answer to this question, nor is there time on this occasion to go into all the pros and cons. However, I suggest that before we consider abandoning our traditional policy, we must exhaust

every alternative means at our disposal. Diversification is, of course, the answer, and I hope Government will continue to support such a policy and perhaps give more practical assistance in achieving this aim, though either its financial or land policy. What I have in mind is that Government may, in the light of the Financial Secretary's comments, find it expedient to give special encouragement to new industries by making land and finance more readily available to "pioneer or new industries", and perhaps a Development Corporation will prove the most suitable vehicle for this purpose. Equally, as I have pointed out already, perhaps more emphasis can be placed on the Tourist Industry until such time as our major markets have had time to adjust themselves to our intrusion.

We may yet be saved from our immediate difficulties if a policy of diversification is resolutely pursued, for shortage of skilled labour in the textile industry, may limit further expansion at least temporarily, and meanwhile all concerned must do their best to persuade our industrialists that they would be well advised not to kill by being too greedy the goose which lays the golden egg.

Sir, with those remarks, I beg to support the Resolution. (*Applause*).

MR. H. D. M. BARTON: —Your Excellency, that distinguished Scotsman, Sir Robert SCOT, until recently our Commissioner General for South East Asia, said to me when he passed through Hong Kong on a farewell visit a few months ago—"While Hong Kong could never be accused of complacency—you are much too virile a community for that—I often wonder whether you ever give yourselves time to pause and count your blessings".

Today, Sir, before I dwell, with some concern but no despondency, on a few of the many problems that confront us in the decade that lies ahead, I would like for a moment to reflect on the decade that has just passed—a period the Hong Kong historians of the future might well describe as "The Fabulous Fifties"—and to count just one or two of our many blessings out loud.

I do not think anyone in this Chamber would dispute that our greatest blessing has been the good Government that has steered us through the anxious days of 1950, the trials and tribulations that the mass of refugees and the embargo brought on our head, and the disastrous Christmas fire of 1953. And yet today, after taking all these setbacks in our stride, we can look back with pride on a remarkable list of achievements—the resettlement of hundreds of thousands of homeless, the building of schools that can now be numbered in their thousands, the great strides in our health programme, the phenomenal growth of our industry, the splendid progress of our thriving new tourist industry and, to cap it all, a small but significant rise in the standard of living in the past twelve months.

These, and many other achievements, will always stand as a testimony to the good Government with which we in Hong Kong have been blessed during the fifties. To you, Sir, and to your distinguished predecessor, Sir Alexander GRANTHAM, I pay my humble tribute for the inspired leadership without which no Government can prosper, and also to your able and dedicated lieutenants.

I would also like to pay a tribute, Sir, to the Chinese citizens of Hong Kong for the vital role they have played in this success story. For without their wholehearted co-operation and their wonderful drive and initiative in all fields of commerce and industry, there would be no "Fabulous Fifties" to look back upon today.

And of our many blessings, there is just one more I would like to acknowledge today—for I think it is one which some of us are inclined to forget—and that is the generous help so many people in far distant countries have voluntarily given, in money and in kind, to aid us as we grapple with our greatest problem—our "problem of people". This has indeed been a great blessing and comfort to us, for not only has their support in recent years been very substantial, but it has also given great encouragement and inspiration to those many citizens of Hong Kong who labour unceasingly to help their less fortunate neighbours. This world-wide interest and sympathy in the plight of our refugees has been epitomised by the World Refugee Year movement, and as a citizen of Hong Kong I would like to endorse most wholeheartedly the gratitude you, Sir, expressed on behalf of us all in your Address.

But what of the decade that lies ahead—will the expansion and economic growth continue at the same rate?

Perhaps the most remarkable, and certainly the most alarming, expansion that we have witnessed has, alas, been the growth of our Government establishment.

From a sturdy little entity of a mere 18,500 in 1950, the Body Corporate has now grown to a point where, according to the estimates before us, it will shortly reach 50,000 and could perhaps more aptly be described as the "Body Corpulent".

The normal reaction to excessive "avoir du pois" is to "send for the doctor" and, having recently, through the Salaries Commission, stepped up the diet of each of the 50,000 members of our "body corpulent" I hope you will agree, Sir, that now is the time to call one in. I am glad to hear that Government has this matter under consideration.

In a case of this magnitude and importance, may I suggest that great care is given to securing the best possible medical consultant so as to ensure an effective cure. Great strides have been made in the past ten years or so in the art of overhauling patients who suffer from

that common complaint of growing too fast—or Parkinson's Law—and I believe, Sir, that Government would be well advised to appoint a tiptop management consultant to overhaul their five biggest departments in turn. I refer to the Public Works, Police, Urban Services, Health and Education Departments. The consultant's team should be assisted, but not in any way restricted, by the services of a Colonial Office expert in these matters, if such a person is available, and I would also recommend that one of our leading Chinese citizens should be co-opted if the best results are to be achieved.

I am sure there must be at least one public spirited member of the Chinese community with the necessary qualifications, who would be prepared to forego the pursuit of his private affairs for the necessary time, and he should, of course, be paid well for his services.

The Commission's terms of reference could then be extended to include not only a thorough survey of these mammoth branches of Government, with a view to improving efficiency and effecting badly needed economies, but also the vital issue of public relations at all levels where the Government servant comes in contact with the public.

An overhaul of this sort is inevitably disruptive to the patients concerned, so let us make a thorough job of it while we are about it.

And let us see that arrangements are made to ensure that the recommendations are properly implemented. Obviously the Heads of Departments concerned must have the right to appeal against the recommendations, but generally this happens after the experts have departed, with the inevitable result that a lot of good and expensive advice is liable to be wasted.

I mentioned earlier the splendid work that is being done in the field of Social Welfare, both by the Government and the voluntary organizations.

I believe I am quoting the views of many responsible people in this field when I urge Government and the Council of Social Service to persevere in their efforts to co-ordinate the activities of the various voluntary organizations so that the Colony derives the maximum benefit from their splendid efforts both in the services of their skilled and dedicated Social Welfare workers and in the projects they undertake with the funds at their disposal.

There is one particular aspect of our Social Welfare problem on which I have been asked to speak by some of my fellow Justices of the Peace, and that is the very great problem of keeping the young usefully occupied in their leisure time. The Boys' and Girls' Clubs are doing a wonderful job for the children up to 15 years of age, but more must be done for the teenagers if they are not going to get into mischief and become a serious social problem in our midst. As we cannot afford,

alas, many more playing fields, then we must concentrate on the next best thing, and that is to have more organized Group activities for young people from 15 to 20 years of age. A number of our voluntary organizations are only too willing to try and tackle this problem. I hope they will be given every encouragement by Government and that generous support will, as usual, be forthcoming from the public of Hong Kong, because this is a matter in which every citizen of Hong Kong has a vital interest.

While on the subject of our youth, I would also like to compliment Government on the increasing emphasis they are placing on the provision of additional vocational training facilities at the new Community centres and in the new junior secondary schools. There is a natural tendency for most of the young, encouraged by their parents, to set their sights on being experts in administration, and their dream is to be white collar workers sitting at a desk all day. So many of them are not really fitted for such tasks, which are at any rate limited in numbers, and it is up to us to ensure that the youth of Hong Kong are given every encouragement to make a career for themselves in the ever widening field of our expanding industry, where wages and working conditions will become I trust increasingly good and where the prospects for advancement may well be greater than they are for their white collar counterparts. Once again this is a matter of guidance and education—a challenge for our public relations experts.

In this Debate a year ago, Sir, my honourable Friend, Dr. S. N. CHAU, spoke of the problem that overshadows all other problems—and that is our rising birth rate.

He pointed out that other countries have taken steps to slow down their birth rate, and he urged that we must seriously consider similar action and that every encouragement should be given to the Family Planning Association in the splendid work it is doing.

We can derive some encouragement from the small decrease in the birth rate last year but we certainly cannot afford to continue a natural increase in our population of over 85,000 a year, and I would therefore like strongly to endorse Dr. CHAU's plea that Government should do something about it.

For a start, Sir, I believe that all my fellow-unofficials would support a further increase in the Government subvention to the Family Planning Association, to encourage them in the splendid work they are doing.

I turn now to the problem to which my honourable Friend the Financial Secretary referred at the conclusion of his most able survey of our financial affairs. After describing the perils that beset us in the

export field, he summarized our dilemma by saying that we can continue the traditional policy of "laissez-faire" or we can do something to plan our economy—in which Government would have to guide and direct, to regulate and control.

There is, of course, no simple solution to this problem. While I am afraid the policy of complete "laissez-faire" which served us so well in the fifties might well lead us to economic disaster in the 60's, I would be reluctant to advocate a sudden switch to the regulations and controls that are the price to be paid for a highly planned economy.

Having been fortunate enough to spend most of my life among my Chinese friends, absorbing, I hope, a little of their wise and philosophical approach to many of life's problems, I like to think that the course which I am going to advocate is one which will find favour with those of them, and there must be many, who appreciate the problem that faces us in all its seriousness. It is to try and find a middle way and to seek a path well clear of the dangerous abyss into which the "laissez-faire" route might lead us, but clear also of the throttling jungle of too many controls—a path of guidance and direction, but which would leave us free, as before to make our own decisions and our own mistakes.

You may well ask who is to provide the guidance, and my answer is the Government, the Banks and, to a lesser but I hope growing extent, the Committees of the Federation of Industries and of the Chambers of Commerce.

Our Banks will have a very important part to play. And I would like to suggest that it is up to that pillar of our stability the Hongkong & Shanghai Banking Corporation, to take the lead once again as they did, to their undying credit, in the early post-war years of rehabilitation.

May I suggest in all seriousness to all our leading local Banks that they should select one of their senior officials and send him back to school for a while. Let him become an expert, a real expert, not only on every aspect of Hong Kong's somewhat higgledy-piggledy industry, but also on all the trade restrictions, past, present and future, that limit or are likely to limit our exports to the various countries of the world—a difficult curriculum that cannot be learned in five minutes, and which will need a continuous series of refresher courses.

To take a simple example, once a few of the leading Banks have been persuaded, by their own expert analysts that, say, our textile industry or some important section of it, is dangerously overexpanded in the light of our export prospects, then in their own interests they would, I hope, resist the blandishments even of their best customers to extend loans for further expansion. The leading Banks should pool their knowledge on such matters and the smaller Banks would be

foolish not to follow their lead. In this way, the "bandwaggonism" which has been the curse of so many of our new industries in the past could at least be curbed.

The Government's role will be twofold. To gather not only all the information about every aspect of Hong Kong's trade and industry in Hong Kong, including facilities for new industries, but to make available to all interested parties the latest data on export possibilities and on import restrictions, actual or pending, legal or illegal, in the various world markets. The formation last year of the Bureau of Statistics was an important step in the right direction.

If the most is to be made of this hard won expertise of the Government and Banking officials, then some thought must be given as to how best to pass on these "pearls of wisdom" to our existing and potential industrialists. This is once again a matter for the public relations experts who, we hope, after the big increase in the vote for the expansion of the Directorate of Information Services, will soon become past masters at this sort of thing.

To sum up, this middle path of guidance from both Government and the Banks should lead to the diversification of our industries which we all agree is desirable, but which is so difficult to achieve. And may I say here that I strongly endorse my honourable Friend, Mr. CLAGUE'S remarks on how Government might assist the situation by adopting Pioneer Industry techniques, particularly in the disposal of factory sites.

One of the finest facilities that Hong Kong has hitherto offered to existing and potential industries has been an abundant supply of labour which has a reputation for adapting itself readily to any new skill, so the remarkable change in the labour situation over the last few months is a cause for serious concern. It is a fact that today there is a serious shortage, not only of skilled and semi-skilled, but also of suitable unskilled labour, particularly in the main industrial centres of Kowloon, Tsuen Wan and Kwun Tong.

This unexpected shortage of labour has resulted in serious delays in the fulfilment of many export contracts, to the detriment of our reputation in the markets of the world.

When I see the children swarming around our streets in their thousands, I am inclined to agree with the Commissioner of Labour that this shortage is only temporary and that it probably arises largely from the heavy demand for young people aged 18 to 25 of which there is a deficiency because of the war years. But may I point out, Sir, that it would only need a year or so of serious labour shortage to force its cost in industry up to a point where our products would be priced out of the world markets which, once lost, would be very hard to recover.

May I therefore urge Government to give the labour situation in this Colony top priority rating in this coming year, and once again to ensure that local industrialists and potential new investors in industry are fed with regular and accurate information on this important subject.

I am afraid that, in the years that lie ahead of us, the emphasis will have to be not only on the promotion of our trade, but also on the protection of the markets which we have recently acquired. In the Budget debate last year, I spoke, Sir, on the need for Government to play its part in helping industry and trade to fight their battles—at least in our most important markets. And on this particular issue, I know my honourable Friend, Mr. LEE, will have something to say. But it is sad to reflect that at this very moment a tariff commission is sitting in Washington, whose decisions may vitally affect Hong Kong's most important single export—our garment exports to the U.S.A. worth last year HK\$320,000,000 or 14% of our total exports of all types of goods to all parts of the world.

In this case, the industry, already split in two over the controversial issue of voluntary quotas, found itself unable to pay the cost of its voice being heard. Now we all have to sit back and pray that the Japanese, whose interests in this instance are the same as our own, will win the battle for us—a sorry state of affairs indeed. We must do better than this in the future if we are going to have any trade left to fight about.

But apart from the U.S.A. the battle goes on in many other markets, as my honourable Friend the Financial Secretary, so rightly pointed out. I know that in a number of cases, Government has, in its own quiet way, tried to do its best for Hong Kong. For instance, the Deputy Financial Secretary (E), Mr. Cowperthwaite, has only recently returned from a visit to some of the chancelleries of Europe in a valiant attempt to dissuade them from slamming the door in our face. But I wonder how many people know about this?

Unfortunately, there is a growing feeling in Hong Kong that the U.K. Government is strangely indifferent to our plight. If we are all wrong in this matter—and I hope we are—then, Sir, let us be told about it. Once again, this is a matter of public relations.

May I also suggest, Sir, that the title of Mr. Cowperthwaite, or whoever is going to be our official trade ambassador in the future, should be a more important one than that of "Deputy Financial Secretary (E)". If one is not a welcome visitor, and in this kind of mission I am afraid we are often unwelcome, then the only chance of getting a fair hearing from a senior official is to have an impressive title—and this is all the more important when one is representing a small Crown Colony like Hong Kong.

Finally, I would like to say a few words about the deficit.

The reason why I venture to stick my neck out on this particular subject is that, after reading and re-reading my honourable Friend, the Financial Secretary's excellent analysis of the good and bad points of our financial position, and after studying the estimates of non-recurrent Public Works, I have come to the sad conclusion that we must expect an average deficit over the next six years or so of something like HK\$200,000,000 a year.

While I fully endorse all that my honourable Colleagues have said, and are going to say, about the need for economies, I take the view, Sir, that we shall not be able to reduce drastically our Capital Development programme by too much phasing back, without too seriously retarding some of the many essential projects on which the stability of this Colony depends.

We can, of course, continue to finance our deficits by eating into our reserves until they run out and by stepping up our taxation direct or indirect each year—a depressing thought.

Alternatively, we can try and raise loans internally, but the interest rate, to attract the local investor, would have to be very high. Altogether it would be an expensive operation, and I am not at all sure that it would be a good thing to divert local funds in this way when they could be put to much better purpose in expanding our industry and our housing facilities.

I think, Sir, that we should seriously consider trying to obtain a loan from outside the Colony to cover the cost of our water and reclamation programmes over the next six years.

I mention these two sections of our Capital development programme because, in the course of time the sale of reclaimed land and the income from the additional water supply would go most, if not all, of the way towards servicing the loan.

I suggest that we should seek a series of 15-year loans totalling, say, £ 30,000,000 spread over a period of six years, an average of £ 5,000,000 a year, with permission to draw up to a total of say £ 7,000,000 in any one year. Repayment of each year's loan would be made within 15 years, and a sinking fund to ensure repayment within that period would commence after five years. This would still leave, according to my calculation, a deficit balance of over \$100,000,000 a year to be financed from our surplus and from extra taxation if needs be and it would mean that the Hong Kong taxpayer would not have to pay in advance for facilities which may well pay for themselves in the future.

My honourable Friend, the Financial Secretary, indicated, as a reason for not seeking a loan, that the cost would probably be prohibitive, but I wonder why it should be so, unless he was thinking in terms of an internal loan.

It has also been suggested in some quarters that we should reduce ourselves to the economic level of some of our less fortunate neighbours by running down our reserves and increasing our direct taxation before we can expect any help.

I cannot, Sir, see the logic in this argument. A banker is much more likely to lend a customer money for a development project when he knows that the customer has a record of good management and plenty of drive and initiative, as our Government can rightly claim, and, what is even more important, the priceless asset of good earning power behind him. We have that, not only in the income we expect to obtain from the sale of our water and our reclaimed land, but also from the fact that, as our standard of living improves, so our revenue should increase. Nor do I believe, Sir, that the friendly Governments of the West and their financial institutions would lightly insist on our increasing our taxation as a condition for a loan, knowing, as they must, that any substantial increase in our taxation would take away one of the main pillars of our financial strength.

To whom should we go for this loan? Naturally, our eyes would turn first to our Mother country. But let us not forget that the need for this part of our capital development programme arises from our "problem of people"—a problem which we have always maintained, and rightly so, is not one which we and the United Kingdom should be asked to bear on our own. In this World Refugee Year, the people of many parts of the Western world have shown us in the most striking and heartwarming manner that they are fully alive to our problem. This to my mind, Sir, provides yet another excellent reason why we should not wait but seek a loan now while the magnitude of our problem is fresh in everyone's mind, and why, if the U.K. Government is not in a position to help us, we should seek a loan from an international institution, such as the World Bank, which would, if granted, be a sign of international confidence in Hong Kong.

What greater encouragement could there be, Sir, for the people of Hong Kong as they face up to the problems of the 1960s.

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

MR. DHUN RUTTONJEE: —Your Excellency, budget debates always remind me, Sir, of a story I once heard of a fashionable hostess whose butler fell ill at the crucial moment. "Mary", said the hostess to the maid, "to-night you will have to stand by the door and call the guests

names". "Oh thank you madam", said Mary, "that's just what I've been longing to do". I, Sir, propose to curb any personal tendency in this direction, but this is the one occasion in the year when my colleagues and I can let our hair down and ride our favourite hobby horses, and I in fact have several.

My honourable Friend the Financial Secretary has indicated that we have never had it so good, that the year just passed has been a bumper year in every respect. Industry, trade and tourism, to borrow a phrase from over the border, have shown great leaps forward.

More significant than any other increase, however, is the sudden leap forward in the cost of Government. I must admit to feelings of apprehension as I look at the estimates of expenditure and compare them one year with another. In ten years our expenditure has gone up from \$200 millions to nine hundred millions, and it seems a safe bet that next year we shall have a budget topping one thousand millions. An astronomical figure.

Now even the most sanguine among us will admit that this is alarming if not shattering. We are committed to large scale capital expenditure, and while we are well able to pay for these capital works from our reserves, the costs do not end there but go on and on forever in recurrent maintenance. I am sure my Unofficial Colleagues will agree with me when I say it is time to temper the dash of the last decade with rather more than a little discretion. I find myself in full agreement with my honourable Friend the Financial Secretary when he counsels that we should look at schemes, both existing and projected with a view to considering whether they are really essential or whether they are merely desirable. I propose, therefore, to consider the estimates for 1961/62 in this light when they are being prepared, and to advise that the brake be applied to Government expansion in all but the most essential and to take the same attitude in regard to those public works to which we are not already committed. I would like to think of next year as being a year of consolidation and to receive an assurance that firm instructions will be issued later in the summer to all departments not to plan for expansion. It is high time we took a breather after the galloping pace we have been setting.

I am sure, Sir, that had my Unofficial Colleagues and I in the Public Works Sub-Committee known that the deficit this year was going to be so large, we would have made very different recommendations to those which were in fact put forward. I can assure you that now we have been forewarned, we shall be very circumspect.

Our economy at the present moment is prosperous and healthy, and long may it so remain. But when an economy is prosperous, then is the time to put money aside for a rainy day. We seem to be doing

the very reverse by spending more and pumping money into the economy by financing and encouraging large public works programmes. In the past this was justified as it was very essential to maintain as high a level of employment as possible. But now there is, I believe, a shortage of labour in some industries, so let us make the most of prosperity and conform to economic practices accepted elsewhere in the world, whereby non-essential public works are held over for those periods when the economy needs priming.

I note that the revenue to be derived from Earnings and Profits Tax is expected to reach \$118 millions and I share my honourable Friend, the Financial Secretary's doubts that the final figure will in the event, prove as low as this. But what I would like, Sir, is an assurance that there is no evasion of this tax since I find it hard to believe that at the rate of 12½% we are really only collecting this amount. Can the Commissioner of Inland Revenue confirm that adequate and rigorous steps are taken by his department to seek out those members of the public who try to evade their tax commitments?

From tax I turn to trade. Hong Kong takes pride in its tradition of free trade. It is, I believe, the last place remaining in the whole wide world where there is a comparatively free economy and I shall be happy if we can continue with this freedom.

Our friends overseas, however, seem bent on forcing us to follow restrictive practices. We see ominous signs in every quarter of threats of quotas and tariffs, and if we are forced to curtail our exports, it naturally follows we must reduce our imports. For every two dollars worth of goods we sell, we buy three, and it seems to me that those who would seek to raise restrictive barriers against our manufactures, will lose out in the long run. Trade is a two-way partnership, and for so long as we are able to sell, we can continue to buy.

I cannot help feeling that we are in some respects responsible for the lack of sympathy accorded our industries, inasmuch as we have not sufficiently publicized the issues overseas, and I am, therefore, glad to note that the activities of the Information Services Department are to be expanded. Let us hope they will soon justify this expansion.

What seems to be needed to counter adverse propaganda is the sending of goodwill missions all over the world, to tell Hong Kong's story. Our recent efforts in sending trade missions abroad have been most successful; let us try this new venture or perhaps combine the two. By goodwill missions, I would say here that what is wanted is not mere sightseers, but people who can get up on a platform and talk. It might be a good idea to adopt as standard practice, the inclusion of a lady in such teams for I understand that our lady delegate to the recent CIOS Congress in Australia and Miss Hong Kong in England created a fund of good will and favourable comment.

While I am on this subject of the importance of overseas publicity, I should like to inquire what has happened to the proposed Sydney Office? Your Excellency announced last year that it was Government's intention to open an office in Australia but we seem to have heard nothing further. Perhaps there is a very real reason for the delay? With the announcement that certain import controls in Australia will shortly be lifted, the opening of our office there would seem an urgent necessity. If there is any further delay we shall be too late to gain any benefit from the new circumstances or from the fund of goodwill we have built up there recently.

I take it that the idea of opening offices elsewhere overseas is also receiving attention. I may be criticized for suggesting that we spend money on such projects. To such critics I would say now that no business ever made money without some capital investment. Money spent on projects of this nature will bring due reward and amply justify the outlay.

I was particularly pleased to learn from your address, Sir, that the Federation of Hong Kong Industries will come into being in the very near future, and one of the first things I commend to the Federation, is the sponsoring of missions on the lines I have just proposed. The success of its recent delegation to the Congress of Scientific Management in Australia, is proof of its efficacy in this direction.

We have all followed with anxiety the sabre rattling that has been going on abroad, and the weakness of our existing organizations to meet such threats. Our hope for the future lies in a strong representative body and it is my earnest hope that the Federation of Hong Kong Industries will emerge soon as the forceful champion of industry that its sponsors envisaged. I would at this point say that in my view, it is the duty of Government to do more than look benevolently on this new body; it should be endowed from the outset with all the weapons it needs to enable it to fight industry's cause in every quarter.

A few moments ago, I endorsed the policy of calling a halt to our public expenditure. If we can do that now, we shall be able to face the future with an easy conscience. We must, first of all ensure that all our expenditure today is justified. I know the thought that will come immediately to the mind of my honourable Friend the Financial Secretary will be—you, the Unofficials constitute the Finance Committee, you are the people who say "yes" or "no" to all items of expenditure, you are the watchdogs of the public purse. Yes, I will admit that, but I must also admit that while we do all that we can in conscience to exercise prudence in expenditure, we are not experts in every line, and indeed, we would have to be super beings if we could assess accurately all the many details of all the many diverse items of expenditure brought before us. We are invariably guided by people

who are naturally interested in getting what they want for their particular departments, and such guidance cannot always be considered as being completely unbiased.

Government is so huge and its activities so wide and complex that I can't help feeling that there must be many items of expenditure, both capital and recurrent, that could be reduced. What we and every taxpayer want assurance on is that the various departments are run on as businesslike and as economical a basis as is compatible with the office of Government. The public asks, and rightly asks, why the cost of Government is so high, and I'm afraid this is a question that few people can answer. Before we can truly decide whether Government is being run as economically as possible, we must be able to compare the cost of running services within and without Government. In other words, we must have costings.

It may well be that Government services are run just as cheaply as private enterprise, and I think Government owes it to itself to be able to still the voice of criticism if this is so. The question I have been asked repeatedly in the past fortnight is "why is the Medical Department costing \$63 millions to run?" Now my honourable Friend the D.M.H.S. has satisfied us that the extra commitments in his department warrant an increase in recurrent expenditure in the coming year of 30%, but when people who operate private hospitals ask me just exactly how much it costs to maintain a bed in a Government Hospital, I'm afraid I am unable to answer as satisfactorily. And then again, we should be able to compare the true cost of teaching a child in a Government school with the cost of teaching a child of similar standard in a non-Government school and so on and so on.

It seems to me that there is a need for a scientific approach to our financing and with this in mind, I think Government should engage the services of a small team of efficiency and costing experts not only to report but to implement savings in personnel and recurrent expenditure and to cost the more important services provided. I have in mind, the Medical, Education, Public Works, Police and Urban Services Departments. Time and motion studies, job evaluations, these and other modern techniques of administration should apply to Government as they apply to industry and commerce. Such specialists will cost money, but not very much and in the long run they will save us money. And if this is the end result, then no-one will quibble about the extra dollars spent now—in spite of our projected deficit.

Public Works expenditure in both the recurrent and non-recurrent votes accounts for nearly \$325 millions, far and away the largest item. Now I have nothing but praise for my honourable Friend, the Director of Public Works, and the enormous task which he undertakes with much patience and skill. But I wonder whether we are getting value

for our money in our contracts? I would like to suggest, Sir, that two members of Finance Committee be appointed to the Tender Board. I feel sure that being businessmen, they will be able to lend very useful and critical advice to the work of this Board. After some experience they may even find themselves in a position to recommend changes in customary procedure. I have heard some hair-raising stories of wastage of public money—quite possibly these are no more than stories, but there is a saying about there not being any smoke without fire.

In my budget address in 1956, I asked that Government consider demolishing the G.P.O., Fire Brigade and Marine Department Buildings, sell the land and relocated these departments on a new reclamation in the Central District. The Honourable Colonial Secretary stated in his reply that this idea would not be overlooked and would be further examined when plans for extending the Central Reclamation were being considered. Sir, has this time not now arrived? The land on which this ugly and uneconomic buildings are located is valuable, and at current market prices is worth from \$300-\$400 a square foot. The sale of these valuable sites when such favourable rates prevail would in my opinion go a long way to providing sufficient funds to rehouse the departments I have referred to, in modern, economic buildings on the new reclamation, and I commend this proposal to the appropriate authority for consideration.

These are all the hobby horses I wish to ride today, but before I resume my seat Sir, may I, with all due deference say how grateful we are to you for another year of inspired leadership which has enabled us, to use your own words, "to sail strongly into marked prosperity". I should also like to congratulate my honourable Friend, the Financial Secretary on a momentous task, lucidly executed and much to the point. And finally, I wish to compliment the average government servant. He receives little praise, is often criticized, cannot answer back and yet I think it is due to the loyalty of our "obedient servants" that we have an administration of which we can be justly proud and one that is almost unique in the Far East for its efficiency. Every family has its black sheep and we are no exception, but without fail, visitors to the Colony invariably offer compliments on the efficiency of our services and of our administration. I take pride in these compliments.

Sir, I have much pleasure in supporting the motion on the Bill before Council. (*Applause*).

MR. FUNG PING-FAN: —Your Excellency, as one of the last speakers, it is difficult to find something original to say without someone having already thought of it first. I shall therefore just touch upon a few matters in more general terms that have not been exhaustively dealt with by earlier speakers.

It is observed that one-third of this Budget goes towards payment of salaries. Whilst we can ill afford to grant such a large increase in remuneration to our civil servants, it is felt that we must pay for efficient service to ensure that there is no malpractice in any government department. Also, it is necessary to weed out all dead woods if we are to avoid another increase of five thousand posts a year hence. With mutual co-operation between the civil servants and the public who must be accorded every courtesy, much labour can be saved.

Medical Service: Our honourable Friend the Director of Medical and Health Services is wise in proceeding with his elaborate programme of providing more hospitals for the Colony, with modern equipment and efficient staffs. We should offer him our wholehearted support in these respects.

At the same time, Government should open more out-patient departments in the form of day-and-night clinics, spread about convenient parts of the Colony, to meet the urgent demands of the public so as to put a stop to the exploitation of the unfortunate sick poor by some of these so-called "free" clinics. Most of the real free clinics sponsored by reputable organizations are rendering valuable services to supplement government clinics which are insufficient to cope with the demand for treatment of minor ailments. More of these free clinics should be set up, especially in the densely populated resettlement areas.

Housing for Hong Kong Born: Since the first influx of refugees into the Colony, Government has been building large resettlement blocks to house the thousands of the homeless masses. Whilst this humanitarian undertaking is worthy of support, and for which our taxpayers have been spending millions upon millions of dollars during the last decade or more, I feel that the time has come for Government to consider our own native born citizens and pre-war residents of the lower income group who also should be provided with suitable housing within their means, particularly the bachelors and families with small income whose present environments are no better than the squatters. These people are the real backbone of the Colony most of whom shoulder their civic responsibilities in time of our need as they did pre-war, and therefore should have the first claim on us in the provision of housing and other amenities. At the same time, by building more cheap houses we can gradually reduce the number of broken down houses in the slum districts which breed diseases and cause the mounting incidence of tuberculosis cases and deaths in the Colony.

Tourist Trade: As a member of the Board of the Hong Kong Tourist Association I am naturally interested in the tourist trade, and would like to dwell upon this subject for a moment. In recent years Southeast Asian countries and other parts of the world have devoted much attention to the development of the tourist trade. Although Hong Kong is a tiny spot compared to other places, we have much

to offer in the way of natural scenic beauty and attractive shopping bargains, and given sufficient publicity and inducements more tourists will want to come and visit us again and again if they find that we do welcome them and want to make every effort to ensure that they stay here in comfort. Government should therefore encourage the building of more modern hotels by expediting approval of plans and affording every facilities to intending builders, and generally improving the means of attracting tourists who cannot now come in large numbers for lack of hotel accommodations.

Also, immigration procedures should be simplified, making it easier for intending visitors to come here by eliminating unnecessary delay in issuing visas, etc. Many tourists would first come here and then make side trips to other southeast Asian countries, and would find it a great inconvenience if they have to visit the Immigration Office each time and perhaps for several times. Therefore, it is advisable to have a multiple entry visa for legitimate tourists.

During my frequent travels abroad many overseas Chinese told me that they would have been glad to come here for a holiday to visit their people, and perhaps even to invest their money here, some possibly to attend to their business or look over their investments, but often found it difficult in obtaining the necessary visas, sometimes having to curtail their stay on expiry of the brief period allowed them in their visas. This results in our losing much tourist trade as well as much foreign capital from abroad, and we should take immediate steps to remedy these defects.

Public Works Non-Recurrent: Since it is physically impossible for the Public Works Department to tackle all the listed jobs, it would be advisable not to cram too many projects into the programme, or to budget for them, since some of the items are for long-term development. This would only tend to bolster the overall increase in the cost of building constructions, in the way of labour cost as well as cost of building materials.

Connecting Links: Government is wise in seeking consultations on the problem of a cross-harbour bridge, looking ahead to the next 5 or 10 years. We should not only think of linking the Island with the Peninsula, but should also look further afield, such as the link between Castle Peak and Ma Wan and, most important of all, to include Lantau. By linking up these places it will be easier to seek future development sites, thus easing the density at present concentrating on Hong Kong and Kowloon. Lantau is the ideal place for solving our shortage of building sites, both for housing and industry.

At the same time, the responsibility of building either the bridge or the tunnel should be left to commercial syndicates, with Government offering them every encouragement and support.

Development of Industry: At the opening of the 17th Exhibition of Hong Kong Products on 4th December, 1959 Your Excellency made some very wise observations concerning the development of our industries which should receive the serious consideration of our manufacturers.

In recent months we have been getting some most disturbing news from various parts of the world threatening to ban the entry of our products into their countries or to raise a tariff to prevent their admission. In view of these serious threats to our industries, I would earnestly urge our industrialists to pay greater attention to the wise counsel offered by Your Excellency, and to use their imagination to enlarge the variety of products they intend to manufacture so as to seek more favourable outlets for their goods with less obstacles from other countries.

Let me cite an example. Some very good European made transistor radios are being marketed here with some of their component parts being of Japanese origin which are cheap and of excellent quality. As a result of this they are able to compete favourably with other makes, thus maintaining the characteristics for which they are noted, and also enhancing their sales by virtue of being marketed at competitive prices without fear of being pushed out of business by strong competitions. This is of course good for the Japanese manufacturers, as it suits their purpose admirably to supply the European factories with the important component parts without arousing the ill feelings of the European transistor radio manufacturers, nor inviting their governments to adopt preventive measures by imposing high tariff barriers on the Japanese made products, or in some cases completely banning them, whilst at the same time enjoying the benefit of paying very little or no import duty on the unfinished products. This is but one instance.

Then, I also know of some foreign shoe-importers who have placed orders for the upper leather parts of the shoes all completely sewn and ready for the soleing. As these upper parts require a lot of manual labour, such as machining, designing, and attaching eyelets, they and all the other fine handwork are exported as semi-finished goods, and by the time they reach their destinations, all that is needed to be done is to attach the soles to the uppers. The finished product then becomes a pair of hand-made shoes which can be sold under their own brand and not as Hong Kong product. Anything involving manual labour we all know that Hong Kong manufacturers can produce at a lower cost, and I believe we should develop our industries along this line, so as to work in harmony with the other countries instead of antagonizing them which we have so far been doing unintentionally. So long as we can produce good quality semi-finished products at reasonable cost, it is unnecessary for us to worry about the finished articles. All we need is to produce

the important component parts of some desired goods for other manufacturers as the Japanese do to enjoy the benefits without struggling to fight for doubtful markets.

Sir, this Budget has set an all-time record in high expenditure and the largest deficit in the history of the Colony, but it is appreciated that our honourable Friend the Financial Secretary has made the best of an admittedly difficult job, and none will dispute that in the circumstances he has done exceptionally well. Large as is the deficit of almost \$260-million, we have every confidence that, given the wise counsel and guidance we have come to expect of Your Excellency, we will be able to balance the Budget at the end of the fiscal year. Where progress is desired, one must be prepared to pay for it, but it is nevertheless earnestly hoped that departmental heads will enjoin upon their subordinates the absolute need to avoid waste and to practise strict economy. A little savings here or there will soon help to reduce the huge spending budgeted for this current financial year.

Your Excellency—with these remarks I have pleasure in supporting the Motion. (*Applause*).

MR. R. C. LEE: —Your Excellency, in your address to the Council, when the budget was introduced, Your Excellency referred to our perennial problem of water. Thanks to the foresight exercised, Tai Lam Chung is now in operation and we have reason to be grateful that a four-hour supply from our taps is still possible in spite of the unusually dry weather. I remember that in 1929, over a very dry period, there was practically no water in our reservoirs and water had to be brought in by boats and junks. The ration was only about 6 gallons per head per day. That happily is past history; and I am sure that nobody wishes to see such history repeating itself. The Government action in going ahead with the investigation and examination of the Schemes for Plover Cove and Hebe Haven deserves every support.

All capital projects such as our water schemes have hitherto been financed out of current revenue. Whether capital projects should be so financed as we have done up to now, or by means of loans, is a matter of opinion. Each method has its merits; but with the cost of our projects increasing, the manner of financing future projects might be reviewed.

I should like, Sir, to congratulate the Honourable Financial Secretary for the very able manner in which he has handled yet another Budget. Rising public expenditure must be met by increased revenue, and revenue must come from somewhere. The increase in taxes on petrol and tobacco may mean extra burden but these burdens have to be borne in one way or another and I believe it best to bear them in the form of indirect taxation.

With reference to the proposal for the increase of water charges, I am unable to say that an increase from 80¢ to \$1.00 per 1,000 gallons is unreasonable. The new price works out to be 0.4 of a cent for one kerosene tin of 4 imperial gallons which is the usual measure for water known to most Chinese households. In other words 4 cents will buy 10 kerosene tins of water at the new rate which is not too heavy a burden for everyone to bear. With regard to the possible effect on industry, if there should be proof that real hardship is caused by the increase in petrol tax and water charges, then Government might consider allowing industry a reasonable rebate in both.

Your Excellency and the Honourable Financial Secretary have stressed the need to plan our economy, with special reference to our industry and exports. It is well known that in most countries to which we export our goods, there is increasing pressure against our products. We must persuade our manufacturers not to undersell each other blindly and frantically, or to get business at any cost regardless of the quality of their products. There is grave danger that by the lowering of standards through our own internal competition many markets may be closed to us. I most heartily support the view of my honourable Friend, Mr. BARTON that, if we want our economy to continue being sound without serious disruptions in the future, our industries and export trade require expert guidance which seems to me to be the only road to survival. The Honourable Financial Secretary has said that we have no weapon with which we can fight. However we must make up for this disadvantage by good quality, reasonable prices and honest dealing.

As I have just returned from a tour of West Africa with our Trade Mission, I feel that the time is opportune for me to raise a few points regarding the prospects of developing trade in that region. During our visit we had some very frank discussions with Government officials and representatives of trade interests. I was struck by their lack of knowledge of conditions in Hong Kong and their ignorance of the range and variety of the goods produced here. The Trade Mission was afforded the opportunity of visiting stores and markets and of seeing the different types of goods displayed for sale and in demand. Most of these items are readily purchasable in Hong Kong and large quantities can easily be supplied by our manufacturers at much lower prices.

In most of these countries there exists an import quota system which is designed to prevent "dumping" by subsidized industries, and I very much regret to say that some Hong Kong products, especially cotton goods, have been classed under the category of goods which are being dumped and this restriction seems to have been imposed under a misconception. Added to this, and as the Honourable Financial Secretary has pointed out, certain countries enjoy an uncurtailed entry of their products, under what has been known as liberalization measures;

but Hong Kong is excluded from such a privilege. It is my opinion that these unfortunate impediments to the development of our trade in these areas are entirely due to the lack of publicity and liaison work on our part and we should make every effort to remove any prejudice and misconception which have led to discrimination against our products.

Local manufacturers and exporters can do a great deal themselves to extend their connections in these areas by the exercise of a little more initiative. Trade and financial channels are at their disposal, and the development of trade rests in their own hands. Nevertheless, I am convinced that the Government should now embark upon a more far-reaching trade promotion programme, which should be designed not only to enlighten prospective customers but also to assist our exporters. Prompt action should be taken to ensure that the appropriate type of trade promotion material reaches institutions and organizations where it can be readily made available to interested parties; and whenever possible, surveys of individual market potentials should be made and the results of these surveys distributed to our exporters and manufacturers.

Provisions have been made in the Estimates for the London Office and for the opening of the new Sydney Office. However, I think that prospects justify an even greater effort and I take the liberty of suggesting at this time, that serious consideration be given to the possibility of establishing a Regional Trade Office for West Africa, with headquarters in Nigeria. The purpose of such an office would be to develop and nurture trade, but equally, important functions could be performed in the realm of public relations, and in all matters connected with local government negotiations relative to quotas and tariffs. I am sure that members of Her Majesty's Foreign Service in that region will welcome a Hong Kong Representative for consultation on the spot when the occasion arises. In other words, the establishment of such an office would permit of our having on the spot representations which could be vital to our trade interests in the future. In making this observation I particularly have in mind the small quota which was allocated to Hong Kong for importation into Guinea. I feel that if we had had a representative on the spot we might have obtained a larger quota.

Of the countries visited, Ghana has been self governing for three years, while the others will become independent countries almost immediately. All these countries wish to trade direct with Hong Kong. I consider that this is a good time to take full advantage of the contacts and goodwill established by the Trade Mission and of the offers of co-operation extended by the African Government concerned.

While we must give due credit to our efficient Postal Service, it cannot be denied that the facilities at the General Post Office are becoming increasingly inadequate. It is not an uncommon sight to see

people waiting in long queues for the purchase of stamps or for the registration of letters. Likewise the Parcel Post Section is usually congested and there is often undue delay in accepting and delivering parcels. The number of Branch Offices we now have is quite inadequate. Stamp selling agencies help but a little. While I agree to the increases in staff as provided in the Revised Estimates, I do not consider such increases alone to be a solution. The solution, Sir, lies in the opening of more Branch Offices. People living in some districts have to travel a long way in order to post a registered letter or to send and take delivery of parcels. Our population has increased at a rapid rate and the existing facilities of the Postal Service have been taxed to the limit. However, to keep pace with the growth of our city, steps should be taken to open more branch post offices which should aim at offering comprehensive facilities.

I should now like to say, Sir, something about the Landlord and Tenant Ordinance. It must be conceded that to say the least this Ordinance has the demerit of placing the onus on a section of the community, not necessarily the well to do, to charge cheap rents, which benefit only a portion of the population and then not necessarily only the poor. However, I do not intend at this juncture to urge de-control; but I wish, Sir, to make some suggestions which would tend to alleviate the difficult situations arising from Section 8 of the Ordinance, this section makes it an offence for a tenant to receive by private negotiation any compensation for the surrender of his tenancy. Under the present Ordinance, all cases of compensation must be brought before the Tenancy Tribunal for approval. I presume the object of such a Provision is the protection of the interests of the tenants concerned. In actual practice Exemption Proceedings have proved frustrating to both landlord and tenant alike. There is often a delay of at least three or four months followed by a cumbersome procedure which together with the heavy legal charges involved will materially add to the cost of redevelopment and therefore the resulting rent. Because of all these complications some owners of old houses have shelved the idea of redevelopment and efforts for slum clearance are retarded. I therefore suggest that Section 8 should be amended, in a manner which would give legal recognition to any agreement between landlord and tenant in respect of compensation. This would in a small measure restore the freedom of contract. Both tenants and landlords in the Colony are now sufficiently well acquainted with the prevailing rate of compensation to take care of their own interests.

I make bold to add, Sir, that Section 3(c) and Section 15 should also be amended; so that not only freedom of contract will be allowed but also that once an agreement to contract out of the Ordinance has been concluded in respect of any premises, such premises should thereafter be excluded from the Provisions of the Ordinance.

I observe that due to the acceptance of the Report of the Salaries Commission, the estimate for personal emoluments for the new Financial year, including pensions, works out to be about 45% of our total Estimated Revenue of \$712 millions. I hope the increase in salaries will give general satisfaction and will not be nullified by a chain of inflationary reactions. A real gain in wages, we all realize, consists in lowering if possible the cost of living. Nevertheless, stability in prices must at least be maintained if we are to benefit from any rise in wages in terms of money.

Sir, I beg to support the Resolution before Council. (*Applause*).

MR. C. Y. KWAN: —Your Excellency, at the outset I would like to pay tribute to my honourable Friend the Financial Secretary for the skilful and clear manner in which he has presented the Colony's Budget. His proposal to re-examine the Public Works programme and to carry out a close examination of the departmental spending and to introduce a number of curbs which have been out of fashion for some years, has been received by the community with gratification and applause.

In view of the staggering cost of government, which has been steadily increasing and, if allowed to go on unchecked, may well spell disaster to the Colony's economy, I urge that Government will take immediate measures to ascertain whether it is absolutely essential, and not merely desirable or convenient, to have such a large number of personnel as the Estimate now before Council provides. In this connexion I may be permitted to quote the following passages from the Report of the last Salaries Commission: —

"Our concentrated review of staff questions during the last five months has convinced us that the present organization for the supervision and control of government personnel urgently needs thorough study, and considerable reform both at headquarters and in the departments. In our opinion, the headquarters organization, *i.e.* the Establishment Branch of the Colonial Secretariat, has insufficient authority and does not cover the ground it should. The Establishment Officer acknowledges that as now staffed the Branch cannot give the necessary attention to such important administrative policy matters as the efficient staffing of departments at the various levels, or essential plans for the education and training of local officers."

There is, Sir, clearly a great deal of essential work to be done in this field throughout the Service. If Government has not already decided to do so, I venture to suggest that Government will accept the recommendation of the Commission to find a suitable expert as soon as possible to survey the field and to help Government in the formation of an organization unit to take care of these problems.

I respectfully submit that there can be no doubt that with an efficient and properly trained and organized staff, wastage of manpower can be avoided, which must result in considerable savings in the cost of administration. In view of the enormous bill for the cost of government I am sure Government will lose no time to tackle the problems systematically and fundamentally.

Sir, there is another aspect of the Report of the Salaries Commission which is also relevant to the cost of government and to which I would like to take this opportunity of drawing Government's attention. That is the question of accelerating and intensifying the training and education of local officers. It is my submission that to accelerate and intensify the training and education of local officers is not only one of the ways of reducing the cost of government in the long run, but is also a means of easing or solving, to a certain extent, the present difficult recruiting problem, which is the greatest in connexion with the recruitment of overseas officers. I understand that there are many vacancies unfilled because of lack of suitable applicants for the jobs.

Since the issue by His Majesty's Government of the White Paper, Colonial No. 197, some 14 years ago, which in dealing with the organization of the Colonial Service states that the public services of the Colonies must be adapted to local conditions and must to the greatest possible extent be staffed by local people, it has been, as I understand it, the declared and firm policy of this Government to encourage and assist the local staff in every way. Until recent years, however, little progress appeared to have been made in the way of carrying out that policy. It is true that for the past few years more has been done, but the execution of the policy is, as the Salaries Commission has pointed out, still lagging and uneven and needs fresh impetus. I therefore respectfully urge, as the Salaries Commission has urged, Government to accelerate and intensify the training and education of local officers, which will not only ultimately contribute towards a reduction of the cost of government but will also give employment to more local people, thus helping the economy of the Colony.

Sir, on the subject of the Report of the Electricity Supply Companies Commission I hope Government will announce its decision as soon as possible, which is keenly awaited by the public. The issue is one of the greatest importance to the Colony. It was most unfortunate that that Commission should have felt that by reason of the attitude of the supply companies concerned it had no alternative but to confine its recommendations to those two contained in its report. I am sure that in order to give them the fullest guidance possible both the Government and the public would have welcomed more alternative suggestions from such an expert body as the Commission. Without disrespect it is not appreciated why the attitude of the companies should have precluded the Commission from making other alternative recommendations, for

surely the companies' attitude must always be subject to adjustment or control by legislative measures. I am not anticipating Government's decision, but I am confident, Sir, that Government will not fail to find a solution whereby on the one hand the consumers' reasonable and legitimate rights will be protected and on the other hand the wider interests of the Colony as a whole will be duly safeguarded. Having regard to the peculiar circumstances of the Colony I respectfully submit that one has yet to be convinced that nationalization of the electricity supply companies is the only desirable course or that it will serve the best interests of either the consumers or the Colony as a whole. Whatever may be the step to be taken to protect the reasonable and legitimate rights of the consumers, I trust, Sir, that it will not be such as to frighten away or to cause a flight of foreign capital from the Colony or to discourage in any way foreign investments in the Colony.

Now, Sir, I wish to say a few words about the Hong Kong University. It was gratifying to learn from Your Excellency's speech that the University has made new plans to provide an expansion of the existing faculties with a view to an eventual expansion of the number of students to 1,800. Nothing is more sorely needed than such an expansion. I only wished that the figure of 1,800 could be 3,000, if not higher, having regard to the fact that we have a population of about three million people. The Colony has lost many a talent due to the lack of accommodation in our University to take them. I cherish the hope that the present scheme of expansion is not the last word, and that in no distant future it may yet be possible to have further expansion, in order to meet the pressing demand for higher education in the Colony. Those young men and women of ours who have been denied an opportunity of obtaining University education in the Colony after having fulfilled all the requirements, have a legitimate cause for complaint.

Government's decision to assist certain post-secondary Chinese colleges, in the hope that they may ultimately become members of a second University, in which the Chinese language would be the principal medium of instruction, is a welcome one and is, if I may respectfully say so, a step in the right direction to make this Colony not only a commercial and industrial centre but also a cultural one worthy of its name, where the East and the West meet.

Sir, on the subject of the Landlord and Tenant Ordinance referred to by my honourable Friend Mr. R. C. LEE I support his suggestion that it might be re-examined, with a view to lifting the restriction on the freedom of contract between the landlord and the tenant with regard to such matter as the payment of compensation in return for the surrender of the premises or termination of a tenancy.

Sir, with these remarks I beg to support the motion before Council.
(*Applause*).

THE COLONIAL SECRETARY moved that the Debate on the resolution before Council be adjourned until the next meeting of the Council.

THE FINANCIAL SECRETARY seconded.

The question was put and agreed to.

The Debate was adjourned.

DUTIABLE COMMODITIES ORDINANCE, CHAPTER 109.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved, pursuant to section 4 of the Dutiable Commodities Ordinance, Chapter 109, that the duties on Hydrocarbon Oils set forth in the Resolution of the Legislative Council published as Government Notification No. A. 205 in the *Gazette* of the 5th December, 1952, be revoked with effect from 2 o'clock P.M. on Wednesday, the 24th February, 1960, and that thereafter duty shall be payable on hydrocarbon oils at the following rates:

- (a) light oils \$1.25 per gallon
- (b) heavy oils—
 - (i) diesel oil for road vehicles. \$104 per ton
 - (ii) other diesel oil \$ 26 per ton
 - (iii) furnace oil \$ 24 per ton
 - (iv) other heavy oils not
specified above 10 cents per gallon.

He said: Sir, the purpose of this resolution and of the one which follows it on the Agenda is very simple. It is to raise more money. The necessity for both these resolutions was explained by me at our last meeting, and at this late hour, Sir, I would not propose to waste further time adding explanations.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

DUTIABLE COMMODITIES ORDINANCE, CHAPTER 109.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved, pursuant to section 4 of the Dutiable Commodities Ordinance, Chapter 109, that the duties on Tobacco set forth in the Resolution of Legislative Council published as Government Notification No. A. 14 in the *Gazette* of the 20th March, 1959, be revoked with effect from 2

o'clock P.M. on Wednesday, the 24th February, 1960, and that thereafter duty shall be payable on tobacco at the following rates per lb.:

A. —on *UNMANUFACTURED TOBACCO*—

(1) Unstripped tobacco containing—

- (a) 10 per cent or more of moisture by weight:
- (i) tobacco of Empire origin \$5.45
 - (ii) other tobacco 5.75
- (b) less than 10 per cent of moisture by weight:
- (i) tobacco of Empire origin 5.48
 - (ii) other tobacco 5.78

(2) Stripped tobacco containing—

- (a) 10 per cent or more of moisture by weight:
- (i) tobacco of Empire origin 5.60
 - (ii) other tobacco 5.90
- (b) less than 10 per cent of moisture by weight:
- (i) tobacco of Empire origin 5.75
 - (ii) other tobacco 6.05

B. —on *MANUFACTURED TOBACCO*—

(1) Cigars—

- (i) of Empire origin and manufacture 6.50
- (ii) of Empire manufacture only 7.25
- (iii) other cigars 9.00

(2) Cigarettes—

- (i) of Empire origin and manufacture 6.60
- (ii) of Empire manufacture only 7.20
- (iii) other cigarettes 8.10

(3) Other manufactured tobacco including snuff and cigar cuttings—

- (i) of Empire origin and manufacture 5.20
- (ii) of Empire manufacture only 5.80
- (iii) Chinese prepared tobacco 4.90
- (iv) other varieties 6.70.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

TENANCY TRIBUNAL (AMENDMENT) RULES, 1960.

THE ATTORNEY GENERAL moved the following resolution: —

Resolved that the Tenancy Tribunal (Amendment) Rules, 1960, made by the Acting Chief Justice on 12th day of February, 1960, under section 29(1) of the Landlord and Tenant Ordinance, Chapter 255, be approved.

He said: This resolution seeks the approval of this Council to Rules made by the Chief Justice under the Landlord and Tenant Ordinance. These Rules amend the Tenancy Tribunal Rules to enable the Registrar of the Supreme Court to reduce in particular cases the fees prescribed in respect of proceedings in the Tenancy Tribunal.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

JUVENILE OFFENDERS (AMENDMENT) BILL, 1960.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Juvenile Offenders Ordinance, Chapter 226."

He said: — Sir, this Bill makes minor amendments to the Juvenile Offenders Ordinance with the object of ensuring that there is no overlapping or inconsistency between the provisions of that ordinance and those of the Probation of Offenders Ordinance, 1956 on the subject of probation of offenders.

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: —

This measure is consequential upon the enactment of the Probation of Offenders Ordinance, 1956, and is introduced in order to delete from the Juvenile Offenders Ordinance all remaining references to the subject of probation which is now completely covered by the Probation of Offenders Ordinance, 1956.

**POK OI HOSPITAL INCORPORATION (AMENDMENT)
BILL, 1960.**

DR. D. J. M. MACKENZIE moved the First reading of a Bill intituled "An Ordinance to amend the Pok Oi Hospital Incorporation Ordinance, 1954."

He said: The Objects and Reasons set out fully the purpose of this Bill which honourable Members will note makes provision for an Executive Committee to assist the Board of Directors in the Management of the day to day affairs of the hospital.

Extensions to the hospital now under construction will give accommodation for a total of 100 beds including operating theatre and X-ray facilities. The maintenance of a hospital of this size calls for a substantially increased recurrent subvention from public funds and an amount of \$374,000 is included in the 1960/61 Draft Estimates for this purpose. To assist the Board of Directors of the Hospital, the Executive Committee will have amongst its members Government officers experienced in hospital management and accounting.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Object and Reasons.

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

The supreme control and management of the Pok Oi Hospital is at present vested in a Board of Directors. An extension to the Hospital is now being built and it has been agreed with the Board of Directors that an Executive Committee, comprising both Government members and Directors of the Hospital, shall be set up to assist the Board. The composition of the Board will remain unchanged and they will continue to deal with policy, fund-raising, the administration of charitable work and capital development of the Hospital.

2. The main purpose of the Bill is to require a new constitution to be filed with the Registrar of Companies in which provision is to be made for an Executive Committee. Subsection (5) of section 4, as proposed by clause 4, deems all functions necessary for the day-to-day administration of the Hospital to have been delegated by the Directors.

3. The constitution of the Hospital is contained in the Articles of Constitution included as a Schedule to the principal Ordinance. Under the constitution the Board of Directors have powers to amend the constitution, subject to certain conditions being fulfilled. The grant of these powers is now provided for in the Bill itself which also seeks to repeal the Schedule, thus leaving the way clear for the Board of Directors to adopt new Articles of Constitution.

ADJOURNMENTS.

H. E. THE GOVERNOR: —Gentlemen, that concludes the business for today. When is it your pleasure that we should meet again?

ATTORNEY GENERAL: —Sir, I suggest this day week.