

OFFICIAL REPORT OF PROCEEDINGS.**Meeting of 22nd March, 1961.**

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 RODERICK WILLIAM McLEOD, K.C.B., C.B.E.
THE HONOURABLE THE COLONIAL SECRETARY,
MR. CLAUDE BRAMALL BURGESS, C.M.G., O.B.E.
THE HONOURABLE THE ATTORNEY GENERAL,
MR. ARTHUR RIDEHALGH, Q.C.
THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS,
MR. JOHN CRICHTON McDOUALL
THE HONOURABLE THE FINANCIAL SECRETARY,
MR. ARTHUR GRENFELL CLARKE, C.M.G.
THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK
(*Commissioner of Labour*)
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 KENNETH STRATHMORE KINGHORN
(*Director of Urban Services*)
THE HONOURABLE NGAN SHING-KWAN, C.B.E.
THE HONOURABLE HUGH DAVID MacEWAN BARTON, M.B.E.
THE HONOURABLE DHUN JEHANGIR RUTTONJEE, O.B.E.
THE HONOURABLE FUNG PING-FAN, O.B.E.
THE HONOURABLE RICHARD CHARLES LEE, O.B.E.
THE HONOURABLE KWAN CHO-YIU, O.B.E.
THE HONOURABLE GEORGE MACDONALD GOLDSACK
MR. ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)

ABSENT:

THE HONOURABLE KWOK CHAN, O.B.E.

MINUTES.

The minutes of the meeting of the Council held on 1st March, 1961, were confirmed.

PAPERS.

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

<i>Subject.</i>	<i>G.N. No.</i>
Sessional Papers, 1961: —	
No. 7—Annual Report by the Director of Agriculture Fisheries and Forestry for the year 1959/60.	
No. 8—Annual Report of the Grantham Scholarships Fund Committee for the period 1.9.59 to 31.8.60.	
Report of the Select Committee on the Draft Estimates of Revenue and Expenditure for 1961/62.	
Dangerous Goods Ordinance, 1956.	
Dangerous Goods (Amendment) (No. 2) Regulations, 1961	A. 23.
Road Traffic Ordinance, 1957.	
Road Traffic (Parking and Waiting) (Amendment) Regulations, 1961	A. 24.
Buildings Ordinance, 1955, (Application to the New Territories) Ordinance, 1960.	
Buildings Ordinance, 1955, (Application to the New Territories) (Amendment) Regulations, 1961	A. 32.
Ferries Ordinance.	
Excluded Ferries (Ma On Shan and Ho Tung Lau) (Amendment) Regulations, 1961	A. 33.
Companies Ordinance.	
Companies (Forms) (Amendment) Order, 1961	A. 34.
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No. 3) Order, 1961	A. 35.
Resettlement Ordinance, 1958.	
Resettlement (Amendment) Regulations, 1961	A. 36.

ADDRESS BY THE GOVERNOR.

Gentlemen, I believe that it is unprecedented for me to address this Council at the second Budget meeting. However, I think that the announcement which I have to make is of sufficient importance to merit a possible breach of precedent.

As you will recall, it was announced in London on the 18th November, last year, 1960, that the last National Serviceman had been called up, thus carrying into effect the United Kingdom Government's declared intention of converting the armed forces to a regular basis by the end of 1962. Long before that date, the Hong Kong Government had, from time to time, considered the possibility of abandoning compulsory service in the Colony, but there have always been overriding reasons for not taking this action.

After the announcement in the United Kingdom, I appointed a Working Party to examine the implications of abandoning compulsory service and to make recommendations on the subject. On the basis of the advice of that Working Party, and after consultation with the Commander British Forces, Service Commanders, and other interested authorities, I have decided that we should abandon compulsory service in the Colony as soon as possible.

It will take some time to prepare the details of the scheme under which persons serving as conscripts in the various auxiliary defence services may resign and, until such details are published, existing arrangements and commitments must remain in force. But all Government officers concerned are working hard on this problem, and it is my intention to bring compulsory service to an end within a few months and to have no one but volunteers in camp during 1961. In the meantime, I have given instructions to the Director of Manpower that he should not direct any more persons liable to compulsory service into any of the auxiliary defence services. Those who have already been enrolled must, however, continue with their training obligations until specific directions are issued about methods of discharge.

I am sure that all honourable Members of this Council will recognize the gravity of the decision which has been taken. It was found necessary, in 1951, to impose compulsory service because the old system had failed to produce sufficient volunteers to fill the vital establishments of the various auxiliary defence services. Since then British subjects of the Colony, assisted by men and women of other nationalities who have volunteered, have loyally borne the burden of compulsory service despite the inequalities resulting inevitably from different training commitments. Now I have decided to make a further trial of the volunteer system in the hope and belief that many who have been introduced to the various auxiliary defence services under the Compulsory Service Ordinance will recognize the importance of their services to the Colony and continue to serve as volunteers. Government is certainly fully conscious of how much it depends upon the auxiliary defence services, not only to meet a major emergency whether internal or external, but also to assist the professional departments of Government to cope with the natural disasters to which the Colony is prone.

In announcing a return to a system of voluntary service, I must, first, call on all individual citizens of the Colony to recognize the importance of the voluntary services in Hong Kong and to make this experiment a success by remaining in or by joining the auxiliary defence unit of their choice. I must follow with an appeal to all commercial firms, industries, and the public service in the Colony to encourage their employees to join an auxiliary defence service and to continue training regularly after they have joined. I am issuing appropriate instructions in strong terms to Heads of Departments. Those that are young and fit should be encouraged to join the more active services such as the Defence Force and the Auxiliary Police; older men should be encouraged to join one of the many branches of the Essential Services Corps. It is my intention that Government will give a lead by encouraging its own employees to volunteer. I recognize that there will be occasions when the absence of employees at camp or on training will represent immediate organizational and even financial losses to the firms. Nevertheless, I believe that the directors and managers of firms in this Colony will recognize how their long term interests will be served if the local auxiliary defence services are fully manned by volunteers.

I would like to add a particular word to professional men, such as doctors, engineers, architects and others. There are services which need their particular skills. It is not enough to say to themselves that they would be ready to come forward in an emergency and to leave it at that. Government must have positive assurances of support if it is to make realistic plans. Their problems are recognized but there is a minimum support without which Government cannot accept that it has done all it ought to do in preparation for emergencies.

In making this announcement I hope that this decision accords with the general views of people in Hong Kong, including those who are natural volunteers. But I must, at the same time, sound a warning note similar to one which a Minister of the Crown has already sounded in the United Kingdom. If the volunteer system does not, in fact, produce sufficient support for the auxiliary defence services then we shall have to consider a return to, at the least, a limited form of conscription. For this reason, Government is planning to retain the organization and records of the Director of Manpower.

As I have said, detailed arrangements for discharge and transfers of serving conscripts have yet to be worked out. I am, however, able to give you the following general statement regarding Government's intentions: —

First: Existing pay and allowances will remain in force until such time as a specially appointed Working Party has been able to examine existing pay regulations with a view to simplifying

them and reducing, if not eliminating, the difference of pay awarded to married and single volunteers. It is not, however, Government's intention to reduce the general level of pay and allowances.

Second: Legislation will be drafted to provide that all officers and members who were conscripted into various auxiliary services and who elect to continue service after a certain date will have their status changed to that of volunteers under the terms of service for volunteers already provided for in existing legislation. Thereafter, all conditions of service will be re-examined in order to make them as attractive as possible.

Third: For terms of service, the training commitments of every unit will be re-examined in order to reduce them to the minimum possible in the light of the role of the unit. I accept it as important that training should interfere as little as possible with the day to day business of the Colony. As much training as possible will, therefore, be arranged out of office hours, and I hope that the total annual period of training can be reduced in all cases, even where the camp period has to remain at 14 days.

Finally, I should like to repeat, through this Council, my appeal to all responsible citizens of the Colony to justify the decision I have taken by giving their maximum support to volunteering in Hong Kong.

RESOLUTION REGARDING THE REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1961-62.

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 196-62, be adopted.

THE FINANCIAL SECRETARY seconded.

MR. NGAN SHING-KWAN: —Your Excellency, the Estimates of Revenue and Expenditure for the coming financial year have been considered by a Select Committee which included all the Unofficial Members of Council. A number of amendments were agreed by the Committee after consultation with Heads of Departments, and the revised estimate of expenditure is \$1,074 millions. The revised estimate of revenue is \$913 millions, leaving a deficit of \$161 millions.

The Unofficial Members of Council are not noted for their brevity on the occasion of the Budget debate and I doubt if this year will prove an exception. They have, nevertheless, met together privately

in addition to their participation at the meetings of the Select Committee with a view of avoiding unnecessary repetition, and each member will speak on certain subjects. It is hoped by this means to cover a wider field without prolonging the debate unduly, and it remains to be seen with what success.

There are also some certain important matters which the Unofficials would like to see made the subject of a separate debate in the near future. In particular, we have in mind the whole question of increases in the Government establishment, the investigation by efficiency experts of the five major departments, the management of resettlement and low cost housing estates, and the question of whether the present Government organization in connection with all land matters could not be improved.

Turning to the Budget, it seems befitting that the Honourable Financial Secretary, with his proved and popular capacity in turning deficits into surpluses, should have achieved the almost impossible during his last year of office. By reducing an estimated deficit of \$226 millions to less than \$55 millions, with the possibility of even having a small surplus to hand over to his successor, he has certainly run true to form. The taxpayer has, of course, contributed in no small measure to this success, and it is most heartening to note the substantial increase in revenue over the past twelve months. At the same time, I must also acknowledge the close control that has been kept over expenditure, by my honourable Friend and his assistants. It goes without saying that this control must be maintained if not intensified during the coming financial year.

As regards the Estimates, I should like to congratulate the Honourable Financial Secretary on his sound and realistic approach to our budgetary problems. Both Your Excellency and my honourable Friend counselled against the assumption that this estimated deficit for the coming year would vanish as readily as the one for the year just ending. I support this note of caution. The past year has been exceptional in several respects and we certainly cannot rely on a further 24% increase in revenue. Moreover, our surplus balances, which are themselves revenue-producing, would rapidly disappear if we were to draw on them to the tune of \$161 millions a year. It is not my intention, therefore, to speak against the measures that have been taken to raise additional revenue. On the contrary, I consider it our duty to do everything possible to ensure that there is no curtailment of the plans to provide additional reservoirs, schools, hospitals and houses for the people of Hong Kong.

The past year, indeed the past ten years, have seen considerable advances in the field of education. There is no quick or easy way of providing a place at school for every child, but much has been achieved.

I am sure there is nobody in Hong Kong who would not like to see a measure of compulsory education introduced here, but there are simply not the buildings nor the funds to make compulsory education an immediate reality. That is not to say, however, that we should not work towards it. Considerable progress has been and is being made.

For two reasons I am inclined to think that the year 1961 is an opportune time for a general review of our educational programme: firstly, we have reached the final stage of the seven year primary school expansion programme, and secondly, we shall soon be in a position to gain much valuable information from the findings of the Census.

It is my view, and I know I am supported in this by my Unofficial Colleagues, that Government should now bring its main effort to bear on secondary education, whilst at the same time encouraging private schools to provide additional places at primary schools. The biggest problem facing parents today is that of finding places for their children at secondary schools after they have completed their primary education. The disparity between the number of places available at primary and secondary levels is much too great. It has been brought about by the unqualified success of the primary school expansion programme, and for this we must be grateful. It is also attributable to the fact that the setting up of a new secondary school, leading to graduation at Matriculation or School Certificate level, is a major undertaking beyond the means and experience of many private educationalists.

If Government is to concentrate its efforts on secondary education, as I think it must, then it should make full use of non-profit making organizations to construct new primary schools and to expand existing ones with the ultimate aim of providing a place at primary school for every child. It is my suggestion that this could be done in two ways—by the free grant of building sites and by building subsidies as at present, and by offering, in the case of parents who cannot pay the full fees, to make up the difference between the fees charged at Government primary schools and those charged at selected private primary schools. This year for the first time the estimates included a subvention for assisted places in selected private schools, and it is this item which to my mind is most important in the scheme of things. If Government is able to provide the land and an assurance that vacant places will be taken up by needy children under a subsidy, then I am sure there are private bodies willing to construct and run the schools. I believe also that Government would find it cheaper to subsidize the provision of additional primary places than to provide them itself.

The present ratio of places between secondary and primary schools is one to five, and I look forward to this figure being progressively reduced. It should be our initial aim to cut this ratio to one to four, and I would like to see Government embark upon a more ambitious

secondary school expansion programme than it appears to have in mind at present. I understand that it is hoped to provide a further 7,400 secondary places this year, but, as Your Excellency said, we shall also be providing over 90,000 new primary places, so the gap will be even wider and there will be no improvement in the overall ratio. A commendable feature of the past year was the decision to provide assisted places in selected private secondary schools. I understand that some 1,500 successful candidates from the last Joint Primary 6 Examination were admitted to private secondary schools with Government paying part of their fees. Such a scheme opens up new avenues for the expansion of secondary education and I hope to see it extended to cover a greater number of students who have the ability but not the means to continue their studies at secondary level.

I was very interested to hear that the three post-secondary colleges, Chung Chi College, New Asia College and United College, which are receiving grants from Government, are making steady progress in their aim to achieve recognition of university level. There can be no doubt that Hong Kong needs a considerable expansion of its university facilities, both to keep pace with the increase in population and the growing number of students leaving secondary schools, and to meet the ever-growing needs for highly educated leaders in the general and business life of the community. Your Excellency has rightly stressed also in a recent speech to students of the three grant colleges, that it is the function of a university “to give an intellectual and spiritual depth and dignity to public life and to our personal activities”, and this seems to me of vital importance in the whirlpool of modern life in Hong Kong. The existing University has certainly played a great part in the development of the general and economic well-being of Hong Kong, and we can all share in its just pride and pleasure in all that it has achieved in the first fifty years of its existence, and sincerely join with it in its Golden Jubilee celebrations. The University of Hong Kong has a major expansion plan in hand, and I hope that it will receive the generous support of the public in this its Jubilee year, but the present expansion plans of the University cannot by any means meet in full Hong Kong’s needs in the field of higher education, for it only provides for higher education in the medium of English, and does not cater for students from the Chinese secondary schools, of whom I understand there are nearly 30,000. These students have been looking forward patiently now for many years to the chance of getting university degrees in Hong Kong, and although I realize that a new university cannot be established in a short time I do urge that, consonant with ensuring satisfactory standards and quality, everything possible be done to assist in the establishment of the proposed new Chinese university at an early date. In particular, I urge that there be no stint of financial support at this critical juncture in the development of the three colleges which it is hoped will be constituent colleges of

the new university. It is clear that a new university will cost a lot of money, but it must be well-nourished at birth.

With further reference to the proposed new university, I am firmly of the opinion that in both entry and final standards it should bear direct comparison with standards of the existing university, and for this reason I would welcome the institution at an early date of a Matriculation Examination in the medium of Chinese on similar lines to the present Matriculation examination in English. It also seems to me that this question of entrance standards to the new Chinese University depends very much on the quality of the work in the Chinese Middle Schools, and I would suggest to Government that it consider giving somewhat greater aid to Chinese Middle School education, both through more Government and Grant middle schools and greater subventions to private middle schools, than it has in the past. There are some good reasons why aid to Anglo-Chinese secondary education is of particular importance, but I am concerned that at both secondary and university level education in the medium of Chinese shall get a fair slice of the cake.

My honourable Friend Mr. LEE will be speaking on the subject of housing later in the debate and I shall touch upon only one or two points. I should like firstly to compliment the Housing Society and the Housing Authority on their achievements to date. Their reports make impressive reading, and it is encouraging to note that they still have several large projects in hand. At the same time, I fully agree that, having regard to the present financial position, first priority must be given to resettlement and housing of the very low style. For many years now I have been stressing the need to do something for families in the under \$300 monthly-income bracket, and it will be interesting to see how Government's very low cost accommodation compares with the Housing Society's experiments in this field.

The line between housing and resettlement will become less marked with Government's direct participation in low cost housing, and this brings me to my next point which concerns the rent for resettlement accommodation. I said last year that I was not anxious to see resettlement rents increased, but we have to be realistic, and I do not think Government can commit itself to a figure of \$14 per month indefinitely. It is six years since the first blocks were built. Construction costs and administrative expenses have been rising the whole time, as also has the cost of water, which is included in the rent. I do not suggest any change for existing blocks, unless the increased cost of water warrants it, but I do think that the rents for new blocks will have to be related to the costs prevailing at the time of construction.

The measures taken by the Honourable Financial Secretary to discourage private motoring have again focused attention on roads and traffic. When one considers the conditions prevailing in other cities of

the world, I think it must be agreed that traffic moves comparatively freely in Hong Kong and our main problem seems to be that of getting the pedestrian safely across the road, with parking a close second. The 'zebra' crossing is clearly a step in the right direction in alleviating the former problem, but in many districts these crossings are too few and far between. Moreover, they do not always receive from drivers the respect they should, but they are still comparatively new here and I believe that with time drivers and pedestrians will come to appreciate their value and to respect their use. In recent weeks the Police have been conducting a campaign to encourage pedestrians to use the 'zebra' crossings. The time and energy expended in this direction is well worth while and will be appreciated by all who are prepared to cooperate with the Authorities in the interests of road safety. There are, however, several places where the volume of pedestrian traffic has grown to such proportions as would justify the construction of pedestrian bridges or subways. The crossing of major traffic arteries such as Nathan Road and Des Voeux Road is a hazardous business these days, particularly for the young who lack traffic sense and for the aged who cannot walk as fast as they would wish. The success of the subway at Connaught Road Central proves my point, and I believe the time has come when Government should seriously consider carrying pedestrians above or under our main roads at major intersections.

Parking is a constant bone of contention with most motorists and a problem that Government will have to tackle with greater vigour than it has shown hitherto. However, I say this with one reservation. It is that multi-storey parking projects must be self-supporting. They must be operated on business lines and parking charges must cover the running expenses and amortization of land and buildings. No Government can be expected to sink millions of dollars in car parks, when confronted with so many urgent social problems as we are today, unless it can be reasonably sure that the car parks are going to pay their way. If they can be made to pay their way, then I think land and funds should be made available for their construction.

About twelve months ago, Government announced that it was amending the road traffic regulations to provide for the licensing of certain new categories of vehicles, including dual purpose vehicles and hire cars. The opinion was expressed at the time that when sufficient hire cars were available, it would considerably curtail the activities of persons using private vehicles for hire. I believe that only a few hire cars have in fact been licensed and would be interested to learn the reason for this. It would seem that Government's plans have misfired and that it is much easier to take out a dual purpose licence and to use the vehicle for illegal hire than to comply with the requirements applicable to hire cars. If this is the case, then the position should be reviewed as soon as possible, before the dual purpose vehicle gets completely out of hand.

Before concluding, Sir, and on behalf of all the Unofficial Members of this Council, I should like to take this opportunity to pay warm tribute to the Honourable Financial Secretary, Mr. Arthur CLARKE, and to the Honourable Director of Education, Dr. Douglas CROZIER, who are shortly to leave us on retirement.

Both officers have played vital roles in the post-war development of Hong Kong, and we have indeed been fortunate in having these loyal and gifted sons of Ireland to give such inspired direction to our financial affairs and educational policy. Hong Kong's remarkable achievements in these two fields of Government will stand for many years to come as a fitting memorial to their outstanding work. I should like also to record the high esteem in which they are held by the Chinese community. Their friendly disposition and unflinching courtesy have earned them a large circle of Chinese friends. I thank them for their sterling services to Hong Kong and wish them and their good ladies a very happy retirement.

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

MR. H. D. M. BARTON: —Your Excellency, it is my doubtful privilege to speak on behalf of my colleagues in this Debate on the financial measures proposed by my honourable Friend Mr. Arthur CLARKE in his farewell budget address.

I say 'doubtful' because my experience as a businessman does not qualify me to cross swords with such an experienced administrator as your Financial Secretary on the intricacies of Government finance. There is also the sobering thought that my honourable Friend has the advantage of having the last word in these debates. And, to make matters worse, I find myself on this occasion so impressed with the sweet logic of his reasoning that I am sorely tempted to say I agree with all his proposals, and sit down quickly.

However, as one Irishman to another, I like to think that this would be a bitter disappointment to my honourable Friend from Westmeath. So, after offering him my warmest congratulations on what I think was the best of his many fine budget addresses, I shall, with the temerity that is only to be expected from one who hails from the Black North, proceed to tell him how it could have been even better!

Let us take our medicine first—I refer, of course, to the \$35 million that is going to be raised by additional taxation. Here I think my honourable Friend has treated us wisely and I think more gently than many of us dared to hope.

Last year when facing a rather bigger deficit than this year's \$190 million, my honourable Friend said he proposed to raise 20 per cent of this deficit by additional taxes and raid the reserves for the remaining 80 per cent. I am delighted to see that he has stuck to this formula for the coming year, and I hope that his able successor, Mr. COWPERTHWAIT, will stick to it in the future—or at least for as long as there are any reserves left to draw on.

While our Financial Secretary's decision to concentrate on our growing passion for motor cars will inevitably cause pain to many, I could find no fault with his reasoning, nor with his warning that there is plenty of room for further increases if the number of cars continues to grow at the present rate. If there were the space and the money to provide main roads of two to three times their present width—not to mention the additional car parks—his critics would have a better case, but as a member of the Public Works Sub Committee I know only too well that the cost would be prohibitive and that the funds, over and above what we are already spending on bigger and better roads, are needed for even more important projects.

The new Property Tax has inevitably brought an outcry from many tenants, who expect the landlord to pass the burden on to them, but so long as our private and Government housing projects continue unabated, and the proportion of controlled to uncontrolled rents grows progressively smaller, I think the case made for levying the Property Tax at the full standard rate on uncontrolled Properties, apart from those wholly occupied by their owners, is almost unanswerable. I understand that there are certain aspects of the now tax which may require revision. For example, the proposals as they stand at present might penalize *bona fide* Real Estate Companies whose profits are already taxable under Corporation Profits Tax. It is clear from the Financial Secretary's remarks that this was not his intention, and the necessary adjustments will no doubt be made.

There was, of course, a rather distasteful flavour in the bottom of the medicine glass when my honourable Friend at the end of his speech gave his views on our present system of direct taxation, which he described as entirely inadequate and inequitable. He went on to state that a new 'full Income Tax' system was being prepared to replace the existing Ordinance as an essential preliminary to upward adjustments in the rate of tax. If indeed any new system has been or can be devised which will ensure that a large number of those who have hitherto evaded—or should I say avoided—taxes will be forced to pay their full dues, and at the same time ensure that no additional loopholes will be created, then the new proposals will have to be given serious consideration.

Obviously this is not the time to debate the merits of a new system of taxation which none of us has seen, but perhaps this is the moment to put in a plea, which many of us believe cannot be repeated often enough, on the general subject of taxation in this Crown Colony.

We all of us realize that we must face up to higher taxation if we are going to meet the challenge, as indeed we must, of more housing, education and hospitals for the under-privileged in our midst, more land at reasonable cost to provide them with jobs and homes, and an adequate and independent supply of water. In finding the money to pay for all this, may I urge Mr. COWPERTHWAITTE to stick to two vital principles.

The first is that the cost of at least the revenue producing part of our capital development schemes, such as our reclamation and water programmes, should be raised in part from our reserves, until they run out, and in part from internal and/or external medium-term loans.

The second is that, in raising additional revenue by taxation to meet the ever-mounting bill for recurrent expenditure, the emphasis should be on indirect rather than direct taxation. By keeping our rate of direct taxation low, capital investment funds should continue to be attracted into Hong Kong from abroad and, what is perhaps even more important, it should ensure that the greater part of the substantial funds already invested in the Colony will stay here.

In saying this, I am not advocating that there should be no increase in direct taxation of any kind, but I strongly recommend that the increases, if and when they come, should be small and limited if confidence, our most vital asset, is to be maintained.

Turning now to my honourable Friend's other proposals for raising revenue, the news that the Secretary of State has approved the suggestion that Government Lotteries be held will be welcomed by many who have long advocated this method of raising funds.

The Government would, however, be well advised to allocate these funds specifically for such Social Welfare projects as Hospitals, Clinics, Playgrounds, and certain educational facilities, and for increasing the subventions, where necessary, to the voluntary welfare agencies. This would not only ensure more generous support from the public, but would also help to assuage the misgivings of many in our midst who regard gambling as an evil thing and therefore something which should not be encouraged by Government.

I am glad to see that the facilities of the Royal Hong Kong Jockey Club, which already has the organization and experience, are being put in Government's disposal, as this should ensure considerable economies in operation.

I hope too, that some of our Banking institutions will help to ensure the lottery's success by undertaking to sell tickets across the counters of their local branches for little or no charge, in the knowledge that the funds will be applied exclusively for the benefit of the underprivileged in our midst. While it is important that there should be adequate facilities for purchasing tickets within easy reach of the public, it is equally important that Government should take steps to stop illegal sales of these tickets by unauthorized hawkers and touts.

Finally, as a further step towards encouraging the public to feel that this is a community fund-raising campaign for the benefit of the poor, in our midst, I would like to recommend that the allocation of these proceeds to various welfare projects should be placed in the capable hands of a representative body of responsible citizens under the Chairmanship of the Director of Social Welfare.

I was particularly interested in the suggestion that part of the Exchange Fund which covers our note issue should be invested locally in a Government Loan or in Treasury Bills.

In our special circumstances we agree that confidence in our currency, both here and abroad, must be maintained at all costs and for this reason we believe that the Exchange Fund should cover the note issue 100 per cent. This means there is a surplus of about \$150 millions Hong Kong dollars which could perhaps be invested locally to good purpose. In advocating this formula, we realize that any further decline in the value of our Gilt-edged funds in London may not be fully covered by the interest these funds earn and that some topping-up may therefore be necessary from time to time.

From what I have already said, it will be appreciated that I am an inveterate 'medium term' borrower, so it was with rapt attention that I listened to my honourable Friend's dissertation on internal and external borrowing, and it was here that I found myself both encouraged and disappointed by what he said.

I was greatly encouraged by almost everything my honourable Friend said about the prospects of borrowing abroad. I was delighted to hear that, as a result of the visit of a senior official of the International Bank, there is a possibility of funds becoming available for some of our water or reclamation schemes, and I hope it will not be long before the Bank takes the next step of sending a special mission to study our problem on the spot.

While it was disappointing, it came as no great surprise to hear that our prospects of obtaining an Exchequer Loan from Her Majesty's Government for the financing of part of our Development Programme were slim. It is, I suppose, inevitable that priority should be given

to territories which have advanced less economically and socially than we have, but even so, I obtained a little cold comfort from the thought—I trust not misguided—that should we fall upon evil times and find ourselves in serious financial difficulties, we may then be looked upon by Her Majesty's Government with more favour.

It is when we come to my honourable Friend's proposals on internal borrowing that I am afraid I could no longer follow the sweet logic of his arguments and that I found myself rather puzzled by his conclusions.

Last year on this particular issue I was in full agreement with my honourable Friend when he claimed that the cost of local borrowing would be exorbitant. This year he was no doubt influenced by the important stipulation which, he told us, any potential lender from abroad will undoubtedly make and I quote 'We must take steps to mobilize our own local financial resources either by taxation or by internal borrowing or both to the maximum extent possible without causing damage to our continued economic growth.'

As a first step he proposes to introduce three months' Treasury Bills, and thereby start a local rediscount market. I have discussed this proposal with a fair cross-section of the Banking community, and it is generally welcomed, but this is essentially a scheme for short-term borrowing.

My honourable Friend went on to speak of local medium-term borrowing, and here I would like to quote two of his remarks—first 'We would propose, as soon as the Treasury Bill issue becomes established, to proceed further to the medium term loans' and later 'The raising of even a loan of five to seven years is still a little way ahead'. From these remarks, I take it that the medium term local loan is still in the planning stage and not very high priority at that, and it is here that I would like to take issue.

Put very briefly, I feel that priority should have been given to the raising of a medium term loan immediately, because the Government needs medium term finance for its capital development programme, whereas it is in no great need of short-term funds such as the Treasury Bill proposals will raise. I hope you, Sir, and my honourable Friends in this Council will bear with me for a few minutes while I try to develop my arguments.

There may never be a better moment than right now to launch a local medium-term loan, when it is clear that we are suffering from a glut of funds chasing too little land and too few shares. This time last year, I urged that we should make every effort to borrow abroad to help finance our mounting capital development programme in preference to trying to borrow locally, not only because of the high cost

of borrowing, but also because I felt that the inflow of funds from abroad was at that time being put to good use in the expansion of our industry and housing facilities.

But today the situation has changed considerably. The rush for land has pushed prices up to a point which alarms many of us, and bodes ill for our long-term industrial prospects—a theme on which my honourable Friend, Mr. GOLDSACK, will elaborate later in this debate. But what is equally disturbing is the effect that these surplus funds, both local and from abroad, have had on our local Stock Market. The return on a cross-section of our leading local equities has dropped by about 1½ per cent—from just under six per cent to just under 4½ per cent—in the past year, and so surely last year's fears about the exorbitant cost of a local loan are no longer justified.

A medium-term development loan redeemable say in 1966 or 1967, giving a six per cent return free of tax would, in the view of some of our local investment experts, if floated under current conditions, be sure to attract a substantial response not only from the banks and insurance houses, but from other sources as well. It could be in the form of a 'tap' loan for a limited amount which could be repeated if necessary, each year with the same redemption period provided conditions were favourable. Admittedly there are some who will argue that there is little or no demand for fixed interest stocks even at six per cent free of tax, but surely there will never be a better moment to put their contention to the test. If Government has any doubt on this score, may I suggest a further bait to ensure the loan's success—and that is to exempt it from death duties. I am told by those better informed than myself in these matters that this might stop quite a substantial flight of capital to such places as the Bahamas, and that therefore the loss to our estate duty revenue would not be great.

It can also be argued that there is no point in raising money at six per cent when we still have substantial reserves earning less than five per cent, but few businessmen would agree with this view. If we can borrow from anyone locally or abroad on a six or seven year redemption basis at six per cent, which is only about one per cent more than our reserves are earning, I would say that this was good business, particularly as I believe that the days of cheap money will not be seen again for some years to come.

And now, Sir, I come to the last point in my argument. There are many of us who feel that the current speculative fever in land and shares is a bad thing for Hong Kong. It is not only bad for our own economy, it is also bad for our reputation and goodwill abroad. As our Financial Secretary so rightly pointed out in his address last year, our industrial success has brought us many enemies, and while it is true that we have a good case for special treatment when we urge our

most important markets not to restrict the entry of our goods, are not our pleas going to sound a little hollow against the background of the big speculative profits being made here in land and shares over the past few months?

I feel therefore that Government would be doing a service to Hong Kong if they were to float with the minimum delay a five or six year loan, and thereby not only raise funds for our ever mounting capital development programme, but at the same time provide an attractive investment for some of the less speculative funds which are looking for a good yield.

This brings me to the only other subject on which I shall be speaking today—and that is my old hobby horse Hong Kong's Public Relations.

We have undoubtedly made progress in the past two years, both locally in the matter of Government's day to day relations with the citizens of Hong Kong, and in our relations with the rest of the world. But we still have a long long way to go.

On the local front, a decision was made in 1959 to expand the old Public Relations Office into a bigger and, we hope, better Information Services Department. Unfortunately, some of the posts created still remain unfilled. While I realize there is a shortage of suitable candidates for this relatively new 'growth industry' in the Government establishments of this world, I would urge the Director of Information Services to redouble his efforts to bring his department up to full strength.

I understand all efforts to find a suitable senior Chinese for Mr. MURRAY'S staff have so far been in vain. I cannot see how the Information Services Department can possibly function efficiently without the presence of at least one senior Chinese member on the staff. If no one with the necessary experience is available, may I suggest that two Chinese with a suitable background be taken on for training, in the hope that one of them will shortly qualify to fill the role.

Government is to be congratulated on the recent decision to set up a Government Enquiry Bureau under Mr. Paul TSUI. This should prove an important step in the vital task of eliminating the average Hong Kong citizen's ignorance as to Government procedures—particularly the Government licensing and permit procedures—an ignorance which can so easily lead to corruption at the lower levels.

I would also like to congratulate the Information Services Department on the success their Film Unit has had with its instructional film on the census taking, and for its colour film 'This is Hong Kong'.

On the overseas front progress has also been made, but the task here is more complicated in that it inevitably covers a diverse field of activities, all of which contribute to the stability and growth of the two main pillars of our economy—the export of our goods and the import of our tourists. It is also complicated by the fact that in some fields this work is the Government's responsibility, while in others it is up to the industrialists and merchants to do their share. Inevitably some of these activities overlap.

With our limited resources, it is vital that the money we spend should be used to the best advantage, and I would like to recommend that the time has come for the Government to appoint a Committee to review every aspect of our public relations efforts abroad. The terms of reference for this Committee should be carefully drawn up and the members carefully chosen.

In urging Government to try and co-ordinate our overseas public relations work so that Hong Kong can speak with one voice, and the right voice, whenever and wherever its interests are threatened, I am mindful of the persistent and sustained pressures which threaten our economic survival. The warning note in your moving address, Sir, was therefore most timely.

While no pessimist as to our long term future, I do feel that the next few years are going to be very critical for our foreign trade. Government is faced with the two-fold task of protecting and promoting our interests abroad while at the same time explaining to our local industrial and commercial interests the problems and policies of overseas Governments, over which we have no control and which can so vitally affect our future. While the leading industrial and commercial organizations will do their share, the task calls for guidance from Government of a very high order, and this means that some of their best and most experienced men should be assigned to the job.

My honourable Friend, Mr. George GOLDSACK, will be speaking later in this debate on this important subject.

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

MR. Dhun J. RUTTONJEE: —Your Excellency, three weeks ago in this chamber we were much stimulated as, with the bold, deft strokes of a master, you painted the picture of Hong Kong Today. You did justice, Sir, to a complex scene, on its very wide canvas in colours brilliant or subdued in very accurate shading. Capturing the bright sun, you contrived also to depict vividly the clouds on the horizon.

We are grateful to you, Sir, not only for acceptably interpreting the view, but also for another year of skilful guidance, which has resulted in such a satisfactory mural.

This year's Budget has been received by the Colony with much relief and some acclaim. Most of the population are reassured and pleased. Unfortunately, however, nothing in life is absolutely perfect; and, reassuring though it is, the Budget is still, if I may use the term, something of a curate's egg, with some doubtful spots which leave us in some concern. Of these, I think that the most disturbing are the inadequacies of the Medical and Health Services.

During the year vials of public wrath have been poured more than once upon the long-suffering head of my honourable Friend, the Director of Medical and Health Services. I have done some investigating upon my own account, however, and I am satisfied that much of the criticism has been based upon misconception and a lack of appreciation of the circumstances obtaining. I must say that the closer I have approached to the actual working of the clinics and hospitals operated by the Government, the more I have admired the hard work and the fine spirit of service of the majority of the doctors and nurses.

The criticisms, however, serve a helpful purpose in focussing attention upon the inadequacy of the Medical and Health Services and the adverse conditions under which the arduous and ever-accumulating labours of these departments are carried on.

Your Excellency, in your very able and comprehensive review, has presented the disquieting picture of the existing position and of the further difficulties that are progressively threatened as the population continues to increase. The figures call for heavy underlining. We have in the Colony a total of 8,090 hospital beds of all categories, covering a wide range of cases—from casualties, acute illnesses, infectious diseases, maternity, mental disorders, down to the chronic and the convalescent.

You also indicated, Sir, that our bed/population ratio is 2.5 per thousand. In 1951 it was 2.2 per thousand, and in 1947 it was two per thousand. On paper it seems that some improvement has been accomplished; but in actual fact we are worse off today. Our 8,090 beds include, since 1947, 1,160 new tuberculosis beds and 540 new beds for leprosy. Deduct these, and the number comes down to 6,390, giving a bed/population ratio of two per thousand, which is the same as the position of 1947, when no beds were set aside for leprosy and very few for tuberculosis. Today, we have 600,000 squatters, nearly one-fifth of our population, and no one will deny that poverty breeds disease and that amongst the squatter population the need for hospital beds must be higher. In 1947 we had few squatters. The budget was a modest \$155,000,000. Today, we find that, in spite of our tremendous development in almost every field, with a budget of expenditure that has climbed swiftly to over \$1,000,000,000, our people have even

less chance of getting into a general hospital than they had 14 years ago. When it is observed that the ratio of Scotland is twelve per thousand, England and Wales ten, and in the United States of America nine, the inadequacy of our hospital provision is startlingly apparent.

It is necessary also to take cognizance of the fact that the requirement of hospital beds is increasing in step with the achievements of medical science. As scientists succeed in inducing hitherto incurable diseases to respond to treatment there is a steadily ascending demand for more hospital beds. In Ireland, for instance, the bed/population ratio climbed from ten per thousand in 1948 to twelve per thousand in 1958. Plans are afoot to provide another 1,600 beds by 1965, and this for a population of 1,400,000, a population that has increased by a mere 5,000 a year in the last ten years. In Hong Kong we have added 388 beds during the last year; but our natural increase alone is estimated to be around 100,000 a year, 20 times that of Northern Ireland. This does not take into consideration the refugees who, as Your Excellency said, we accept for ultimate integration—refugees who will share our amenities, including our hospital beds.

Clinics: The situation in our out-patient clinics is no less disturbing, though it is heartening to hear Your Excellency's assurance that by 1965 there should be an adequate service. I have visited several out-patient clinics in the Colony and have found the same conditions in each. At the Sai Ying Pun Clinic, for instance, I stood and watched a queue of the sick-poor waiting to see a doctor. Even though the doctors worked at great speed and speed should not, of course, be the criterion of a doctor's efficacy—the queue never dropped below 180 persons long. I have been informed that in our Out-Patient Clinics, a doctor deals with about 100 to 120 patients in a normal working day of seven hours, giving an average of 3½ to four minutes per patient. I have said that speed is not the measure of a doctor's effectiveness, but, all unfortunately, because of the long queues waiting for examination and treatment, speed then becomes the governing factor, and the consequences are not always what we would desire. A simple question that can have only one answer is 'How can a doctor give proper examination to any patient in 3½ to four minutes?'

Overall Plan: I think I have said enough to show that the situation in our medical services is fast getting out of hand. A new approach must be made to the problem, not only to relieve the present acute position, but also for the long term development of the service. That there is planning I will not deny, but it has the appearance of being piecemeal, of a temporary, expedient, nature.

I suggest that a ten-year phased programme needs to be drawn up. The overall plan should have as its objective the sufficiency (or near sufficiency) of medical and hospital services of all kinds. Having

regard to the present deficiencies this may seem to be a remote target, but I am of the opinion that it would not be so hard to reach as it seems to be.

In our hospital services, we should plan to make the maximum use of our specialist equipment and skill, for in hospital administration, as in industry and commerce, the principles of division of labour and specialization mean maximum effectiveness of effort and output. Thus we should contrive that our 'acute' hospitals should treat none but the acute cases, and treat them only for so long as the specialist medical and nursing care or the use of special equipment is necessary. As soon as the acute stage is passed, the patient should be moved to a secondary hospital, where the equipment is less elaborate, but where, nevertheless, all the necessary nursing and after-care can be given, and finally to a convalescent and rehabilitation centre, where medical and nursing attention is at its simplest and the concentration is on preparing the patient for his return to normal life. In this way, the very expensive acute hospital facilities can be utilized to the full. The position at the moment is that valuable acute beds are occupied by patients who no longer need the specialized medical or surgical care or the more constant or skilled nursing that acute hospital beds must provide. Thus the specialist facilities are in part wasted, while new acute cases are denied admission.

My honourable Friend the Director of Medical and Health Services informed us last year that the cost of maintaining a bed in the Queen Mary Hospital was \$17,645 a year, and in the Lai Chi Kok Hospital, \$5,150. I would liken the Queen Mary Hospital to the acute hospital I have in mind, and the Lai Chi Kok to the subsidiary hospital. It is evident then that the first type of hospital costs $3\frac{1}{2}$ times as much to maintain as the second kind, and an investigation into capital costs is likely to discover a similar proportion. In answer to a question I raised in last year's Budget Debate, my honourable Friend the Director of Medical and Health Services said that the average patient stays in the Queen Mary Hospital for 14.4 days, and according to those figures each patient so treated costs \$700. In the suggested scheme, a patient suffering from an acute illness, requiring an average of five days of acute treatment and ten days of secondary treatment, would cost \$380. The present cost of treating one patient, therefore, can be stretched to cover the treatment of almost two by the reorganized method. The earlier the patient is transferred to the subsidiary hospital the more the saving. As it is at present Queen Mary Hospital beds are being utilized only one-third of the time for giving actual acute treatment—in other words two-thirds of our \$17,000 a year beds are being used for \$5,000 a year treatment. Of course, it will be argued that if the acute hospitals are used only for acute cases during the acute phase,

then their costs must increase; but I maintain that the increase will be infinitesimal compared with the overall savings per patient that will result from the phased system of treatment.

I understand that even in the U.S.A. the luxury of providing the same level of care for every patient can no longer be afforded. It has become necessary to introduce progressive patient care there, with acute, intermediate and self-help units. Very ill patients are given intensive hospital care in accommodation supplied with all the necessary equipment. At the other end of his illness, the patient does most things for himself, with the minimum of staff, and in between is the provision of services appropriate to the moderately ill patient. One of the objects of the progressive patient care is to reduce aggregate hospital costs, and a reduction in hospital costs is certainly overdue in Hong Kong.

In the United Kingdom, too, a system of pre-convalescent and convalescent hospitals and rehabilitation centres exists, in support of the work of the acute hospitals. Figures published in the Ministry of Health's Hospital Costing Returns show that pre-convalescent beds are maintained at about half the cost of acute beds, and the convalescent and rehabilitation beds at about one-third.

In our plans for the rational development of our hospitals in Hong Kong, I would suggest that the Queen Mary, the Queen Elizabeth and the Kowloon Hospitals be reserved as acute hospitals, thus providing about 2,400 acute and casualty beds by 1963. Possibly the Kwong Wah Hospital, receiving as it does a handsome part of the generous subvention of \$12½ millions a year given to the Tung Wah Group, and with its new building and equipment, should take in casualties, as well as do more acute work, in the future, thus adding another 1,000 beds to the acute category. I am moved to suggest a higher concentration of acute beds on the Peninsula, because we find industry increasingly located there. Where there are large centres of industrial population greater demand for acute and casualty beds must follow. Three months ago the Acting Director of Medical and Health Services informed us that in Kowloon there was one casualty bed for every 4,600 of the population there, and that the number of casualties admitted in the, Kowloon Hospital was nearly 1,200 in a month. I have also been informed that over 2,000 patients are awaiting admission for non-acute surgery.

Concentration in the first five years should be upon building subsidiary hospitals. The Lai Chi Kok and Shau Kei Wan Hospitals, set out in Category "C" in Appendix II of the Estimates, should, for examples, be in this category. The secondary hospitals, being much less elaborate will be cheaper to construct, equip, and maintain than the acute hospitals, and the convalescent centres will be cheaper again. I believe that, if this plan is followed, we shall find in a comparatively

short time that we shall be within the reach of our target of enough hospital beds for the community, to ensure that all will be able to secure hospital treatment when required and at a cost that we can afford.

I have just suggested that the present Kowloon Hospital be retained as an acute hospital after the construction of the Queen Elizabeth Hospital is completed. I have heard it said that the present Kowloon Hospital is to be turned into a Tuberculosis Hospital. The Kowloon Hospital was planned and is equipped as an acute hospital. In the last three years over \$3,000,000 has been spent in enlarging, equipping, and modernizing this hospital, and it would be a waste of public funds not to use it for the purpose for which it is now well equipped. If my understanding of the statement made by the Government Senior Tuberculosis Specialist is correct, that ambulatory treatment has proved so successful, then the proposal to make available another Tuberculosis Hospital is illogical, as there are already 1,500 tuberculosis beds out of a total complement of 8,090.

If, however, more tuberculosis beds are needed for patients of whom ambulatory treatment has failed, or whose condition precludes ambulatory treatment, then subsidiary tuberculosis hospitals should be built. At present there are already well equipped centres to deal with the acute work in this field; and with subsidiary tuberculosis beds of the type provided by the Freni Memorial Home costing \$3,000 a bed, the \$3,000,000 spent in three years on the Kowloon Hospital could have provided for 1,000 beds. It is true that this building cost was that of 1956, but, allowing for the present day higher costs of construction, and even supposing that they have now doubled, it could still have provided a subsidiary tuberculosis hospital nearly the size of the Queen Mary. If some new subsidiary tuberculosis beds are provided in Kowloon the shortage there will be alleviated, and Kowloon patients can be transferred there as soon as the acute phase of treatment is passed.

Control Board: To help my honourable Friend the Director of Medical and Health Services in blue-printing the overall plan envisaged, I suggest that a Hospital Board be created. I know that we have a Medical Advisory Board; but its principal function is, I believe, the establishment of liaison on public health matters between the Defence Forces and the Medical Authorities of Hong Kong Government—a relic of the post-war years. The functions of the Hospital Board that I suggest could be entirely different. It would have jurisdiction over all Government controlled and Government assisted hospitals. Every hospital receiving public funds should fit into the overall pattern, and the management policy of these hospitals should be one of the responsibilities of the Board. The Board, composed of doctors, laymen, and others who have experience in hospital administration and planning,

with the Director of Medical and Health Services as Chairman, should be the supreme authority in the Colony's hospital co-ordination. At present we stand guilty of a lack of comprehensive planning, of constructing hospitals without regard for progressive development or consideration for relative costs. I am firmly of the opinion that unless a drastic and radical change is made in our mode of hospital planning, provision, and control, we shall find ourselves in a most distressing muddle, and one from which we will not be able to extricate ourselves.

I am not unconscious of the need to correlate hospital planning with hospital staffing. Here, perhaps, is where our greatest difficulty lies. Our doctors are undoubtedly overworked. Their number is very thinly spread; and it may be a long time before the University will be able to turn out enough doctors each year to meet the needs of our growing population. Doctors today have a scarcity value; but I would like it impressed upon all graduates that their chosen profession is one of service. I trust that a due proportion of them will enter hospital work, and that they will approach it in a spirit of sympathy, even when they are overworked and harassed. I have heard too often of the arrogance of some doctors, of their impatience with the sick, particularly with the sick-poor.

At the other end of the hospital staff scale are the ward boys and amahs. Here again there are often charges of arrogance, and, worse still, of corrupt practices. Perhaps money is not demanded outright, but unless the patient acknowledges indebtedness in advance he may find himself badly served. Whether he wants a bed-pan or anything else, he may find the ward boy conveniently deaf, or occupied with other matters. The higher fee paying patient is not likely to suffer the indignities of this obnoxious form of squeeze, as it can be assumed that tips will be given when he leaves hospital; but for the poorer patient the extortion is a very real menace, destructive of peace of mind and possibly retarding recovery.

That there should be any such racket as is now in existence leaves much to be desired. The question that must be asked is—"Who is responsible for supervising these boys and amahs in their work?" Whoever it is, a system that leaves a patient vulnerable to innuendoes for "tips before service" is serious by lacking in proper control.

I know that my honourable Friend the Director of Medical and Health Services will say that these irregularities would have been corrected instantly if the patients had reported them, and he will repeat the well-known theme that there are always two parties to corruption. To place upon the patients any blame for the continuance of hospital irregularities is unfair. A physically sick person should not be expected to make morally courageous decisions, and he is understandably afraid to challenge an organized system. His great anxiety is to get well and

out of the hospital as quickly as possible. While I appreciate that these things are not easy to put right, I nevertheless feel that very serious attention should be given to this matter.

We now come to the nurses. We all know that we have a chronic shortage of nurses. Your Excellency warned us to be careful about advancing the dates of building of hospitals, since until the Queen Elizabeth Hospital is in operation we shall not be able to train sufficient nursing staff. The question in everyone's mind is—What is being done to improve the outlook? With half our population, Jamaica has 2,000 registered nurses and nearly 600 student nurses in training. Trinidad and Tobago, with a population only one-fifth of ours has over 1,000 registered nurses and almost 250 student nurses in training. Great Britain has one nurse in training for every 1,000 of the population. What is the situation in Hong Kong? Of registered nurses we have less than 2,000, and fewer than 900 in training. In 1960, 156 student nurses passed their final examination and became registered nurses. I understand that only since the Queen Elizabeth School of Nursing was opened has the number of student nurses reached the present figure. For every nurse we have in training, Great Britain has three and a half, pro rata of the population, yet the United Kingdom has been complaining of a chronic shortage of nurses since before the last war.

How do other countries attempt to solve this problem? Great Britain has been turning to the training of Assistant Nurses. America further develops its Practical Nurses and has introduced the Progressive Care Scheme to reinforce the nursing strength. Even in Malaya Assistant Nurses appear in the nursing structure, and we all know that the Army has found it expedient to train different grades of nursing orderlies in order to give the fully qualified nurse the needed support in getting the basic nursing work done. It seems to be the easiest and most sensible way to relieve the shortage. Why waste the time of a fully trained nurse on such matters as serving food, blanket bathing a patient, or hair shampooing? Yet as I have advocated two types of hospitals in order to reserve the expensive type for the urgent treatment, so do I advocate two grades of nurses, so that the Assistant or Practical Nurse can relieve her more expensive counterpart of the everyday basic jobs. With a lower grade of entrance requirement the Assistant Nurse Pupil will not be so difficult to recruit, and she will be trained in one or two years as against the registered nurse's three or four. I envisage them as the main fabric of the nursing structure of the subsidiary hospitals, so cutting costs further.

Sir, the views I have just expressed, are shared by my Unofficial Colleagues.

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

MR. FUNG PING-FAN: —Your Excellency, in your speech to this Council on 1st March when giving a resumé of the activities of the Colony for the past financial year, Your Excellency referred to 1960 as a record year, but at the same time sounded a note of warning of less favourable weather ahead. Therefore, we can only assume that the prospect of our trading conditions will be less hopeful in the coming year than in the past, and for this reason we must fight for our existence in so far as our trade is concerned. Accordingly, we should "prospect carefully for the route we should follow", to borrow Your Excellency's words, in order to offset any possible loss in our export trade.

Then, also, our honourable Friend the Financial Secretary has not been too optimistic of our future trading prospects, and these forebodings have prompted me to speak on a subject that seems to have received far too little attention as a potential producer of direct and indirect revenue, if expertly treated. I refer to the tourist industry which most countries today regard as of great importance, worthy of the serious consideration of their governments which set aside large sums of money to promote the business.

The tourist trade is rightly regarded as the "invisible export" of a country, without fear of repercussions from other countries, and today it is being scientifically organized and methodically developed. Tourists visiting a country, often combining business with pleasure, see not only its scenic beauty, but also its products and their manufacture, its trade potentialities and the facilities available for their promotion and development, as well as the attractions offered for capital investment.

Among some of our visitors as tourists in recent time were members of parliaments or senators of countries with which Hong Kong has trade relationship, and these representatives of the people of nations in contact with us would see for themselves how we live, how we trade, and how we manufacture our products. They would also know that we do not exploit cheap labour as alleged against us by ignorant people, or produce shoddy goods, neither do we overwork and underpay our workers. This "seeing-is-believing" contact is of immense value to us, and should be encouraged, and this can be done by promoting our tourist trade, enabling more and more people to visit this Colony, affording them every facility to do so.

To promote our tourist industry, the following more important matters require "top priority" attention: —

Step up the completion of our new airport terminal building and the City Hall as early as possible.

Improve the facilities of our wharfs, with special regard to the handling of passengers.

Further increase the already high efficiency of our Immigration Department for the more expeditious issuance of visas to visitors and passports to residents.

With regard to the facilities of our wharfs for the handling of cargo and the berthing of ocean-going vessels, Hong Kong has always been famous for its splendid harbour, and shipping companies are building bigger and better ships for the Orient run, and some are even diverting some of their best vessels to Hong Kong which is well known for turning cargo quickly. However, the facilities for the handling of passengers can only be described as primitive, as the wharfs were built for handling of cargo. Disembarking passengers are subjected to the weather, in pouring rain or in scorching sun, and their first impression of our Colony would be unfavourable. Compared with the runway and the future airport building, our wharfs are sadly out of date, to put it mildly. Therefore, some drastic improvement is most necessary in this respect.

Whilst touching upon this question of inadequate facilities for disembarking passengers at our wharfs, I would like to draw the attention of those concerned to the disgraceful behaviour of unauthorized people who pester tourists with their undesirable presence, sometimes sweeping them into taxis almost against their will, and whisking them to certain shops and places, thus creating a most unfavourable impression on our visitors. These annoying people should be kept off from our tourists, and only authorized people should be permitted to meet incoming passengers.

Then, those who have the responsibility of planning our new wharfs should bear in mind that the approach to the wharfs via Canton Road and Navy Street is far from suitable to the tourists. Also, there is a need of letting transport get close to the wharfs to enable aged travellers to board them without undue fatigue.

The setting up of the Immigration Department as a separate entity is a wise decision, as it will now release the Police for the complex duties of crime prevention and traffic control.

In support of my contention that the tourist industry can be made to become a major revenue-producing "going concern", I would like to make the following observations: —

Visitors to the Colony in 1959 spent an estimated amount of \$500 millions, and the estimate for 1960 can be taken as \$600 millions, of which some \$65 millions came from United States servicemen.

The tourist industry, if classed as an "invisible export", already ranks among some of the largest in the Colony's economy.

Apart from the impact on our economy generally, the spending of our tourists helps to swell the profits and income of many individuals and commercial concerns whose taxes directly increase Government's revenue.

As an indication of our success hitherto in attracting tourists at an economical expenditure to the Government, I am going to give some comparative figures to justify our claim. In the Bahamas in 1950 it cost that colony US\$9.60 in promotion expenditure for every tourist visiting that country. By 1957 this figure had dropped to US\$8. Also, it has been estimated in the Bahamas that the average expenditure of tourists visiting that place is US\$200, thereby increasing Government revenue by approximately US\$70 for each visitor. Therefore, for each US\$8 that colony spent on tourist promotion it takes in US\$200 as gross income, US\$70 of which benefit the Government Treasury. Few commercial concerns can claim such a gratifying result.

Now, let us consider our own "profit and loss" account in our efforts at attracting tourists to Hong Kong. In 1960 Government's subvention to the Tourist Association was HK\$1,400,000, and that year we had 163,500 visitors. The cost to Government, therefore, is HK\$8.50 per tourist, or between 1/5th and 1/6th the figure for the Bahamas in 1957. The benefit to Hong Kong is considerably greater per head than in our sister colony, tourists on the average spending much more per day here than anywhere else in the world.

From the instances given, we can see the importance of the tourist industry to our economy, and if we are to improve and still further develop this aspect of our revenue-producing potential, we must make strenuous efforts to attract more and more tourists to our shores, and in this respect, I would like to make a further observation to show what is needed to increase our tourist-drawing power.

The first essential in increasing the number of visitors to a place is the provision of adequate hotel accommodation. It is therefore gratifying to note that recently there has been a greater awareness of this urgent need, and this has been further impressed upon those who cater to the tourist trade. As a result, we can now expect to treble the number of our first-class rooms in hotels within the next two years, and I am glad to say that four of the hotels under construction or recently completed are partly financed by investment from abroad. The gradual but steady increase in our hotel accommodation can be seen from the following comparative figures: —

Rooms available in 1959	2,370
Rooms added in 1960	278

Rooms to be added in 1961	800
Rooms to be added 1962/3 (app.)	3,000
Total by 1963 (app.)	6,448

Now the investors of Hong Kong have responded nobly to the call for more hotels of better quality. Pro rata to the population, Hong Kong has set a wonderful example to the whole of the Pacific area, in providing accommodation, and now is the time to support their efforts. Now, not later, is the time to promote and publicize through the channels of substantial advertising to ensure the reward that our investors richly deserve for the confidence they have shown. Most countries, in promoting travel to their shores, can project the main force of their publicity to one particular area, but Hong Kong must project its publicity to all four corners of the compass; it must be projected North to Japan to induce onward travel to the Colony; it must be projected South to Australia—a most lucrative market, both now and for the future. It must be projected East to the Americas and Canada, the largest potential market in the world, and West to the Middle East and Europe.

Finally, we must remember that visitors plan their itineraries before they leave home, and the length of their stay in each place depends to a great extent on the impression they receive from advertising. Hong Kong has already been successful in inducing the average American visitor to stay here longer, the average duration of stay having been increased from 3½ days in 1958 to 6 days in 1960.

I offer no apologies for having dwelt at such length on this topic of our tourist industry, as too little is known of its potentialities as a contributing factor in the production of more revenue for the Colony, and therefore should receive greater attention, and be accorded its rightful place of importance in the economy of Hong Kong. Where other trading factors tend to wax and wane, depending on the thousand and one things that either promote or hinder trade, the tourist industry, if scientifically directed and expertly handled, can maintain a steady course, helping to keep our ship of economy on an even keel.

As I have always been interested in the work of the Urban Services Department, having had an intimate knowledge of its operation during my term of office as a member of the Urban Council for almost a decade, and as this is one of the more important departments of the Government, affecting the daily life of every citizen, I would like to say a few words thereanent.

The Urban Services Department has a new Public Health Ordinance and new regulations to administer, and has recently undertaken the management of the City Hall. It has been expanding steadily in recent

years, being the second largest employer among the major departments, next to the Police Department, with a Permanent Staff of 9,149 for the year 1960-61, and 9,029 for the coming fiscal year, with an added Supernumerary Staff of 614 that were not required last year. Its revised estimate of expenditure for the year 1960-61 was \$32,058,000- and the estimated expenditure for 1961-62 is \$38,500,200- an increase of some \$6.5 millions. This bespeaks its importance and the volume of work it is called upon to handle, with a steadily increasing population.

Sir: with these remarks, I have much pleasure in supporting the Motion before Council. (*Applause*).

MR. R. C. LEE: —Your Excellency, it is a source of satisfaction to learn from Your Excellency's address at the last meeting of this Council that Government would continue to give first priority to resettlement. In support of this policy, I should like to suggest that squatters in the streets and on roof tops should now be given equal consideration. These squatters should not be allowed to remain where they are, because more than any other type of squatter, they are a menace to health, besides being a source of danger to traffic and an obstacle to street cleansing. Many of the street squatters have been sited where they are by Government departments. It seems to me quite illogical that these squatters should be officially allowed to continue causing obstruction in a public thoroughfare whereas other members of the public would be summoned for doing so. A case in point is in the crowded area of Wan Chai between Stone Nullah Lane and Wan Chai Gap Road. Squatters here are entrenched in both streets adjacent to the front and back of the Eastern Maternity Hospital. They have been there for several years and it is time that they were resettled.

A few years ago, certain owners of houses in Wan Chai were fined for tolerating squatters and their huts on roof-tops, in contravention of health regulations. During the Court proceedings, the owners pleaded before the J. P. Magistrates that they were unable to get rid of the squatters as the Police did not consider it their duty to dislodge them, it being claimed that the matter did not lie within their jurisdiction. When the prosecuting officer from the Urban Services Department was asked what should owners do in such circumstances, the reply was that they were either to employ a watchman to guard every roof door or have an iron gate made for each door and to keep it locked. Neither of these suggestions was practicable. Owing to the small controlled rent receivable the cost of employing a large number of watchmen was prohibitive and a large number of watchmen would be necessary because in a row of Chinese tenement houses there could be as many as 30 or more separate staircases leading from the street to the roof. With regard to the locking of a gate opening on to the roof, that would immediately become a contravention of fire regulations. Furthermore

these squatters defied any eviction attempt by owners. If the Police had given assistance to owners when squatting first took place, this particular problem would not have got out of hand as it has today. It is well known that squatters tamper with the well-water storage tanks on the roofs in order to obtain water for cooking and drinking purposes. It is obvious that the water from these tanks is far from being potable and should be used only for flushing. To make matters worse, there being no latrine facilities on the roofs, human excreta comes down through rain water pipes to the floors below. This state of affairs must be corrected as soon as possible.

I am informed that, in Hong Kong, there are 7,804 squatters in scavenging lanes and 3,206 squatters in the streets. In Kowloon the numbers are 559 and 4,247 respectively. The roof squatter population is estimated to be some 75,000. Whether this estimate is correct or not only the results of the census can provide verification. I recommend that a determined effort should be made forthwith to do away with this great health menace which literally settles on top of us or in front of our doorsteps. Resettlement should be carried out over a period of say three years, side by side with the resettlement of squatters in areas which are to be cleared for permanent development.

My recommendation, Sir, and the views which I am going to express, are made with the full support of my Unofficial colleagues.

In 1959, Government had agreed in principle to provide accommodation for resettlement in multi-storey estates for about 75,000 persons a year, but according to the data supplied to me by the Commissioner for Resettlement the actual number resettled during the financial year 1959-60 was only 42,932 persons. This number is 3,046 higher than that given in the Annual Departmental Report. During the financial year 1960-61 the aim was to resettle 80,000 squatters and a provision of almost \$40 millions was made in the Estimates for that programme. From the same data I note that only 32,432 persons were resettled during the eleven months ending February this year. One is at a loss to understand the reason for lagging so far behind our targets.

I beg, Sir, now to refer to the Resettlement Department Estimates for the past three financial years. The approved Estimate for 1958-59 was \$7,571,100 when 37,107 persons were cleared and resettled. For the year 1959-60 it was \$8,482,400 showing an increase of twelve per cent over that of the previous year and assuming that the higher figure of 42,932 is correct the number of persons resettled was therefore 16 per cent higher than the year before. But if we take the figure of 39,886 for the year under consideration as given in the Annual Departmental Report for comparison, the percentage increase in resettlement was only eight per cent. For the year 1960-61 the Estimate is \$11,226,400 showing an increase of 48 per cent over that of 1958-59, while the number

of persons resettled during the eleven months ending this last February was only 32,432 which is actually 11.4 per cent less than that of 1958-59. This coming year's Estimate of \$12,064,400 is a 59 per cent increase over the 1958-59 Estimate. I am very concerned about this enormous increase. Unless the result can justify this expenditure in the coming year, the efficiency of this Department should be carefully examined and, if necessary, reorganization should be made.

From the above analysis, it is quite obvious that the longer it takes to fulfil our resettlement programme the heavier will be the cost to the tax payer. We must not forget that time is money and that every sum of \$2,375 saved represents one unit of accommodation for a squatter family in a multi-storey estate. Certainly, we must not relax our efforts to resettle squatters, but the results achieved so far tend to expose the lack of co-ordination and forward planning between the Public Works Department and the Resettlement Department. Last year, the Honourable Director of Public Works believed that he could maintain an average output of 40 blocks of houses a year for resettling eventually about 100,000 persons a year over five years. As far as this financial year is concerned, construction has fallen far behind the target set, as only 26 blocks have been completed for occupation. If no real improvement is forthcoming, the Resettlement Department will be settling on us as a permanent establishment with mounting expenditure.

I venture to suggest, Sir, that the Housing Authority, with its estate management experts, might well take over a part of the load of the Resettlement Department by gradually assuming the management and general running of the Resettlement Estates and this, I believe, the Housing Authority could easily handle without too much additional staff. This could mean considerable savings to the tax payers in the long run. The possibility of such a transfer of responsibility should be explored. The purpose of my suggestion is not only to effect a measure of economy by making the best use of our experts but also to speed up integration. If an estate remains under the supervision of the Resettlement Department, a tenant would continue to be looked upon indefinitely as some kind of squatter but if he becomes a tenant of the Housing Authority as soon as he is resettled, he could immediately be regarded as an ordinary member of the community. I consider this of psychological importance from the integration point of view. I believe that the Housing Authority can do a much bigger volume of work, if given the task.

It was two years ago since Government launched a programme for the housing of persons earning incomes of \$300 or less a month with a target of housing about 20,000 persons a year, but no visible progress has so far been made. Perhaps Government will be able to state when it is expected to house the first tenant under this programme. I would

urge Government to give immediate consideration to the appointment of the Housing Authority to act also in this connexion as agent in the management of houses erected under such a scheme as soon as they are completed for occupation. This arrangement would certainly be more economical in recurrent expenditure than if a new sub-department were created.

In its twelve years of existence the Housing Society has provided accommodation for 28,000 persons and the Housing Authority in the seven years since its incorporation has provided accommodation for 32,500 persons. This is an achievement but not quite good enough. The activities of both these organizations have been somewhat limited by the supply of sites and by restrictive lease conditions. Honourable Members may not be aware that for sites made available to the Authority and Society, the Crown Lands Office quite rightly insists on rather low density housing and in some cases the conditions of sale even set out the type of housing to be built. The purpose behind these restrictions is, I believe, to prevent slums being created. In the Government resettlement housing estates, however, not only is the density much higher, but the buildings in them do not strictly comply with the Building Regulations. It is only by lowering the minimum standards in this way that rent can be brought below that charged per person by either the Authority or the Society. With regard to finance, I consider that funds made available to the two organizations will pay good dividend in the long run in the form of social order and security. While I appreciate the importance of giving high priority to the housing of persons earning incomes of \$300 or less per month and the concern shown by Government for this low income group, I earnestly hope that the decision of placing a limit on the loans made available to these two organizations will be reviewed and increased as soon as conditions permit. If housing is to be provided with reasonable standards at moderate rentals and in sufficient quantity to meet effectively the present shortage, Government must speed up the supply to the Housing Authority and the Housing Society of more sites and encourage them to utilize their available loan funds as quickly as possible.

More land has been made available to private enterprise for industry but nothing comparable has been done for domestic buildings. The impression gained by everyone is that no site, or very few sites are available. Anyone seeking land to build is asked to find his own site and then to apply to Government to have the site put up for auction. This has proved to be a laborious and time-consuming process. It would be a great help if Government would publish a list of all available and possible sites for domestic buildings for the next two years, giving full lease conditions, so that any of the sites could be put up for auction one month after application. I am sure the Public Works Department can easily provide such information. What is needed is an efficiency

expert to examine the sub-departments concerned and to streamline them in order to produce quick results. I do not see any ground to fear that land prices would slump as a consequence of the publication of such information. On the other hand, the sale of more land for the construction of more houses means additional revenue to Government in the form of rates and property tax, besides providing more employment.

Under Head 61 of the Estimates, provision is made for a Development Office in the Public Works Department. That office was set up as the result of one of the recommendations of the Special Committee on Housing. Since that office has been in being for more than two years and the purpose for which that office was established was the creation of sites for the construction of more domestic buildings, some disappointment must be expressed that it has not produced any noticeable accomplishment.

While on the subject of buildings, I would like to touch on the question of approval of building plans. It appears that as a department grows, so does the amount of red-tape. A lot of recruitment of Building Surveyors seems to have taken place but answers to submission of drawings are still as slow in forthcoming. The examination of plans is over meticulous and time wasting. I am told that often the reasons for disapproval are not altogether reasonable or sound. Sending back a drawing for something which can be revised in the office in five minutes, is a sheer waste of time. The Building Surveyor or his assistant can easily telephone the Architect to call and make any small amendments as may be necessary.

The period when approval is deemed to be given is 28 days. The Building Ordinance Office may disapprove for want of some minor amendment and the submission of amended plans is considered to be a fresh application, that is, another 28 days will be given to the Building Ordinance Office to come to a decision. It is considered that this time limit is too long. In the case of re-submission the period should be no longer than 14 days.

Before the Ordinance and Regulations were revised, further particulars required by the Building Ordinance Office had to be requested within 21 days of the submission. That Office was obliged to make a decision within 14 days after this. If the Architect received no communication by the end of this period, his plans would be deemed to have been approved by default and work could start. The maximum time taken was 35 days. Now, however, 28 days can elapse but no work can start before "Consent to start" is given, and no "Consent to start" is given if plans have not been approved. This makes a farce of

the law and the Building Ordinance Office can have an indefinite period to give Approval. There is now no advantage in the "Approval by default" clause in so far as Approvals are concerned.

Many forms are now required to be filled in in connexion with the submission of plans and with construction. There is, I believe, a minimum of twelve forms required to be submitted, not counting the number of forms sent back by the Government. These forms are a source of much unnecessary clerical work both in Government and in architects' offices. The increase of "form" work means an increase in the cost of administration and also in the cost of building. Here again, an efficiency expert can help us to curtail unnecessary waste of manpower, to speed up development and to avoid frustration.

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

MR. C. Y. KWAN: —Your Excellency, on the gigantic cost of the Colony's administration I like to sound a note of warning. The present Estimates call for about 350 million dollars for salaries and pensions for the Government staff, and this sum represents about 40 per cent of the Colony's estimated revenue of 878 million dollars. There is to be an increase of 2,889 new posts, excluding supernumerary posts, which will make the total number of Government staff 53,141, not including supernumerary staff. It will not be possible for the economy of the Colony to stand any further increase on this item from year to year without a halt. I, therefore, urge that Government should apply a brake on the increase of its staff, and in the meantime thoroughly investigate into the efficiency of its staff with a view to retrenchment. There is a feeling in the public that the Government administration is over-staffed.

Sir, I have listened with keen interest to what Your Excellency has said about Government policy on the sale of land. I am in full agreement with the Government policy that, with the few exceptions mentioned by Your Excellency, all Crown land should be sold by public auction, in order that the best price may be obtained for the Taxpayers. It is, however, my humble opinion that in the carrying out of that policy Government must do everything possible to avoid unnecessary or unhealthy competition at the public auction. I venture to think that if the value of land, especially industrial land, in the Colony goes beyond economical level, the general economy of the Colony may well be adversely affected, which would not of course be in the best interest of the Colony. By putting up more sites of each kind for sale and at more frequent intervals, unnecessary or unhealthy competition for industrial land will, I believe, be ultimately reduced. Government's newly introduced policy of selling land by public auction in accordance with published programmes and without necessarily waiting for formal applications, is a step in the right direction, but in order to have the

desired effect of reducing unnecessary or unhealthy competition and panic at the public auction for the land, such programme must be published for public information at least a few months in advance and should contain as many sites of each kind and size as possible. Such programme should be printed and made easily available to members of the public upon request.

The high price for industrial sites has been, in my view, to some extent at least, influenced also by the Government policy of charging a high premium, whether in cash or in kind, for converting non-industrial land into industrial land or for converting industrial land which is subject to restriction as to specified industries, into industrial land for general industrial purposes without such restriction. I will illustrate what I mean.

In the early days of Kwun Tong development, Government policy was to sell each piece of industrial land there with a restrictive covenant that it could be used for certain specified industries only. When I refer to industrial land here, I mean factory land and not land for godown or storage purposes or the like. There was no site for general industrial purposes for sale. The reason for such a restriction is not apparent, for Kwun Tong was from the start intended to be a general industrial area. However, since about a year or so ago Government has changed its policy by selling all industrial sites there without restriction as to specified industries, so that each site may be used for any industry, but if owners of old industrial sites, which they bought before the new policy and in respect of which they have already complied with the building covenant, were to apply to Government for the removal of such a restrictive covenant, in order to enable them to use their factories for any industry, they would be required to pay a premium, which, I believe, is charged on the basis of the difference between the original Government selling price and the current market price for site for general industrial purposes, no allowance being made for the appreciation in value of the original land itself. It is appreciated that the industrial land which is subject to no restriction as to specified industries must fetch a higher price than the industrial land which is so subject, and that for this reason Government is justified in charging a premium for removing the restriction, but I think it cannot be denied that the value of the industrial land that is subject to such restriction has also considerably appreciated since the day when it was originally sold by Government to its present owners, and it is therefore only fair and equitable that the benefit of such appreciation should be allowed to the owner when fixing the premium for the removal of the restrictive covenant. I will give an example of what I mean: —Lot X was bought by A from Government at the then current market price of, say, \$10.00 per square foot in, say, 1956, and it was subject to a restriction that it could be used for certain specified industries only. If A now wants

to have the restrictive covenant removed, so that he could use it for general industrial purposes, he must pay Government a premium per square foot which is based on the difference between his original price of \$10.00 per square foot and the current market price for site for general industrial purposes. Supposing the current price for such site is \$40.00 per square foot, then the premium for the removal of the restrictive covenant would be \$30.00 per square foot. Thus it will be observed no allowance is made for the fact that at least a portion of the \$30.00 per square foot is attributable to the appreciation in value of the original land itself, although it cannot be gainsaid that the land even with the restrictive covenant has appreciated in value quite considerably and that the increase in value is not all due to the status of the land. Is the premium calculated on the basis I have just mentioned fair and reasonable and not too, excessive? I respectfully suggest that the present policy calls for a review.

In the New Territories, where industry has since 1952 grown by leaps and bounds, there is at present hardly any Crown land for sale for industrial use. If one wishes to find an industrial site, one usually has to buy from private owner agricultural land and then apply to Government to convert it into industrial land. The terms for such conversion vary from district to district, but roughly speaking the principal terms applicable to all areas are, as far as I know, as follows: —

- (a) The agricultural land must be surrendered to Government at such price per square foot as Government considers to be fair price for agricultural land, and, I believe, the Government's practice has been to adopt the price that has been fixed by the Resumption Board in recent cases of resumption, if any, of land by Government for public purpose.
- (b) Then Government regrants out of the surrendered land to the applicant two square feet of land to be treated as industrial land for every five square feet of agricultural land surrendered, and Government charges the applicant for such regranted land at the current market price of industrial land in the same district or in the nearest neighbourhood. The difference between the value of the industrial land to be regranted and the surrender value of the agricultural land represents the Government premium for the conversion, but this is not all, because as a condition for such regrant Government usually also requires the applicant to provide workers' housing of a specified minimum value within a limited time. The land for such housing is regranted by Government to the applicant out of the surrendered land at a price usually higher than the surrender value I have mentioned but much lower than the

current market price for building land, and such land is regranted subject to very stringent conditions as to rental and user.

I must point out that the price allowed by Government for the surrendered agricultural land is usually very much below the price which the applicant has actually paid to acquire it from the private owner, with the result that the cost to the applicant of the regranted industrial land is not only the premium I have mentioned, but also a very substantial part of the price he has paid to acquire the agricultural land for surrender to Government. Is this a fair basis of charging a premium for the conversion of agricultural land into industrial land?

Furthermore, in addition to the above terms Government also requires the applicant to give vacant possession of such portion of the land to be surrendered as will not be included in the regrant, except where the land to be so surrendered is actually being used for cultivation, in which case no vacant possession is required. It is hardly equitable for Government to ask for vacant possession of the surrendered land, for the surrender value allowed by Government for such land is perhaps only just, if not insufficient, to pay the compensation to the occupiers of it in order to get such vacant possession, let alone the cost of acquisition of the land from the private owner.

Government's reason for requiring 60 per cent of the land to be surrendered is that so much land is needed for such public services as roads, schools, clinics, hospitals, markets and public recreation and open spaces. With due respect I venture to doubt whether such a high proportion can really be justified. I suggest this requirement be reconsidered by Government. I understand, however, that in some cases the formula of requiring the surrender of five square feet of agricultural land for a regrant of two square feet of industrial land is not insisted upon, and I hope that Government will make known to the public for the benefit of the industrialists as to the circumstances or conditions under which or the areas in which Government will be prepared to convert agricultural land into industrial land on payment of a cash premium only without the surrender of any land.

Since apart from Tsuen Wan and Kwai Chung, which in any case will not be available for another two years, Government has no industrial site for sale, may I suggest that layout plans for other areas in the New Territories, such as the Castle Peak area, where there is already established some industry, and where private land is available, may be expedited, so that the present urgent demand for industrial sites may be met. I submit that the existing situation calls for extraordinary measures to make available as many industrial sites as possible and as soon as possible. In this connection I would like also to urge that

steps be immediately taken to have the Government terms for conversion of non-industrial land into industrial land standardized so as to make them available upon request. At present it takes many months, and in some cases more than a year, to get the final terms from Government for such conversion. Cannot the procedure be simplified and red tape reduced or cut?

I venture to think that the following factors, namely, the time-consuming process of obtaining the conversion from non-industrial land into industrial land and the burdensome conversion terms, are some of the contributory causes of the high price of industrial land in this Colony.

Sir, I wish to say something about the New Territories Ordinance. In view of the very rapid industrial development in the New Territories during the last nine years the New Territories Ordinance has become obsolete and requires revision. The Ordinance was passed in 1910, and some of its provisions are only suitable for a very primitive society. I am glad, therefore, to see the Bill which will come before Council this afternoon, seeking to repeal and replace some of the obsolete provisions of this Ordinance, but I ask that the Bill be extended to include an amendment of Section 27 of the Ordinance, with incidental amendment of Sections 28 and 29, which has caused in practice considerable inconvenience, delay and hardship. Section 27 provides in effect that every conveyance or mortgage of land must be according to one of the statutory forms or such other form as the Land Officer may prescribe. The existing statutory forms are of the most simple kind and are inadequate to meet the requirements of a building-mortgage or of a modern debenture or a mortgage to secure general banking facilities or a guarantee. As a result no building-mortgage or debenture or mortgage for general banking facilities affecting land in the New Territories can be put through without having first to submit the draft thereof to the Land Officer for approval. Moreover, according to the present practice the Land Officer, who is the same person as the Registrar General, does not give his approval except through the District Officer of the district concerned, and the reason for such indirectness is not apparent. Recently, however, the Land Officer has been most helpful to the legal profession by agreeing to accept direct from the solicitor the draft for approval, instead of the old practice of having the draft sent to the District Officer first who then in turn sent to him for advice. But this slightly improved procedure does not help to save much time, because the Land Officer gives his view on the draft only to the District Officer, and not to the solicitor concerned, with the result that although the Land Officer may take only a few days to approve the draft and to advise the District Officer thereon, usually three to four weeks have elapsed before the solicitor receives the District Officer's approval of the draft. The exigency of business

does not permit of such a long delay in arranging for financial facilities. Not being a lawyer the District Officer is not really qualified to comment on the form of conveyance or mortgage, and if so why should the matter be referred to him at all by the Land Officer, particularly when the law does not so require? It is my submission that not only the form should not be referred to the District Officer for approval, but that the law should be changed so that it is not even necessary to submit the form to the Land Officer for approval. There is no such legal requirement in the case of land outside the New Territories. I therefore ask that Government will take immediate steps to alter the law, so as to make it possible for land situated in the New Territories to be conveyed or mortgaged in the same way as land in other parts of the Colony may be conveyed or mortgaged. I am not suggesting that the simple statutory forms which are eminently suitable for simple transactions, such as those between villagers, should be abolished; what I am advocating is that the existing statutory forms or other prescribed forms should not be the only permissible forms, and that other forms should also be allowed to be used without the necessity of having to obtain any official approval.

On the question of the land registration in the New Territories I submit that the whole system be reviewed, and that the registration of deeds be transferred to the Registrar General's Department, so that it may be taken care of by professional officers trained in such work. The present situation leaves much to be desired.

With regard to the fee of 20 cents for every \$100 of the amount secured for the registration of a Transfer of Mortgage now charged by the New Territories Administration I submit that it should be reduced to ten cents for every \$100 in order to make it consistent with what is being charged by way of stamp duty on a Transfer of Mortgage relating to land in other parts of the Colony.

Sir, the statement in Your Excellency's address that we mean to sustain the economy and society of Hong Kong and to meet, as best we can, the spiritual cultural and physical needs of the people whose home it is, has been received by the people of Hong Kong with acclamation and gratification. Your Excellency's distinguished leadership inspires confidence, and the Colony is indeed fortunate in having Your Excellency at the helm of its affairs.

Sir, with these observations I have much pleasure in supporting the motion before Council. (*Applause*).

MR. G. M. GOLDSACK: —Your Excellency, before opening my remarks on the Budget I should like to extend to you Sir my sincere congratulations on your address to this Council on the day the Budget was presented.

It was perhaps significant that, on the very day Your Excellency remarked that we may have to make some adjustments in our trading if we are to retain the goodwill of those foreign markets which are so vital to us, it was announced in Ottawa that a delegation was leaving for Hong Kong to, discuss problems related to Canadian Imports from the Colony, and the Secretary of Commerce in the United States Government stated that textile trade unions in that vital market are threatening to boycott Foreign Cloth. All this, to the continuous background of statements being made in the United Kingdom about the necessity to extend Hong Kong's Voluntary Limitation of shipments to that market whilst, in the same edition of the newspaper in which Your Excellency's address was reported there are published extracts from a report from the United Nations Economic Commission for Europe in which one of the main measures proposed is that, I quote: "every effort should be made to disperse as soon as possible the formal discriminatory restrictions imposed on manufactures from Japan and Hong Kong."

The betting would seem to be three to one against us, and I feel that, in the final account, national interests rather than international recommendations are likely to be the deciding factor. With this in mind, I return to the theme which you, Sir, and many others including my predecessors as Chairman of the Hong Kong General Chamber of Commerce have often repeated, that Hong Kong's industry must make every effort and must be given every encouragement to diversify its products and to raise its standards of quality. These are easy gospels to preach, but far from easy to put into practice, as I well know as a member of a merchant firm which has built up a very extensive export business in Hong Kong manufactured goods. Trying out some completely new line and/or moving in on the really high quality field of merchandise are both ventures which can easily become costly experiments, both requiring the locking up of substantial quantities of working capital for considerable periods before any tangible return can be seen and in many cases often leading to substantial losses. I need hardly explain that in the case of a completely new line, the capital is required for plant and that in the move to high quality goods it is required for the employment of the highly trained supervisory staff which is essential for this type of operation. How much easier it is for the prospective investor to jump onto some already established, and rolling band waggon, unless there is some real and tangible inducement given to him.

Therefore, whilst I appreciate the logic of your Excellency's arguments for the maintenance of the present system of land sales, I feel that this question goes somewhat further than logic and I would strongly urge that Government re-examine this matter with a view to seeing if there is some way in which industrial land can be made

available, subject of course to suitable safeguards, at previously known and reasonably low prices to industrialists who can satisfy Government both before and after development of the land that their project is designed to achieve, and is actually achieving one or other of the two essential aims referred to earlier. I might add that, to prospective developers even under the present system of land sales, it would be a great boon if the notifications of programmes of land auctions could be issued publicly for a full year ahead. This is something for which my unofficial colleagues and I have been pressing for some time and it would give prospective buyers more chance to make up their minds as to where their project could be best located and would remove that feeling of uncertainty in the mind of the genuine developer as to whether a particular piece of land is going to present his last and only chance which must be bought at any price. I do not believe that this prior information need, necessarily have too disastrous an effect on the prices realized at Auctions, and, in any case, I would remind Government that, in manufacturing, Hong Kong's price gap advantage has been narrowed very considerably over the last few years and we must take every precaution to ensure that, for a short term benefit on a long term asset, such as land, we do not allow the gap to be closed altogether.

I mentioned, in my introductory remarks the incessant references being made in the United Kingdom to Hong Kong's Voluntary Limitation of Textile Shipments for retention in that market which has now entered its third and final year.

I feel it appropriate to say here, though it is well enough known in the Colony if not elsewhere, that Hong Kong's undertaking was given unilaterally and voluntarily to help the Lancashire Industry over its known difficulties for a period of three years. Since it became effective, the Hong Kong textile industry has viewed with mounting alarm the ever rising volume of imports for retention in the United Kingdom of cloth originating in countries other than Hong Kong, India and Pakistan. It seems clear that the Lancashire Industry, which has been showing handsome profits of late, cannot meet from its own sources the requirements of the United Kingdom Home Market, and, in my view it would have been a timely, and wise, gesture of goodwill on the part of the Cotton Board if they had themselves come forward with a proposal that the ceiling on Hong Kong's shipments should be raised to a much higher level for the remainder of the period of the undertaking.

I believe that the Colony is in for a period in which it will have to fight harder and harder to retain the markets it has won, and to open up new ones and, in these circumstances it will be essential for

Government to have in those Departments concerned with trade, officers of the highest calibre. The Commerce and Industry Department continues to give invaluable help to merchants and manufacturers and no effort should be spared to ensure that it is maintained at full strength.

For some considerable time the Colony has been fortunate in having available, in the form of the present Deputy Financial Secretary (Economic), an Officer who has been able to fill, with distinction, the role of the Colony's Representative at International Meetings in many parts of the world where matters of vital importance to our trade and future economic well being were under discussion. I should like to record here the commercial community's thanks to him and our congratulations on his well earned promotion, and to express our confidence that Government will ensure that Hong Kong's voice will continue to be heard at the many discussions which must take place during the difficult times that lie ahead.

In this connexion, I would mention that, in a place like Hong Kong, which exists by trade alone, all those Departments of Government whose duties involve daily contact with our Industry, Commerce, Shipping and other activities must be kept staffed with the highest qualified officers available, recruited, if necessary, from outside the Colony, if officers with the necessary qualifications cannot be found in the present service.

Further, it is in times of difficulty such as you, Sir, have indicated might be coming, that trade promotion work should be pursued much more actively than when times are good and the orders are, more or less, rolling in of their own free will. The vote for Trade Promotion has up to now been of nominal proportions being, in this Budget less than one twentieth of one per cent of the total. Yet it is mainly out of the results of our trading activities that we shall expect to raise a very large proportion of our Budget requirements. I submit that, in this highly competitive world, Hong Kong must spend a great deal more than it has heretofore on the obtaining of economic intelligence and on trade promotional work if our economy is to continue to go forward.

Sir, with these remarks I have much pleasure in supporting 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.

BETTING DUTY ORDINANCE, CHAPTER 108.

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the scale of duty to be charged on every bet made on any totalizator or pari-mutuel authorized under the Betting Duty Ordinance, Chapter 108, shall be seven and one-half per cent.

He said: Sir, the purpose of the Resolution is to raise the rate of Betting Duty from 5% to 7½%. The next Race Meeting will take place on 1st April so that the increased rate will apply as from the first day of the next financial year.

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 HYDROCARBON OILS set forth in the Resolution of the Legislative Council published as Government Notification No. A. 22 in the *Gazette* of the 18th March, 1960 be revoked with effect from 2 o'clock p.m. on Wednesday, the 1st March, 1961, and that thereafter duty shall be payable on hydrocarbon oils at the following rates per gallon: —

(a) light oils—

- | | |
|-----------------------------|----------|
| (i) motor spirit | \$1.50 |
| (ii) other light oils | 10 cents |

(b) heavy oils—

- | | |
|---|----------|
| (i) diesel oil for public omnibuses owned and operated by the China Motor Bus Company Limited and by the Kowloon Motor Bus Company (1933) Limited, respectively | 50 cents |
| (ii) diesel oil for other road vehicles. | \$1.00 |
| (iii) other diesel oil and other heavy oils not specified above | 10 cents |

In this Resolution—

“motor spirit” means any light oil which has been rendered suitable for use as a fuel in any internal combustion engine by the addition of any compound or compounds of lead and any other light oil suitable and intended for use in any internal combustion engine.

He said: Sir, the purpose of this resolution, which was brought into effect as from 2 o'clock p.m. on Wednesday, 1st March, has, I think, already been sufficiently explained by me in this Council.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

THE FINANCIAL SECRETARY moved the following resolution: —

WHEREAS—

- (a) section 4 of the Hong Kong and Yaumati Ferry Company (Services) Ordinance, 1951 (hereinafter referred to as the Ordinance) provides that the ferry services authorized by the Ordinance shall be maintained and operated upon the terms and conditions specified in the Schedule thereto;
- (b) section 5 of the Ordinance provides that the Schedule thereto may be varied at any time, with the consent of the Company, by resolution of the Legislative Council;
- (c) it is now desired that the ferry services operated in Tolo Harbour by the Company shall be subject to the terms of the Ordinance upon the expiry of the Excluded Ferries Regulations, 1955 on the 31st day of March, 1961;
- (d) the Company has consented to the amendment of the Schedule to provide for such services and to prescribe fares therefor;

NOW, THEREFORE, BE IT RESOLVED, with the consent of the Company that—

- (i) Appendix I to the Schedule to the Ordinance be amended—
 - (a) under the heading "FERRY RUNS" by the addition of the following new paragraph—
 - "(n) Tai Po Kau, Shap Sz; Heung, Sham Chung, Lai Chi Chong, Tai Tan, Chek Keng, Kau Lau Wan, Tap Mun.";

(b) under the heading "FERRY POINTS AND FRONTAGES" by the addition at the end thereof of the following—

"Tai Po Kau	Mainland foreshore from Island House to Ma Liu Shui point.
Shap Sz Heung	
Sham Chung	
Lai Chi Chong	} Mainland foreshore from western extremity U Kwai Sha Tsui to Boulder Point.
Tai Tan	
Chek Keng and Kau	
Lau Wan	
Tap Mun	Foreshore of Tap Mun.";

(ii) Appendix II to the Schedule be amended by the addition under the heading "OTHER SERVICES" at the end thereof of the following—

		<i>1st</i> <i>class</i>	<i>3rd</i> <i>class</i>
"TAI PO KAU	— SHAP SZ HEUNG	.60	.50
	— SHAM CHUNG	.60	.50
	— LAI CHI CHONG	.60	.50
	— TAI TAN	1.20	1.00
	— CHEK KENG OR KAU LAU WAN	1.20	1.00
	— TAP MUN	1.20	1.00
	SHAP SZ HEUNG	— SHAM CHUNG	.60
	— LAI CHI CHONG	.60	.50
	— TAI TAN	1.20	1.00
	— CHEK KENG OR KAU LAU WAN	1.20	1.00
	— TAP MUN	1.20	1.00
SHAM CHUNG	— LAI CHI CHONG	.60	.50
	— TAI TAN	1.20	1.00
	— CHEK KENG OR KAU LAU WAN	1.20	1.00
	— TAP MUN	1.20	1.00
LAI CHI CHONG	— TAI TAN	.60	.50
	— CHEK KENG OR KAU LAU WAN	.60	.50
	— TAP MUN	.60	.50
TAI TAN	— CHEK KENG OR KAU LAU WAN	.60	.50
	— TAP MUN	.60	.50";

- (iii) These amendments shall come into operation on the 1st day of April, 1961.

He said: Sir, the object of this resolution, as set forth in the preamble, is to add the Tai Po—Tap Mun ferry service to the list of other ferry services already operated by the Hong Kong and Yaumati Ferry Company Ltd.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

NEW TERRITORIES (AMENDMENT) BILL, 1961.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the New Territories Ordinance, Chapter 97."

He said: Sir, the New Territories Ordinance, as my honourable Friend Mr. KWAN has indicated, makes special provision for the administration of the New Territories. In particular, it confers certain judicial powers upon District Officers. First, as Land Officers they are at present enable to hold Land Courts with jurisdiction in land matters including claims for arrears of rent. Secondly, as special magistrates they are enable to hold "Small Debts Court" with jurisdiction in cases where the claim, debt or damages does not exceed one thousand dollars.

It is considered that the time has now come when this jurisdiction should be exercised by the ordinary courts of justice as is the case in the rest of the Colony, and the main purpose of this Bill is to make provision to that end.

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: —

The District Court Committee recommended that the jurisdiction of the District Court (and also that of the Supreme Court) be extended to include matters concerning land in the New Territories. Hitherto this jurisdiction has been exercised by the District Officers in their capacity of Assistant Land Officers.

2. The District Court Committee also recommended that the jurisdiction in small debts exercised by the magistrates be likewise transferred to the District Court.

3. A minor amendment is also made to the definition "District Commissioner" and to section 3 consequent upon the recent creation of the office of Deputy District Commissioner.

4. This Bill seeks to implement these recommendations.

ROAD TRAFFIC (AMENDMENT) BILL, 1961.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Road Traffic Ordinance, 1957."

He said: Sir, this is a very short and simple amending Bill and the purposes are sufficiently explained in the statement of Objects and Reasons.

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: —

The object of this Bill is to make minor amendments to, the Road Traffic Ordinance, 1957 (No. 39 of 1957). By clause 2, subsection (2) of section 2 of the principal Ordinance is amended to make it clear that the class in which a vehicle is registered lays down the permitted user of the vehicle, and the definition of "hire car" contained in that subsection is replaced by a new definition to exclude vehicles held under hire purchase agreements. By clause 3, section 9 of the principal Ordinance is amended to enable a court or magistrate before whom a person is charged under subsection (3) of that section (which relates to dangerous driving and causing death or grievous bodily injury thereby) to acquit such person of that offence but to find him guilty of careless driving.

MOTOR VEHICLES (FIRST REGISTRATION TAX) BILL, 1961.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to impose a tax to be paid on the first registration of certain motor vehicles and to provide for matters connected with the purpose aforesaid."

He said: Sir, the purpose of this Bill has already been explained by me in this Council three weeks ago and I think I need add no more to what I said on that occasion, but I should say, Sir, that I propose

to move some amendments to the Bill when the Committee stage is reached. Clause 3(2) of the Bill, as it has been drafted, could mean that mere transfer of ownership of a car registered on or before the 1st March, would involve the purchaser in payment of the 10% tax. This, of course, was never intended and the Bill, in fact, has not been read in this manner by the Registration Authority. But it is necessary to make the position quite clear and I propose at the Committee stage to introduce the necessary amendments to provide that tax is not payable when a vehicle, already registered, is transferred from one owner to another.

The Bill, as it stands, provides that all dual purpose vehicles shall bear the tax. I am afraid we overlooked the fact that dual purpose vehicles can be licensed as taxis. We did not, and do not, want to tax these, and the necessary amendment to clear up the position will be moved at the appropriate time.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

INLAND REVENUE (AMENDMENT) BILL, 1961.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to amend the Inland Revenue Ordinance, Chapter 112."

He said: Sir, I foreshadowed the introduction of this Bill at the last meeting of Council. The original draft has been amended to incorporate the valid point raised by my honourable Friend, Mr. BARTON, earlier this afternoon, on taxation of real estate companies. Where, in future, the amount of Property Tax paid exceeds the Profits Tax payable, the amount so paid in excess shall be refunded instead of being carried forward.

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 Bill seeks to amend the Inland Revenue Ordinance, Chapter 112 so as to levy property tax at the full standard rate on property subject to property tax which is not subject to control under the

Landlord and Tenant Ordinance. Where property is subject to such control, this Bill continues to charge tax at half the standard rate. It also seeks to relieve property which is occupied by its owner exclusively for residential purposes from liability to property tax, and to make it possible for premises which are partially owner occupied and partially let to be apportioned for property tax purposes.

2. Where a person is charged profits tax on his income from property, the property tax paid on such property is deducted from the profits tax payable; in certain circumstances the property tax liability may in future exceed the profits tax chargeable and provision has accordingly been made in the Bill to permit such excess to be refunded. The opportunity is also taken to base the income from property of a person applying for personal assessment on his actual income from letting of property, instead of on the notional rateable value as at present.

ADJOURNMENT.

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

THE ATTORNEY GENERAL: —May I suggest this day next week, Sir?

H. E. THE GOVERNOR: —Council stands adjourned until this day next week.