

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 19th March 1962**

PRESENT:HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

HIS EXCELLENCY LIEUTENANT-GENERAL REGINALD HACKETT HEWETSON, CB,
CBE, DSO

COMMANDER BRITISH FORCES

THE HONOURABLE CLAUDE BRAMALL BURGESS, CMG, OBE

COLONIAL SECRETARY

THE HONOURABLE MAURICE HEENAN

ACTING ATTORNEY GENERAL

THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK

ACTING SECRETARY FOR CHINESE AFFAIRS

THE HONOURABLE JOHN JAMES COWPERTHWAITTE, OBE

FINANCIAL SECRETARY

THE HONOURABLE ALLAN INGLIS

DIRECTOR OF PUBLIC WORKS

DR THE HONOURABLE DAVID JAMES MASTERTON MacKENZIE, CMG, OBE

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE KENNETH STRATHMORE KINGHORN

DIRECTOR OF URBAN SERVICES

THE HONOURABLE PETER DONOHUE

DIRECTOR OF EDUCATION

THE HONOURABLE KWOK CHAN, OBE

THE HONOURABLE HUGH DAVID MacEWEN BARTON, MBE

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICHARD CHARLES LEE, OBE

THE HONOURABLE KWAN CHO-YIU, OBE

THE HONOURABLE KAN YUET-KEUNG, OBE

THE HONOURABLE WILLIAM CHARLES GODDARD KNOWLES

MR ALASTAIR TREVOR CLARK (*Clerk of Councils*)

MINUTES

The minutes of the meeting of the Council held on 28th February, 1962 were confirmed.

PAPERS

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

| <i>Subject</i> | <i>GN No</i> |
|--|--------------|
| Sessional Papers, 1962: — | |
| No. 9—Annual Report by the Government Printer for the year 1959-60. | |
| No. 10—Annual Report by the Director of Public Works for the year 1960-61. | |
| No. 11—Annual Report by the Commissioner of Registration of Persons for the year 1960-61. | |
| Report of the Select Committee on the Draft Estimates of Revenue and Expenditure for 1962-63. | |
| Certificate and Report of the Director General of the Overseas Audit Service on the accounts of Hong Kong for the year ended 31st March, 1961. | |
| Stamp Ordinance. | |
| Stamp (Bank Authorization) Order, 1962 | A 13 |
| Registration of Persons Ordinance, 1960. | |
| Registration of Persons (Re-registration) (No. 5) Order, 1962 | A 17 |
| Wild Birds and Wild Mammals Protection Ordinance, 1954. | |
| Wild Birds and Wild Mammals Protection Ordinance (Amendment of Sixth Schedule) Order, 1962 | A 19 |
| Medical Registration Ordinance, 1957. | |
| Medical Practitioners (Registration and Disciplinary Procedure) (Amendment) Regulations, 1962 | A 20 |

**RESOLUTION REGARDING THE REPORT OF THE SELECT
COMMITTEE ON THE ESTIMATES FOR 1962-63**

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 1962-63, be adopted.

THE FINANCIAL SECRETARY seconded.

MR KWOK CHAN: —Your Excellency; may I, first of all, with respect thank Your Excellency for the very lucid and enlightening address you gave about Hong Kong at the last meeting of the Legislative Council—an address to which I listened with great interest and concern, and which, I sincerely believe, has been read by the general public with great satisfaction.

Last year the then Senior Unofficial member, Mr NGAN Shing-kwan, said in his budget address "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 connexion with all land matters could not be improved". It is to my understanding that at present Government is having efficiency experts looking into these matters, and until Government has presented its reports and an opportunity given to the Unofficial members to read them, I do not think it is appropriate to make these the subject of a separate debate.

The task of the Honourable Director of Public Works continues to be somewhat like that of the young Chinese seamstress in the proverb, who busies herself with needle work throughout the year, mainly to furnish wedding dresses for other maidens. The Public Works Department is budgetted to account for \$47 millions, the Public Works recurrent expenditure at \$45 millions, and Public Works non-recurrent at \$437 millions. No doubt the Public Works non-recurrent expenditure is the largest single item in our budget. But it is well-known that the Public Works Department has an all important function: it not only furnishes the infrastructure for our economy, it also helps to create conditions favourable for the development of our Colony. And therefore if we cut the budget of the Public Works Department without careful scrutiny of the facts and consideration, I am afraid the decrease might appreciably affect the attainment of our objectives, and perhaps retard the rate of growth of the Colony. The budget for the coming year has been considered by a committee which included the Unofficial Members of the Legislative Council and it will be noticed from the Committee's report that the revised estimates of revenue and expenditure are \$1,062 millions and \$1,226 millions respectively.

Our Road network is continuing to expand and to improve, due to the good work of the Public Works Department. Not forgetting their great service to the Colony, I would, however, like to mention that many roads are found to be constantly dug up all the year round, sometimes to the inconvenience of the general public. I hope the Department will adopt measures which will make it possible to control the frequency of such digging up.

As for our abattoirs, we are grateful that Government is fully aware of the urgent need for new ones, and has definitely decided to replace the existing antiquated slaughter house. Although the cost is expected to be quite high, the provision of abattoirs is dictated by necessity.

As a result of the rapid increase in population, the need for more secondary schools has far outstripped our existing facilities. Once a student finishes Primary school, he finds difficulty in finding accommodation in Secondary school. The growth of more and more industries naturally results in a greater need for skilled labour. Technical training without a secondary education is difficult, if not impossible. It is my hope that Government, through the Education Department, and with the cooperation of the Public Works Department, will gradually alleviate this situation. I realize that with the present rapid rate of population increase and the present level of Government revenue it is difficult for Government to provide funds for all the building and maintenance of enough new schools. Realizing this difficulty and having nothing but praise for what Government has achieved already, it is my hope that Government will through these two departments continue its policy of providing more secondary schools, and to direct its efforts to the gradual improvement of the situation. For much of this work we will have to rely on private enterprise. It is hoped that in the not too distant future, Hong Kong will have enough secondary schools for her needs. Then there is the problem of accommodating the graduates from Secondary schools in the University. The most direct answer to this is to increase the capacity of the existing university on the one hand, and on the other to create another university using Chinese as the medium of instruction. We are glad that both plans have Government's approval in principle, and the earmarking of a site for the new university has been indicated by Your Excellency. I think another equally beneficial solution to the problem of higher education is to have more technical colleges like the one we already have. The curriculum should be closely related to the requirements of local industries, thus producing the skilled labour which forms the backbone of our industrial sector of the economy.

In your address Your Excellency showed great concern for the trade of Hong Kong and pointed out the increasing competition we face in our markets. Your Excellency also pointed out that we are encountering mounting difficulties, mainly in the export of our textile products and in more competitive trading in our best markets. We have to deal with countries who hope to impose on us restrictive measures much to our disadvantage, and I hope Government will do all it can to seek a workable solution in these matters.

It is indeed most encouraging to find that Government has not lost sight of the question of increasing our water supply, and as a

result various schemes have been embarked upon at a price with which the conversion of salt water to fresh cannot yet compete. With the increase of our population the demand for water will no doubt increase considerably, and it is very wise of Government to embark upon additional schemes.

The Public Works Department has undertaken its programme of works remarkably well. The City Hall is now completed, and was opened on the second of this month by Your Excellency, enabling Hong Kong to bring out the London Philharmonic Orchestra to perform to the delight of all those who attended. It will henceforth no doubt be the centre of Hong Kong's cultural activities. The Air Terminal Building will be completed soon and so will the Queen Elizabeth Hospital in Kowloon. Then there are the resettlement buildings and other equally important projects. With the rapid development of the Colony the building of Government structures becomes more and more urgent. The administration of the Hong Kong Fire Services Department and the whole of the Immigration Department and some other departments have had to be moved into rented premises. In the re-shuffling of Government departments which is inevitable in the future it appears to me that more Government structures are required and it would be a good thing if these can be provided by the Public Works Department instead of having to use rented premises.

Finally, I am very happy to say that the Unofficial members of the Legislative Council and the community of Hong Kong concur with Your Excellency in thinking that a delightful experience was had by all in Hong Kong last year. During the year, Her Royal Highness Princess Alexandra of Kent greatly honoured us by a visit of eleven days. Her beauty, charm, and great humanity, and most important of all, the intense interest which Her Majesty's Government takes in Hong Kong as demonstrated to us by this Royal visit, have reached through to our hearts. This has done much to consolidate the general feeling of confidence we have in Hong Kong, and we are indeed grateful to Her Royal Highness both as a person of great charm and as a Royal representative of good will.

As my colleagues will deal with other subjects, I do not intend to go into any more detail in the Estimates.

With these few words I have much pleasure in supporting the motion before Council. (*Applause*).

MR H. D. M. BARTON: — Your Excellency, I would like to start by congratulating most warmly my honourable Friend the Financial Secretary on his maiden Budget Speech. It was presented with a modesty which well becomes a maiden, but what impressed me most about it was that we were able, for the first time, to listen to an appreciation of our financial prospects over the next five years.

This was indeed music to my ears, and although my honourable Friend was perhaps a little too bashful—even for a maiden—in stressing the speculative hazards and limitations of this rash undertaking, I was delighted to hear that he proposes to continue to draw up these five-year forecasts annually.

I hope he will stick firmly to this resolve and not weaken in the face of any grumblings or threats of revolt from the Department Heads.

I shall have more to say on the subject of planning later, but first I would like to comment on one or two of Mr COWPERTHWAITÉ'S budget proposals.

I do not propose to comment on his proposal to introduce a full Income Tax system to replace the existing tax system, as my honourable Friend Mr C. Y. KWAN, will be speaking at some length on this subject. While I think we must all accept, however reluctantly, Mr COWPERTHWAITÉ'S prediction that the rate of Income Tax is bound to go up before long, I was disturbed to hear that potential non-commercial foreign lenders—which I assume means the World Bank—are reluctant to lend us money until we have increased our taxes to a significantly higher level.

I was hoping that if we were able to show the World Bank that we were prepared to raise part of the funds needed for our capital development programme from local short to medium term loans they would help us out with any balance needed on capital development projects which should when completed pay for themselves.

The big question which Government has to face is how much additional direct taxation can this Colony face up to without serious damage to our economy.

It would indeed be a tragedy if well-meaning advisers from outside the Colony should be so ill-advised as to force us to raise our direct taxation to too high a figure.

In my speech in this debate last year, I stressed the need to keep down our rate of direct taxation. This year I shall stick my neck out—and I am referring to my own neck not that of my Unofficial colleagues—by suggesting that the ceiling for direct taxation in this Colony should be 20%—that is to say about half what it is in neighbouring countries—in the belief that any increase, or even the fear of any increase, over this figure would do irreparable damage to the Colony's economy.

Sir, when the time comes for the rate of direct taxation to be increased, I would urge my honourable Friend the Financial Secretary to give some assurance that the rate will not be raised beyond 20%, until every other means of raising funds, i.e. local or foreign borrowing and further increases in indirect taxation, have been exhausted.

Should my honourable Friend find himself under pressure from any outside source to go beyond these limits, I hope he will give a small but suitably select delegation of Hong Kong's citizens a chance to support him in his efforts to avoid committing us all to economic suicide.

Before leaving this subject I would like to make one final plea. Please give us our medicine in two or three small doses instead of one large one, even if this means shorter intervals between each dose. A big jump would not only cause alarm and despondency, it would also be inflationary.

On the question of how to raise further capital for the Development Loan Fund I would like to give my full-hearted support to the Financial Secretary's proposal to syphon off some of the excess funds which have accumulated in the Exchange Fund which as he rightly says, serve no useful purpose there.

Last year, in this debate, I advocated that this Fund should be kept at 100% of the note issue to ensure that full confidence is maintained in our currency. If we apply this formula my honourable Friend will have a substantial surplus of about HK\$270,000,000 on which he can draw. I would like to see all of this surplus made available for topping up the Development Loan Fund, as the need to provide additional capital funds to assist the various low cost housing organizations to extend their activities should in my view be given top priority. For if we are going to win the battle against rising rentals without introducing some form of rent control on new buildings the Government must of necessity give these low cost housing schemes all possible support. My honourable Friend, Mr Y. K. KAN will, I know, be elaborating on this theme.

Turning now to the subject of loans—I was very glad to hear that my honourable Friend is going to try and raise between HK\$50 to 100 million by a short or medium term loan, provided circumstances are propitious.

I still stick to the view expressed in last year's Budget debate that it should be in the form of a tap loan and that there should be no difficulty in raising this sum, provided the interest offered is reasonably attractive. I think the local Banks and the local Insurance Companies should be encouraged to subscribe to this loan without making it compulsory. I am also assured by local investment experts that it should have some appeal to Trustee Funds which are always looking for a safe investment which brings in a good yield. Later on in this debate my honourable Friend Mr R. C. LEE is going to suggest that consideration be given to abolishing Estate Duty. I think there is a lot of merit in this proposal but if this is not accepted I am confident

the response to any Government short to medium term loans would be even more enthusiastic if, as I suggested in my speech last year, the loan or loans are made exempt from Death Duties.

I suppose the warning that we shall soon have to pay more for our water was inevitable in view of the tremendous capital expenditure to which we are committed. I note that in this coming year alone we are going to spend some \$129 million, which is over 12% of our total budget of \$1,060 million on water works.

My honourable Friend went on to say that a price of HK\$1.25 per 1,000 gallons, or possibly more, was not dear compared with similar charges elsewhere. As a matter of interest, I understand the cost of water in Japan is HK\$1 per 1,000 gallons for the first 2,200 gallons, and approximately \$1.40 per 1,000 gallons thereafter, and that the price of water in Bombay is \$1.75 per 1,000 gallons.

I am not quite sure what percentage of our water is used in domestic consumption and what percentage for industry, but there might be something to be said for following the Japanese pattern and keeping the cost of water at \$1 per 1,000 gallon for the ordinary man in the street.

While I was glad to hear that advances by Banks to commerce and industry had kept pace with the upward movement of deposits, I was rather surprised at my honourable Friend's conclusion that the Banking system fully employs the resources at its disposal within the limits imposed by sound Banking principles. I have no doubt that the Banking system fully employs its resources, but I do have doubts as to whether they are always employed in accordance with sound Banking principles. Surely if this were so, there would be no need to tighten up on the existing regulations controlling our local Banks.

Your Excellency, in your comprehensive and stimulating review of the past year, and of the problems that lie ahead of us, you drew our attention to what is undoubtedly our greatest problem of the future—which the 1961 census has so clearly pinpointed—the big jump in the number of young people who will start coming on to the labour market in 1965, that is to say only three years from now, and who will continue to come on to the market from that date in what appears to be ever increasing numbers.

Earlier in your survey, Sir, you stressed that if we are going to aim at increasing our local exports by at least 10% per annum, we must, in addition to increasing the productivity and efficiency of our existing industries, turn to new ones.

Towards the end of Your Excellency's address, you rightly referred to our Civil Service's reputation for imaginative planning. That is a

fair comment in regard to many departments of your excellent administration, but despite many proddings from many sources over the past few years I have seen no signs of planning, imaginative or otherwise, to help us attract new industries to our shores, with the one important exception of the provision of more land at Kwun Tong, Kwai Chung and elsewhere, for industrial sites. As you know, Sir, our neighbours go much further than this. In the Federation of Malaya they have a Pioneer Industries Ordinance, and I would like to mention just a few of the incentives that are offered to approved new industries, and which could be applied in some measure to Hong Kong: —

First and foremost at Petaling Jaya industrial land is sold at the equivalent of Hong Kong dollar 50 cents a foot to an approved new industry.

Secondly, Companies granted "pioneer" status receive relief from Income Tax for varying periods, with those investing the equivalent of HK\$450,000 or more getting relief for five years.

In Singapore, in addition to similar tax concessions and land being made available at around HK\$4/\$5 per foot, the authorities are prepared to consider lending up to 50% of the capital at attractive rates of interest.

In this debate two years ago Mr CLAGUE and I urged Government to make land and finance available on more favourable terms to encourage new industries, but we were told then that industry seemed to be diversifying very nicely without any artificial stimulants. We were also told that if Government started allocating land for suitable new industries at a reasonable price, instead of forcing the buyer to go to auction the potential customer might be unable to raise the necessary finance for his new enterprise because he would have difficulty in securing a mortgage for his land due to the limitations on re-sale.

I have asked some of my Banking friends for their views on this aspect, and they assure me that if the Government was satisfied that the new industry had a good prospect of success—and presumably they would not allocate the land on favourable terms unless this were so—then it is most unlikely that the commercial Banks would refuse the enterprise the necessary financial backing.

If we are to continue to attract new industries—and we are all agreed that we must do so—we must remember that we are in competition with our neighbours for these industries. As you pointed out, Sir, we have many advantages to offer, but we have a number of disadvantages which we cannot do anything about, and I think they bear repeating. We have to import all our raw materials. We have a very limited domestic market and our power costs are also high compared with most of our competitors. On top of these disadvantages, if we

insist on charging potential new industries 10 to 60 times as much for land as our competitors and fail to match their tax concessions, our efforts to diversify our industry to any substantial degree are in my view doomed to failure.

In considering applications from new industries for pioneer status, care must of course be taken to ensure that they do not compete actively with any industries that are already established in Hong Kong. And I see no reason why the present system of auctioning industrial land to the highest bidder should not continue, except for approved new industries; though I sincerely hope that the high price pertaining at these auctions will continue to drop from its peak of a year or so ago as more land becomes available.

I realize that it costs Government close to HK\$6 a foot to reclaim industrial land from the sea, and we obviously cannot afford to sell it at, say, 50 cents a foot as in Petaling Jaya, but I think we should be prepared to sell at cost, or possibly quite a bit below cost, if by so doing we can attract worthwhile new industries which will give employment to large numbers of our people looking for jobs.

I have laboured just one aspect of our Malthusian problem. There are, of course, many other aspects which must be carefully weighed and considered. For instance, how many of each year's labour intake from 1965 onwards will be absorbed into industry, how many into Government service, how many into the tourist trade; what additional public works schemes could be laid on at short notice to give our ever increasing population a job to do and a full bowl of rice?

What we need Sir is a five-year plan for our economic development and we probably need an outside expert to help us prepare it, as all our own experts are much too involved in their day-to-day tasks; a plan that can be reviewed each year with all the other departmental five-year forecasts by a committee under the Chairmanship, I suggest, of my honourable Friend the Financial Secretary who has to find the money for these projects. Let it be, as you so wisely advocated in your address on a recent informal occasion a flexible plan that will be our guide not our master—one that will show us the way to an orderly expansion of our trade and industry with, let us hope, the minimum of restrictions and controls.

While on the subject of *laissez faire* versus planning and controls, I would like to repeat what Mr Arthur CLARKE had to say on this issue at the end of his budget speech two years ago: —

“ There seem to be two courses we can follow. We can carry on as we are doing. We can continue to allow our industry to expand; continue to increase our exports to promising markets year by year, and month by month, with our manufacturers competing

against each other, cutting their prices, cutting their profit margins, until those markets are closed, or partially closed, to us, with the disruption to our economy that must follow. Or we can do something to plan our economy. We can see to it that for the future we do not advance past the point where markets have to be closed to us because we are selling too much, too quickly, too cheaply. This means that we would have to abandon our traditional policy of *laissez faire* at least as far as exports are concerned. We would have to guide and direct; we would have to regulate and control.

Which course should we adopt? By doing nothing at all, of course, we choose the first; that is the easy way. I would ask, Sir, honourable Members to consider the problem, in full knowledge of how our future may be affected by their answer."

The decision at that time Sir, was that *laissez faire* must continue, and our largest industry the textile industry is now paying the penalty for having expanded "too fast and having sold too much too quickly and too cheaply."

As you are aware, Sir, this particular industry has now changed its tune, and the Government has received many representations, not only for controlling the imports of cloth from Japan which are used by our garment industry for exports, principally to the USA, but also for controlling the rate of the industry's further expansion.

It is also well known in Hong Kong that the Government are opposed to introducing such controls, mainly because they feel that the disadvantages and difficulties in applying such controls would outweigh the advantages.

The reason why I raise this controversial issue in this debate is that I believe it will help Hong Kong's cause in all our most important markets if it can be stated in this Council Chamber that the industry is prepared to accept some form of Government control to regulate its expansion, and has indeed been advocating it for some months past.

As you must be aware, Sir, there has been in the UK, the USA, and in Europe, a great deal of criticism and resentment over the uncontrolled and, in their view, irresponsible expansion of our textile industry during the years 1958 to 1961. I think it would help if we could have a clear statement defining Government's attitude on this important problem. The main argument against control is, I understand, that the allocation of the UK and USA quotas to established mills, factories and exporters will automatically restrict the further expansion of the industry to a reasonable level. If this is the Government's view and they prove to be right, then the industry will have no cause to complain and our critics and enemies abroad will have to find some other weapon with which to attack us. But I must confess to

some misgivings. It was only a few days ago that it was reported in the local Press that Japanese investors were planning to set up two further mills in this Colony in co-operation with local interests.

While this report may not prove to be accurate, the fact remains that the possibility of further investments by Japanese textile interests in this Colony, either on their own or in partnership with local interests, can never be ruled out.

And here I would like to say a few words on the subject of our trade with Japan.

Let me first assure Your Excellency that I fully recognize the many benefits that Japan's trade has brought and will, I hope, continue to bring to this Colony. For example, our garment manufacturers and exporters have shared with Japan's exporters of finished cloth the benefits that arose from the voluntary restraints that Japan imposed some years ago on her own exports of textiles to the USA. We also welcome the capital and technical know-how that they have contributed to a number of joint enterprises they have started up with local partners.

But let us look for a moment at the other side of the coin.

Taking the average of the last three years, Japan's exports to Hong Kong have been about HK\$860 million a year whereas Hong Kong's exports and re-exports combined to Japan have averaged HK\$230 million—a balance of HK\$630 million a year in Japan's favour.

Incidentally, Hong Kong has been Japan's second or third biggest market in the world in each of these three years which shows the great importance of our market to Japan. About 43% of Japan's exports to this Colony are textiles which, of course, enter duty free, but Japan protects her own domestic textile market of 90,000,000 people with a 25% *ad valorem* tariff barrier which we cannot penetrate.

Nor can we deny that Japan is our most formidable competitor in the textile markets of the world and of South East Asia. For instance, our industry is finding it increasingly difficult to compete with Japan for a share of the important Indonesian market.

I feel, Sir, that we have a case to put to our Japanese friends, and I would urge Government to give this matter their serious consideration. Surely, with a little goodwill on both sides, something can be done towards rectifying the present rather lopsided situation.

And finally, from commerce to culture.

My senior colleague and honourable Friend, Mr Kwok Chan has referred, Sir, to the opening by Your Excellency of our new City Hall. This fine edifice will stand, let us hope, for centuries to come, as a

great tribute to our Public Works Department and the skill of its fine architects.

The opening by the London Philharmonic Orchestra of the Concert Hall was an outstanding success and brought great joy not only to those who were lucky enough to attend the concerts, but also to the many thousands of music lovers who listened to the broadcasts.

We were indeed fortunate in having Sir Malcolm SARGENT to conduct. Not only is he a great conductor but he proved himself to be a great ambassador to boot. I would like, Sir, to support Sir Malcolm's plea that the time has now come for Government to grant a subsidy to help build up our local orchestra into something worthy of our new Concert Hall.

I appreciate that there is much controversy amongst our local enthusiasts as to what particular forms of local culture are most deserving of support. It might therefore be wiser for the Government to appoint yet another Committee—I believe this one might be called an "Arts Council"—to advise on how best to subsidize the local Arts. If such a Council were to submit their recommendations for a modest annual subsidy I feel sure that my colleagues on the Finance Committee, would not be found unsympathetic.

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

MR DHUN J. RUTTONJEE: —Your Excellency, studying the estimated budget of the Medical and Health Department which is \$72 million, an increase of a good 12½% on last year's budget my reaction has been largely influenced by two considerations. Firstly that we have been informed that when the new Queen Elizabeth Hospital is completed and begins to function its cost will be a recurrent \$24 million a year, or in other words, each patient that will be treated there will cost the Government about \$50.00 a day. This means that our next medical budget will surpass the \$100 million mark—an amount larger than the Colony's total budget for 1947, though, in conjunction with voluntary and private enterprise this will only supply just over 11,000 hospital beds for the Colony's population of 3¼ million in all. Secondly but not less important I have been influenced by the knowledge that the restrictive measures on our textile trade, which account for about 52% of our total domestic exports, forecast by Your Excellency in your able address to the Council a fortnight ago, have just begun to tighten. In face of this it is hardly possible to pretend that we will be able to increase our export trade in the year under discussion by 10% which Your Excellency said should be regarded as our aim for a minimum rate of growth. With these twin splinters in my eyes I must put the medical budget under careful scrutiny, agreeing

with my honourable Friend the Financial Secretary when he said that the time might be approaching that a choice might have to be made between quantity and quality, although I do one further than him by saying that the time is here and now. Commitments such as that of the Queen Elizabeth Hospital, with its capital cost skyrocketing from \$40 million to \$65 million—and the end is not in sight as yet—with its yearly recurrent expenditure of \$24 million—which budget I suspect will not stay within that figure for long—should not be lightly undertaken again. Since I always have been a strong advocate for more hospital beds for the Colony I hasten to add that it is still my opinion that more hospitals should be built, though not at the expense of the technical quality as at the cutting down of non-essential trimmings in building and equipment, and in the provision of secondary hospitals capable of providing efficient treatment for the post-acute phase of illness, the annual recurrent cost of which can be reduced by an efficient ward layout and by the re-organization and dilution of the staff structure.

I say this not without reason. I have in hand the Hospital Costing Returns of the National Health Service published by the Ministry of Health for the year ending March, 1961. Statistics given show that the average cost of a bed/week in an acute hospital was £ 26 12s, that of a convalescent hospital was £ 12 1s, and that of a TB chest hospital was £ 22 17s. In other words a bed in a large acute hospital in the UK costs on the average \$61.00 a day, one in a convalescent hospital costs \$27.50 and one in a TB chest hospital costs \$52.00. While a comparison between the recurrent cost of a hospital bed in the UK with that of one in Hong Kong is inappropriate for our purpose, taking into consideration the differences between the social conditions, living standards, salary levels, and labour costs, etc. of the two places, it is of great value to compare the recurrent cost of a type of UK hospital bed with that of another type of UK hospital bed in order to note the difference, and compare the recurrent cost of a type of Hong Kong hospital bed with that of another type of Hong Kong hospital bed and also to note the difference. The ratio of these differences can well be compared for our benefit. In fact one of the very reasons for formulating a system of hospital costing is, to quote from the Report of the Ministry of Health's Working Party on Hospital Costing in 1955 "for the wider purpose of inter-hospital, regional, and national comparison of costs". With this advice in mind it is my intention to use the valuable information contained in the aforementioned costing report as a yardstick to check where we have gone wrong in Hong Kong, and to ask why if we have.

I have, therefore, obtained some local figures from honourable Friend the DMHS for this very purpose. He tells me that our Kowloon Hospital is costing \$53.00 per bed/day (\$47.00 if camp beds are also

counted), and that our Lai Chi Kok Hospital is costing \$14.00 a bed/day. I think we are agreed that our Kowloon Hospital compares favourably with any acute hospital in the United Kingdom, and if the Lai Chi Kok Hospital is likened to a convalescent hospital then for purposes of comparison 3½ convalescent beds can be maintained at the cost of one acute bed in Hong Kong whilst in the UK only about 2¼ convalescent beds can be maintained at the cost of one acute bed. Privately subscribing to one of the reasons for the favourable Hong Kong ratio as being due to the fact that fewer expatriate staff are employed at the Lai Chi Kok Hospital which point has its own significance, I wish to draw attention to the fact that whatever the ratio, secondary/convalescent hospital beds have their place in the medical scheme of any country and that it has been proved over and over again that they can be maintained at a much cheaper cost. I stress this point since I have studied the Medical and Health Department's blue print of the development plan for future hospitals and have been aghast at the conception of my honourable Friend the DMHS, for though he aimed only to provide secondary/convalescent beds at the next two hospitals to be built in Lai Chi Kok and Shau Kei Wan he has budgeted for a capital cost of \$30,000 a bed, or in other words, \$30 million for each of the two 1,000 bedded hospitals. In viewing this figure, Sir, I ask you to bear in mind two salient points. Firstly that we have been satisfied with a resettlement cost of \$600 per person or \$2,400 a room for four. Secondly that my honourable Friend the Colonial Secretary once stated that annual recurrent costs of such projects could be estimated to be about 1/3 of their capital expenditure. This will mean that these new secondary/convalescent beds will cost us more than half as much to run as an acute bed, as against the 3½ to 1 ratio demonstrated by the costing statistics of the present Kowloon and Lai Chi Kok Hospitals. For what reason does my honourable Friend wish to commit posterity to secondary/convalescent beds that will cost 75% more to run than those presently provided? Is he afraid, as suggested by the Honourable Financial Secretary, of being condemned by the small proportion of our population who can afford high standards themselves? Or is it because of professional pride that he wished Hong Kong to have a medical service second to none? For, adaptable man that he has impressed me to be, I cannot imagine that he has not considered the economic position of Hong Kong and seen that standards would have to be reduced because quantity is so lacking. Still less can I visualize him pressing ahead, committing posterity to an annually recurrent expenditure that can never be afforded.

I have always had nothing but the highest regard for my honourable Friend's professional and administrative ability in spite of my criticisms of his department's budget and costing estimates, and wish it to be recorded here and now that Hong Kong is indeed fortunate in having him as the head of the Medical and Health Department during this

crucial period of its expansion. But a professional man cannot be expected to be a hundred per cent practical when it comes to non-professional matters. I have therefore come to the conclusion that there should be someone in the Medical and Health Department, seconded from the General Administration, as in the case of the Police department, to relieve my honourable Friend the Director from some of his many non-professional burdens—an administrator who can correlate that department's planning with reality, under the Director's guidance. I salute the technical proficiency of my honourable Friend's department, so ably demonstrated by the efficient control of the cholera outbreak last year, and would agree that in professional efficiency our medical service is second to none. But an administrator, with his feet firmly planted on the ground, whose eyes will continually scan the horizon and who is trained to be aware that budgets have to be balanced, should be seconded to this department to assist the Director, with the rank of Deputy Director, to control the planning and the spending, and, last but not least, the matching of standards with other government services. Whilst on the subject of budgets and costs I think it would be advisable for my honourable Friend to incorporate into his department's annual report costing figures of the various hospitals and clinics as is being done by the Ministry of Health in the United Kingdom. It may make for very interesting reading, and it is only right for the public to know how the money is spent.

I have dwelt at length on the overall medical finance, and will now turn to the special aspect of the re-organization of the staffing structure in hospitals with the reduction of costs in mind. I have mentioned that in the UK the bed/day cost in an acute hospital was \$61.00 and in a TB chest hospital \$52.00, that is, the TB chest bed is cheaper than the acute bed in the United Kingdom by about 15%. In Hong Kong we have two figures for the Kowloon Hospital's acute bed—\$53.00 a day if camp beds are omitted and \$47.00 a day if they are counted. We also have the figure of \$18.00 a day for the Grantham Hospital's TB chest beds. With the former Kowloon figure the cost of a TB chest bed in the Grantham Hospital is cheaper by nearly 200% and with the latter figure by 160%. Again a TB chest bed in the UK costs \$52.00 a day as against the \$27.50 a day for a convalescent bed, that is, the TB chest bed in the UK is more expensive than the convalescent bed by nearly 90%. In Hong Kong a TB chest bed in the Grantham Hospital costs \$18.00 against the \$14.00 a day for a convalescent bed in the Lai Chi Kok Hospital, that is, in Hong Kong the TB chest bed is more expensive than the convalescent bed by barely 30%. Wherein lies the reason for this vast difference in comparative ratio between an acute bed and a TB chest bed and again between a TB chest bed and a convalescent bed in the United Kingdom and between the same types of hospital beds in Hong Kong? All the three Hong Kong hospitals mentioned compare favourably with the best of their counterparts

in UK, the only significant point of difference being that all the three types of UK hospitals quoted are administered under the National Health Service whilst of the three Hong Kong hospitals quoted the Kowloon and the Lai Chi Kok Hospitals are administered by the Medical and Health Department and the Grantham Hospital is administered by an independent voluntary organization, the Hong Kong Anti-TB Association. Has bureaucracy a part to play in this extraordinary result, or is Parkinson's Law responsible?

Seriously speaking, one of the reasons must be the skilled use of supporting nursing staff to dilute the number of highly qualified and consequently expensive nursing staff in the Grantham Hospital. Out of necessity the Grantham Hospital has had to evolve a system of recruiting boys and girls of Junior Middle graduate or Form 3 standard and training them to be Assistant Nurses to relieve the Staff Nurses of such basic nursing jobs as blanket baths and other ward routines. After 4½ years' experiment the conclusion has been reached, as has been reached in the UK nearly 20 years ago, that, to quote the words of the Central Health Services Council in its special report of 1954, "there is a place for the enrolled assistant nurse in nearly every field of hospital and domiciliary nursing, in considerably greater numbers than are at present employed". From first hand reports from last year's Congress of the International Nursing Council held in Melbourne nursing shortage has been held to be world wide due mainly to expanding medical and health services everywhere. What is the situation in Hong Kong? Do we have enough professionally trained nurses to meet our needs? Can we afford to employ them in large numbers even if they are available? Will we be giving the Assistant Nurse a place in our future planning? I understand that even London's St. Thomas Hospital is opening its doors to the training of this grade of nursing staff, and that over 500 other hospitals in the United Kingdom have already joined the Assistant Nurses' training club years ago.

Whilst it is usually safe to emulate prestige hospitals such as London's St. Thomas I have other reasons in mind for advocating the introduction of Assistant Nurses in this Colony. Last year's census revealed that 40% of our population were under the age of 15. Very soon the oldest in this group will reach employable age. Those reaching school leaving level can take up teacher's training, secretarial work, or general nurse training. But what is going to happen to the large number who will not reach school leaving level? Industry, with the difficulties it is facing now, will not be able to absorb many of these newcomers. Unless a miracle happens there will not be sufficient white collar jobs or places as sales assistants available. Why not absorb at least a part of these into junior nursing work? A good bedside nurse needs more the qualities of patience, kindness, and interest than knowledge of geometry and geography. They will be able to take much of the routine

burden off the shoulder of our professional nurses whom I have been frequently told are increasingly harassed by more complicated technical nursing work, shorter working hours, and no increase in staff. Weaving the Assistant Nurse into our existing structure, taking into consideration her lower educational requirement—and less onerous duties, a proper differential in the salary scale will kill two birds with one stone and hit a third at the same time. It will properly dilute the nursing structure, increase the quality of the service by providing enough people to do the work and reserving the right people for the right work, keep costs low and within our means, and provide employment to a section of the community to lessen the congestion in industry.

I turn now to a controversial subject and would like to add Sir, that the view expressed is my own and not shared by my unofficial colleagues. This is the question of rent control for hitherto uncontrolled premises. A few weeks ago in this Chamber my honourable Friend the Financial Secretary advised us that the increases in rents were very much a reflection of increased spending power, resulting from our present prosperity, and that rent is basically a matter of supply and demand. Your Excellency's able review of our monumental housing problem drew attention to the fact that over 47,000 households or 215,000 people live in circumstances which represent no proper accommodation at all—cock lofts, roofs and so forth, and that there are still over half a million squatters to be resettled. Last year's census indicated that our natural increase in population can be estimated to be around about 90,000 a year. It can be readily seen therefore, that even with the combined effort of the Housing Authority catering for 20,000 a year and that of my honourable Friend's estimate of private enterprise producing housing for another 70,000 a year, we are doing little more than providing, each year, sufficient new housing to keep pace with our growing population. We can, therefore, expect that our chronic shortage of accommodation will remain a chronic problem for a long, long time.

At the end of 1961, it was estimated that rated domestic accommodation in the urban areas consisted of 775 houses, 9,092 large flats, 21,835 small flats, 111,590 tenement floors and 16,827 low cost housing units, making in all, 160,119 units. Taking our urban population at 2.6 millions and subtracting 360,000 in resettlement blocks not rateable, this gives us a figure of 2½ million in the 160,119 housing units. With 4.37 persons in an average household this gives us over 3 households per housing unit. I repeat over 3 households or 14 persons per housing unit—and this in spite of the hundreds of millions of dollars spent on housing. It is safe to say that supply will never meet demand and that the severe overcrowding that existed soon after the last world war, has not been alleviated, but has become even more acute. Therefore, to hope that economic rents will prevail is to hope without any regard to realities.

Rents in Hong Kong are notoriously high and may absorb as much as 50% of the ordinary man-in-the-street's budget, which is far too large a slice of a man's income. Government officers pay about 10% of their salaries for far superior accommodation. If this is a reasonable percentage for one section of the community, it should be a reasonable percentage for the others. If my honourable Friend believes that the increases in rent are justified having regard to our increased prosperity, then he should correlate Government rents with market rents, as I assume Government Officers have shared in this increased prosperity. I believe, and there are many others who will agree with me, that it was the increases in Government Officers' salaries that sparked off the spiral in wage increases generally. I am not advocating increased rents for Government Officers but Government cannot apply one yardstick to one section of the community and another to another section.

There has been a general increase in wages of about 15% during the last 18 months. My honourable Friend estimated that the increases in rents have been an average 10—15%, but it seems to me that if wages go up 15% and rents 10—15% then the increased prosperity is purely imaginary, indicating a sign of inflation.

I have made personal inquiries in the Tsim Sha Tsui and Kowloon Tong areas and have found in a number of cases that the increase in rentals was from 25%—50% during the last 18 months. As the increases were high I asked my good friend Prof. KIRBY of the University of Hong Kong if he could send some of his economic students out to make a survey for me in this direction. He has promised to do so during the summer holiday which begins next May.

I am not too concerned about the rich, although even the rich are entitled to a fair deal; my concern is for the ordinary white-collar worker and for those in the lower income brackets. For these people it is cold comfort to learn that their increases in rents are a result of our supposed prosperity, a prosperity in which they have no share. When unscrupulous landlords put up their rents tenants cannot, as wage-earners, pass this on to someone else. When a small income earner is faced with the alternative of paying an increase or moving out, he will pay the increase rather than spend a large sum of money to make new premises habitable, and this increase, in all probability, will come from the housekeeping money.

I agree whole heartedly with my honourable Friend the Financial Secretary that we must encourage private investment in building, because we simply must try to bridge the gap between supply and demand. But surely a 10%—12½% return on capital should satisfy anyone? I cannot believe that if profits were limited to 12½% it would stifle construction. So many landlords today are concerned with recouping their capital outlay in four to five years, and have no scruples in

squeezing a little more out of the luckless tenant at every possible opportunity.

Every landlord should have the right to demand whatever rent he wishes before a tenancy agreement is entered into, but once he has stated his price, then there should be no increases in rent for at least five years. If it is necessary to bring in legislation to achieve this, then I am fully in favour of legislation. Such legislation, however, would not protect the hundreds of thousands who already have tenancies but not tenancy agreements covering rent. The Tenancy Inquiry Bureaux set up within the framework of the Secretariat for Chinese Affairs, seem to be doing some very good work in trying to bring about settlements in tenancy disputes, but these bureaux are not sufficiently broadly constituted to handle the new class of complainant. What is needed is a Fair Rents Tribunal—a strong impartial body to which tenants can bring, free of charge, their complaints against rent increases, for assessment and decision, much in the same way as tribunals assess compensation for those obliged to move out of protected premises.

Your Excellency, before concluding, I must refer again to your lucid and judicious review of the year just past and the problem we face in the future. Your exhaustive survey and your prudent analysis confirm our community's belief that under your leadership Hong Kong, despite her internal pressure of population and external pressure of trade restriction, will continue in her civic and economic growth. We all know that the road ahead is tortuous, but your sober confidence assures us that under your guidance Hong Kong will not be daunted in her search for progress. I have much pleasure in supporting the motion before Council. (*Applause*).

MR FUNG PING-FAN: —Your Excellency, my principal interest in this Debate concerns Education on which, with the indulgence of Your Excellency and this Council, I propose to dwell at some length, I shall also have some observations to make on one or two other minor matters, but Education will form the main theme of my speech today.

It is noteworthy to observe that there has been a considerable improvement in our educational standard since three decades ago; whereas, in 1931 the literacy rate among our population was 51%, today it is 75% of the age 10 group of the people which must be regarded as quite a creditable achievement, having regard to all the circumstances during all these past years, and my honourable Friend the Director of Education is to be congratulated on this splendid result.

As there are various categories of schools catering to the educational needs of our children, I shall itemize them for easier reference, and offer some suggestions for their improvement, for what they are worth.

Primary Schools: At present there are an estimated 480,000 students enrolled in registered day and night primary schools, with another estimated 60,000 children of primary school age unable to obtain a place in them. In addition, we must bear in mind the estimated annual increase of 45,000 in the primary school population. It is obvious that if we want primary education for all, we must not only make up for the present deficiency, but at the same time we must increase the number of primary school places every year to keep pace with the annual increase in the number of children reaching primary school age. This means that government or government-aided primary schools must be built every year to cater for the large number of children who will come from families not able to pay the fees of private schools. If taxation is to be increased in the future, the community must expect in return a nearer approach to universal primary education, preferably free, or alternatively at fees within the reach of parents, and I suggest that Government plan accordingly.

Secondary Modern School: There seems no doubt that the greatest quantitative deficiency in education at the moment is in the provision of secondary school places. The proportion of places in "grammar" type of secondary schools, taking into account the general economic level of Hong Kong and the employment demand for the product of this type of school, is perhaps not unreasonable, but there will have to be a steady annual increase in the number of such places to keep up this proportion, in view of the annual increase in children reaching school age.

Evidently, however, the greatest need is for proper provision for the large and increasing number of children leaving primary 6 at the age of 12 and not being able to obtain employment before 14 years of age.

To meet the need of the large number of primary school graduates below the legal employment age, 3 government secondary modern schools have been established in the last two years on an experimental basis, the total present enrolment being about 2,700. These schools hope to provide good workers so much needed for our expanding industry. However, there are certain people who question the value of these schools, as after the 3-year course of training the student is said to be still "half-baked", being neither here nor there, not having quite completed his education.

Government has introduced secondary modern schools offering a 3-year course to fill the gap between the primary school leaving age and the age of employment, but the programme must be vigorously tackled with a clear realization of the urgency of the problem. It seems to me that for the young people to be loafing about the streets during the period from 12 to 14 years of age is bound to have the gravest

detrimental effects on society, and raise the number of teen-age delinquents.

I am aware that there is a strong preference in the minds of many parents that their children should enter "grammar" type secondary schools, and this is perhaps natural, as every parent wants the best for his child. Nevertheless, it must be realized that pushing a child into a "grammar" school when he is not entirely suited for such an intellectual type of education may ultimately not prove to be for his good. It may impose too great a mental strain on the child who cannot keep pace with the requirements of such schools, and in the end he may miss the alternative opportunity of an education as is given in a secondary technical school or a secondary modern school which will lead to a career in commerce or industry.

In this connexion, I would like to stress most particularly that if a child in a secondary modern school has clearly shown that his abilities best fit him for a "grammar" or secondary technical type of education, he can be transferred to such a school at the end of his 3-year secondary modern school course.

Also, it might be well for parents to realize that positions such as clerks of works and foremen in building constructions, mechanics, etc., offer financial prospects not inferior to those open to "grammar" type secondary school graduates. It seems clear that the number of "white collar" jobs will not increase appreciably in proportion to the number of students reaching employment age in the next few years. The result may be that those trained for posts in industry and commerce may have a better chance of a suitable job than if they tried to swell the number of those trained for "white collar" jobs. Besides, some children are more brainy than others, whilst some are more adept with their hands. The wise parent therefore will try to see that his child is trained for work for which he is best fitted by temperament and ability, whilst at the same time keeping an eye on future employment prospects.

Technical Schools: There are at present 23 schools offering technical and vocational courses at secondary level, with a total enrolment of about 3,800. With our ever-expanding industry in need of skilled technicians and trained workers, there is an urgent need for more places in technical schools today, but one drawback is the problem of capital expenditure which is necessarily high for this type of school, and the solution would seem to be for the industrialists to share this responsibility with the Government in future expansion if we are to keep up the supply of trained technicians and skilled workers to meet the continuing demand of industry.

Whilst touching on this subject of technical education, I would like to commend to Government the idea of a new subject for consideration, namely, Hotel Management and the training of staffs for our hotels, as

available in Switzerland. With modern first-class hotels springing up so rapidly in recent time to cater to our tourist trade, it is important that suitably trained personnel be available to staff them, and it is therefore desirable that we prepare for this in planning our technical education in the near future.

Secondary Grammar Day Schools: There are 108 Anglo-Chinese "grammar" schools with a registered number of 53,000 pupils, and 103 Chinese Middle Schools with 31,000 students enrolled. These figures mean that the provision of secondary grammar school places is less than 1 secondary school pupil for every 4 primary school pupils—by about 35,000 places. The present ratio is 1:5:7. Here, then, is urgent need for further expansion.

Adult Education: Of the 25% illiterate revealed in our recent Census, 527,000 have passed the school age. Some of these people are absorbed in Adult Education and Recreational Centres and special afternoon classes. A great deal has also been done through the medium of the Adult Education Programme, but there is obviously room for a greater attack on this problem of illiteracy. There is also an obvious thirst for knowledge on the part of many who have completed their formal education, as evidenced by the continuing siege on public libraries. We might therefore give some serious consideration to the extension of Extra-Mural Studies in our planning in respect of future education. It is our duty to help satisfy this craving for knowledge by providing more schools and educational centres for the people.

Having dealt with some of the various aspects of our educational system, I would like to turn to the more disturbing question of the proposed increase in school fees which is causing serious concern to parents, particularly to those of the lower-income group who already have to pay out a large percentage of their monthly income to meet the needs of their children. Whilst I am fully aware that Government has spent much on education to help ease the present acute situation, and I am confident that it will continue to maintain and even increase the rate of expansion in providing for our educational needs, it must nevertheless be regarded as a deplorable and retrogressive step to consider raising the existing already high school fees to a yet higher level. The last thing that Government should do in attempting to increase taxation to help balance a budget is to place a levy on education, and it is just that when Government proposes to increase the school fees to help meet the cost of provision for education which, in any leading state in the world would be entirely free for the people, but not having yet attained to this happy state in our economy, the least that we can do is to keep the fees at their present level, if not to reduce them.

If Government must find means to pay for the cost of education, then by all means increase some indirect taxation on some of the luxury

items of goods that will not seriously affect the livelihood of the poor or rob the children of their right to an education that should be the responsibility of a paternal and benevolent government. On my part, and I am sure that I am voicing the opinion of many parents, I am strongly opposed to this proposed increase, and would earnestly urge Government to give some serious thought to the possible consequences which such an increase will have on public opinion, particularly the opinion of already over-burdened parents of school-age children of the lower-income group. The present is definitely not an opportune time to contemplate such a proposed increase which should be deferred. Once Government attempts to raise the school fees of government and government-aided schools, there might well be a general all-round increase of fees among all the schools in the Colony, even among non-profit-making schools, and Government will have defeated its own end in making it possible for every school-age child to have a place in our schools and to make education available to all. The mention of making education available to all reminds me that Government should give some thought to devising a system to help some of our over-aged students who, through no fault of their own, are denied an opportunity to complete their education to fit them for a useful life in the community.

Having said all this, I must recognize the point made by my honourable Friend the Financial Secretary that places in government and government-aided schools are relatively very expensive to Government. If expansion is to continue without raising the fees, then ways and means will have to be sought to reduce the cost of these places.

Teacher Training: I place Teacher Training on the same plane as Higher or Advance Education, and as we increase the number of schools to provide for an increased school-age population, we must at the same time also increase the number of suitably trained teachers to staff them, and the best means for doing this is to ensure that adequate provisions are made for this purpose. In fact, we should aim to have every teacher trained, and for this reason teacher training must expand.

In the meantime, as the Education Department has kept on steadily raising the standard of work of the students, so it is most necessary that the standard of training for our teachers must also be raised to keep pace with the required high standard in schools. Then, also, as the standard of training is to be raised so the standard for admission for training must similarly be raised that the trained teachers may be able to cope with the work expected of them.

It is my opinion that a teacher to be trained for Chinese subjects should be selected from the Chinese secondary schools, and one to be trained for English subjects should likewise come from an Anglo-Chinese secondary school that time and effort might be saved in training. Meanwhile, I regret to note that on the whole the standard of Chinese

in some of our schools has been deteriorating, and we must try to remedy this defect and improve the standard for the future.

Apart from training a teacher in handling his charges and imparting to them the necessary knowledge expected of him, there is a moral aspect to his training that should not be overlooked. I refer to character training, for the first principle to be observed in a teacher is his own high sense of moral character and dedication to his life-chosen work—education, for a teacher who lacks these qualities is unfit to be in charge of immature minds whose future is placed in his hand, for good or ill. Today, with such a lamentable disregard for the high morality so treasured by our ancient sages, and with the modern slack method of training the young according to questionable theories of so-called psychologists, the position and responsibility of a teacher cannot be too much emphasized, and it is therefore of the greatest possible importance that every teacher to be trained should first be made aware of what will be expected of him upon his graduation, namely, a high moral sense of responsibility towards the young placed under his charge, and an ability to impart to them the right kind of knowledge expected of him.

As the teacher has always been highly esteemed and revered in China in ancient time, his position therefore is rightly regarded as an honourable one, and accordingly his students should be taught by their parents to show to him the respects due to his dignity. However, a teacher can hardly hope to maintain his dignity and self-respect if he is obliged to supplement his meagre income by seeking outside part-time employment to help support himself and his family. Therefore, every trained teacher, whether government-employed or not, should be well paid that he may be free from financial anxieties and able to devote his whole attention to his work.

Proposed Chinese University: Sir, I was happy to learn from Your Excellency's speech in this Council at our last meeting that a site of some 200 acres at Sha Tin Valley has been ear-marked for the purpose of the proposed Chinese University, and warmly welcome this forward planning, and the work done by the Chinese University Preparatory Committee. I am well aware that the establishment of a first-class new university requires serious planning and is not a matter to be rushed through with haste. I do hope, however, that every effort will be made to speed up this project, and that reasonable finance will be forthcoming in order that as much progress as possible may be made in the development and lay-out of the proposed site.

This Chinese University project is one in which all members of the community feel a deep interest and with which many will wish to be closely associated. I hope that in due course interest will be demonstrated

not only by the support offered in the form of voluntary assistance of those who are experienced in higher educational affairs, but also by generous financial donations.

Tourism: As I understand that my colleague The Honourable W. C. G. KNOWLES, who is Chairman of the Board of Directors of the Hong Kong Tourist Association and is making his first contribution towards our annual Budget Debate, will be speaking on Tourism, I shall confine my own remarks to some brief observations, having already dealt extensively with this subject in my speech at our last Debate a year ago.

I am happy to note from latest figures available that our Tourist Trade has once again shown an appreciable increase, rising by 35% over that of the previous year which also increased by 19% for the year before. It is expected that for this fiscal year a further 20% rise is not impossible. All this amply shows that tourism can be made a profitable business and has become of great importance to the economy of Hong Kong.

I would like to make a few suggestions for the consideration of Government with the view of further improving our already favourable result, and would therefore commend to Government the idea of restoring some of our temples and other historic places in Hong Kong and the New Territories, making them easily accessible to visitors by car. At the same time, Government might also try to encourage private enterprise to put up a cable car to reach the top of Tai Mo Shan, and convert Lantau Island into a popular holiday resort with first-class hotels and other amenities to cater to the tourists and local residents.

After our recent PATA Conference held here, Hong Kong has been placed firmly in the Tourist Map, but we should attract tourists here to stay longer than just a short shopping jaunt. We must make sightseeing one of the main attractions to them, as our shopkeepers will soon price themselves out of business at the rate they have been keeping on raising their prices, and Hong Kong will then no longer remain the tourists' shopping paradise. We must therefore provide for this unfortunate eventuality by offering alternative attractions to the tourists in the form of sightseeing, etc.

Sir, my remarks are already quite long, and other fields are being covered by my colleagues on whose preserves I do not intend to poach. It therefore remains for me to express my support of the Motion before Council which I do with great pleasure. (*Applause*).

MR R. C. LEE: —Your Excellency, the people of Hong Kong have often been praised for their energy, foresight, initiative and perseverance—qualities which have enabled them to weather many an upheaval. Hong Kong has not only survived but in spite of its lack of natural resources has made enormous strides in every field. We should realize

however that the credit for a large measure of this happy state of affairs must be attributed to Hong Kong's good fortune in having the capable leadership and the wisdom of men who have been placed in control and in the direction of Government.

I offer my congratulations to the Honourable Financial Secretary for his sound business acumen by reducing the duty on Chinese prepared tobacco. The action taken by my honourable Friend not only provides a welcome relief to the poorer members of the community, who are the principal consumers of this type of tobacco, but is based on a well-tryed economic principle because the efficacy of a tax lies not so much on a high rate but on the total revenue which can be obtained by a given rate. In this connexion I should like to draw the attention of Government to a number of provisions in the Estate Duty Ordinance, such as Section 9 and Section 13, which in practice are causing great hardship, if not injustice and should be amended. Under Section 9 subsection (7) estate duty becomes due and payable on the delivery of an Affidavit for the Commissioner or on the expiration of six months from the death. Section 9 subsection (2) requires the executor to pay the duty on delivering the Affidavit. In the past, it has been the practice for the Estate Duty Commissioner, pending the grant of Probate, to accept an Equitable Charge on the estate as security for the payment of the estate duty, but I understand that the practice now is to insist on payment as soon as the Affidavit is presented. Although power is given by the Ordinance to the executor to sell or mortgage the estate for the purpose of raising estate duty before Probate, in practice this often presents difficulties as it is not easy to find a purchaser or a mortgagee who is prepared to accept a title without Probate. In my opinion, the Commissioner should, whenever possible, allow payment to be deferred which he is empowered to do under Section 12 subsection (3). This does not prejudice the Government as the Commissioner is entitled to charge interest at 8% per annum. Section 13 provides that if an account is not delivered after the lapse of 12 months from the death of the deceased, the Estate Duty is charged at 3 times the rate of the Duty plus interest thereon at 8% per annum. Although the penalty may be avoided if the person accountable succeeds in the difficult part of proving to the satisfaction of the Commissioner that he has used all reasonable diligence, there may and I believe have been cases where the person accountable has had no knowledge of the existence of property belonging to the estate, and there remains the impenetrable barrier of the Commissioner's opinion which, I doubt, the Court on an appeal can override. I therefore suggest that Government might explore the whole question of Estate Duty in Hong Kong and see whether its abolition might not in the long run prove beneficial and indeed might not result, by the attraction of foreign capital and investment, in the increase of Revenue without recourse to added taxation. Bahamas and Bermuda, both British territories, serve as good examples.

With regard to conservancy fees, the Honourable Financial Secretary in proposing to invite the Chairman of the Urban Council to recommend the necessary amendment for their abolishment has demonstrated his foresight, as very soon the necessity for the removal of night soil will be greatly reduced upon further rebuilding. I am sure that the poorer citizens are grateful for both the reduction in the tobacco tax and the proposed abolition of conservancy fees and I hope the Honourable Financial Secretary will not be disappointed if their gratitude is not expressed vociferously because those who profess to speak on behalf of the underprivileged are refraining to say anything on this occasion.

The cost of living has been rising continuously year by year and this is due to inflation which is the direct result of too much spending. Undoubtedly, the purchasing power of money has dropped. But the steady increase made in wages, professional fees, stamp duties, postage and other charges have aggravated inflation. The Expenditure Estimate for the forthcoming financial year is \$1,226.4m while the actual expenditure for the year 1959/60 was only \$709.9m which is, by comparison, an increase of expenditure of nearly 73% over three years. Admittedly Hong Kong has been enjoying a spell of prosperity and that revenue has been able to meet increasing expenditure. But how long can we continue to enjoy this happy and unique position of a balanced budget? I fear that expenditure will soon overtake revenue in the race and unless immediate consideration is given to devise ways and means of bringing to an early halt the steady increase in expenditure, cost of living would be further increased and the inflationary spiral continued. A great deal of money seems to have been wasted on what appears to be unnecessary digging up and reinstatement of good roads. Nathan Road, for example, has been dug up continuously for the past 10 years. Very large sums have been spent in its repeated major reconstruction. It cannot be denied that if reconstruction had been carried out in the first instance with careful forward planning, particularly with regard to water mains, load carrying capacity and drainage, no subsequent reconstructions would have been needed for many years and many millions of dollars could have been saved. I gather that when Piccadilly was reconstructed some years ago provision was made for future expansion in all services for a period of 20 years. Hong Kong may well copy this example. As a first step towards ensuring stability, immediate consideration should be given to the freezing of Expenditure for the financial year 1963/64 for a period of 5 years, at an annual amount not exceeding the revenue derived in 1962/63. This proposal is not totally unreasonable because all that is suggested is to cut one's coat according to one's cloth.

Your Excellency has again stressed the importance of increasing the range of our industries and of our products. Every industrialist should take serious heed of the advice given by Your Excellency if

Hong Kong is to be saved from impending depression. It is through no fault of our own; not that we are lazy or that we lack initiative but it is because we have to suffer through embargoes, controls and high tariffs which have been levied against us. Diversification in the range of products is not difficult. It is often comparatively easy to increase a limited range of new products within an existing industry because the factory buildings and machinery are already there. All that is needed may just be getting out some new designs, making some new moulds or adapting existing equipment. But to start a completely new industry is not so easy. The land at Kwun Tong is too expensive for some industries and is not always suitable. Long delays in receiving replies from Government to applications for the conversion or exchange of land in the New Territories for industrial use often put off a man with capital. An application usually takes well over a year just to get from Government its conditions. By the time the formalities are finalized it may be as long as two years or more from the date of application before an architect could ask for the site to be pegged out. The time taken for the design of the factory building, for the approval of plans by the Public Works Department and for construction would require at least another two years. During that time the same industry might have commenced production in a neighbouring country, although a start might have been made much later but through Government assistance the industrialist in that country could produce the merchandise before Hong Kong. A good start would have been lost in an international market race.

I understand that a number of new factories could not be started in an area near the 13 mile stone on the Castle Peak Road through indecision on the part of Government. It is understood that negotiations on the development of that area for industrial use started as far back as 1959. The root of the trouble which caused the delays appears to be due to the lack of an outline or town plan in that area on account of some engineering problem. But there is no reason for long delays in respect of application for conversion or exchange relating to land in such part or parts of the New Territories where there is no such problem involved. In such cases I believe the delays are due to lack of proper co-ordination between the various Departments concerned and the lack of efficient machinery to deal with them expeditiously.

There is a great variety of goods which we can manufacture under licence. Very often an inventor or the organization which controls the sole manufacturing rights insists in an agreement on a start being made on production within a time limit. It is therefore important for an industrialist to get his land as quickly as possible for the construction of his factory and to be the first in production for the new goods in this part of the world. If Government drags on too long in negotiations for a site, the result would be that the local industrialist would

not only be unable to acquire a manufacturing licence but that such a manufacturing licence would be given to a neighboring country and be lost to Hong Kong.

In order to induce the investment of capital in new industries, so as to create further employment which must be found for our increasing population, it is imperative that outline planning for prospective industrial areas should be settled without further delay, so that sites for new factories could be made available as speedily as possible. I therefore urge Government to press forward with town planning in the New Territories and to review at the same time the procedure for the grant of industrial sites and the procedure for the conversion of land. If Government is unable to do the outline or town planning due to shortage of staff, private architects and engineers should be engaged for the work. This will, I am sure, not only speed up the granting of sites as an aid to new industries but will also eliminate a burden of an extra pension bill on the tax payer through the engagement of additional staff.

My honourable Colleague, Mr Dhun RUTTONJEE has spoken on rents of new buildings. It must be remembered that the whole object of excluding new buildings from the restriction of the Landlord and Tenant Ordinance is to provide for freedom of contract between parties and thereby to encourage building and redevelopment. Any attempt to interfere with this freedom not only constitutes bad faith on the part of Government but will retard redevelopment. At the time a tenant enters into his tenancy he is fully conscious that new buildings are not subject to control. If he signs a lease, that lease will guarantee him quiet enjoyment over the period of the lease. Certainly the lease he has signed does not imply that he can obtain therefrom quiet enjoyment over an indefinite period of years.

Mr RUTTONJEE has proposed the creation of a Fair Rent Tribunal so that differences between landlord and tenant of new buildings may be brought before the Tribunal for arbitration. The practicability of such a Tribunal has been considered and discussed by many tenants as well as landlords before. The difficulty is to decide what constitutes a fair rent for any particular premises. It would be dangerous to set up such a Tribunal unless some equitable principles could be laid down for its guidance. If the setting up of such a Tribunal is found desirable then old buildings should be brought under the purview of this Tribunal, and the Landlord and Tenant Ordinance should be repealed at the same time.

Finally I wish to refer to a press report of a question asked recently in Parliament concerning the frequency of meetings of the Advisory Committee on Corruption. It is unfortunately not appreciated in London that there are 3 separate Working Parties consisting of members

of the Advisory Committee with co-opted members to deal with specific problems. Besides the 18 meetings held in 1961 by the main Committee, the Working Party on Public Co-operation held 14 meetings. During the same period the Working Party on legal and general matters held 11 meetings and the Working Party on Departmental Procedure held 10 meetings respectively. Besides the meetings mentioned above, members of the Advisory Committee and co-opted members have had to deal individually with many files in circulation. Undoubtedly corruption exists in Hong Kong, but in many cases the fault lies in cumbersome departmental procedures and in delays which have given rise to suspicion of corruption rather than flagrant dishonesty. In their 6th Report the Advisory Committee emphasized that public support is essential if corruption is to be eradicated. I therefore appeal to the public to co-operate fully in endeavouring to achieve this highly desirable end and I urge that Government, for its part, implement as soon as possible the recommendations of this Committee.

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

MR C. Y. KWAN: —Your Excellency, at the last Budget Debate I sounded a warning on the gigantic cost of the administration. According to the present Estimates the personal emoluments and pensions of the Government officers for the coming year will amount to about 378 million dollars, as compared with the revised estimate of 336 million dollars for last year. It is impossible not to view with great concern the continuous increase in the cost of government. It is hoped that the professional management experts now engaged by Government to examine the working of some of its departments, will be able to produce a formula whereby the Government may function on the most economical basis commensurate with efficiency. For this reason we are all anxiously awaiting the report of the management experts.

Sir, my honourable Friend, The Financial Secretary, in his speech indicated that he proposed to pursue the matter of a full income tax with a view to making a change in the present system of taxation under the Inland Revenue Ordinance. He did not elaborate what he meant by a full income tax. If by it he meant the same kind of income tax as is obtaining in the United Kingdom, then I may say at once that there are considerable misgivings on the part of many responsible Hong Kong citizens as to the suitability of such a tax for Hong Kong. The question of a full income tax for this Colony has been much debated here before, and such form of taxation has been rejected as not being suitable or appropriate for Hong Kong.

A full income tax is, as the term itself conveys, one which seeks to tax all the income of each individual, whatever may be its source or nature. The system is a complicated one and entails inquiry and

inquisition into the personal affairs and family circumstances of such individual. Such inquisition is particularly objectionable to the Chinese people; by nature and custom the Chinese people resent it. Apart from the objection that it will cause untold irritation, annoyance and inconvenience to the taxpayers, the administration of such a tax is a difficult one and requires a large staff to function. It is extremely doubtful that such a tax can be equitably carried out in this Colony, having regard to its special circumstances. Such a system will create more opportunities for corruption—when I say this, Sir, I must not be thought to imply that Hong Kong is more susceptible to corruption than anywhere else in the world. On the other hand the present system of taxation is a simple one, and does not involve inquisition into personal affairs and circumstances of each individual.

Sir, the present prosperity of the Colony owes very largely to the inflow of capital from overseas to the Colony for investment here. Without such capital we would not have the industries and other enterprises as we have to-day. Foreign investors have come to this Colony principally because there is no full income tax here and because our rate of taxation is low. The fact that the present system of taxation avoids inquisition into the investor's personal affairs and circumstances is, in my submission, an important inducement and attraction to the foreign investor, who very naturally objects to having his private affairs pried into. The present form of taxation does not call for any such inquisition.

Sir, to change the present system of taxation by one of full income tax is therefore attended by the danger and risk of a flight of capital from the Colony and may well discourage future inflow of new capital to the Colony. Any system of taxation which may cause a flight of capital from the Colony or may discourage future inflow of new capital from overseas must jeopardize the Colony's position as an important financial and commercial centre and is detrimental to the wider interests of the Colony and her people, even though it may produce a little more revenue or may perhaps help to remove a certain inequity.

Having regard to our present somewhat precarious economic situation, which is not rendered the more satisfactory by the recent events which threaten to seriously affect the export of our main products, I cannot urge too strongly that Government should not likely introduce into Hong Kong the system of a full income tax to take the place of the present form of taxation. Sir, we cannot afford to run the risk of trying a new system which may adversely affect our economy and our position as an important financial and commercial centre. The present simple and inoffensive system has a lot of merits, particularly from the point of view of investors from overseas, and it is my respectful submission that we should leave well alone, in spite of the fact that it may not work as equitably as a full income tax might do, assuming

that a full income tax can be administered fairly and equitably here, which I doubt. Furthermore the present system covers much the greater part of an individual's income which would be liable to tax under a full income tax system, but is free of many complications which are inherent in a full income tax.

Sir, I have yet to be convinced that a full income tax is the best or the most appropriate form of taxation for this Colony. I believe that the grounds for wanting to abandon the present system of taxation in favour of a full income tax are that the present system is not quite equitable and that there are evasions. Cannot such inequity as is alleged be adjusted and the loopholes for evasion be plugged by a less drastic measure than the introduction of a full income tax which has more serious objections than the present inequity and evasions? Having regard to the special circumstances of the Colony and having regard to the composition of the population here, is it seriously argued that a full income tax can be administered equitably and fairly and that under that system there will be no evasion? If not, Sir, why try it, instead of finding some other means to bring about an improvement on the present system?

If the object of introducing the system of a full income tax is to raise more revenue, such object can be attained under the present system without having to employ a large staff which the administration of a full income tax would require, and, above all, without the irritation and the serious risks I have just mentioned.

It is my earnest hope that Government will explore all avenues for alternatives before proceeding to resort to such a drastic and controversial measure as that of a full income tax, and that if Government must resort to such a drastic and objectionable measure, then I must urge that before the Bill is introduced into this Council, the public should be given the fullest opportunity and ample time to study and discuss the detailed provisions of the proposed Bill and to express its views thereon.

Sir, there is one more matter which I would like to mention this afternoon. There is general dissatisfaction over the undue length of time taken by Government to deal with applications for the renewal of the Crown leases which have expired or are about to expire. At present if the owner applies for a renewal of his Crown lease, he would, after months of waiting, be given the Government's basic preliminary terms for a grant of renewal. After acceptance of the preliminary terms he has yet to wait for some considerable time before the full terms for the grant of the renewal are forthcoming from Government, with the result that a period of over a year from the time the application is made must elapse before the Renewal Agreement could be concluded. This long delay in finalizing the renewal agreement on the one hand

causes the owner great hardship, and on the other hand postpones the receipt by Government of the premium for the renewal. It inflicts hardship on the owner, particularly because in the letter offering the basic preliminary terms Government stipulates that if the owner should assign the property before the Renewal Agreement is concluded, the assignee will not be entitled to the benefit of the basic terms offered to and accepted by the assignor, with the result that he is virtually prevented from selling the property, for no buyer is prepared to buy the property in respect of which the Crown Lease has expired or has only a short period to run, unless he knows the amount of the premium he has to pay to Government for the renewal. It is appreciated that as the terms of renewal have to be settled by more than one Government department, it may take some time to formulate them, but it is respectfully submitted that the present long delay is unjustified. May I suggest, Sir, that an appropriate machinery be set up immediately to deal with such applications, with a view to expediting the finalizing of the renewal, and that in the meantime in order to alleviate hardship Government should agree to those owners who have already accepted the preliminary terms for renewal, to assign their property subject to and with the benefit of such basic terms, except that the assignee must pay the premium in a lump sum, and not by instalments, even though instalment payments may have been provided in the preliminary terms.

Before I conclude I would like to strike a personal note if I may, by expressing a hope, a hope which I know is shared by the whole community, that we shall continue to have the privilege and benefit of your distinguished leadership to guide the destiny of our Colony for many years to come.

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

MR Y. K. KAN: —Your Excellency, just as much as my honourable Friend, the Financial Secretary, felt it would be uncharitable to suggest that all the gloomy talk around budget time of impending recession and growing trade difficulties might be intended to warp his judgment and to raise doubts in his mind as to the wisdom of increasing taxation, so I would not be so ungracious as to suggest in turn that his mild budget was an attempt on his part to lure us, the unofficial members, into silence. Up to now there has been little sign of silence. We may indeed count our blessings in being let off so lightly this year, nevertheless, we need have no delusions as to what is in store for us in the not-too-distant future, that is to say, if my honourable Friend has his way. The warnings are clear and unmistakable. We are told in no uncertain terms that we may expect full income tax to be introduced, that there is no guarantee that the present rate of tax will not be increased, that it is going to be even more expensive to own a car, and that we shall have to pay more for our water.

With regard to the first of these warnings, my honourable, Friend, Mr C. Y. KWAN, has already spoken at great length on it. I have nothing further to add except to say that I fully concur with what he has said. It rests with me to deal with what my honourable Friend, the Financial Secretary, called "my second threat". I refer, of course, to his warning that he intended to tax the motorists off the road.

Sir, it will be remembered that last year my honourable Friend's predecessor, not satisfied with increasing the duty on petrol and licence fees, actually introduced a new tax in a vain attempt to stop people from buying new cars hoping thereby to solve our traffic problem, a device which one would have thought would be doomed to failure from the very start. My honourable Friend has indicated that he seriously intends to pursue this policy, he being of the opinion that car owning is a privilege of a minority, which is another way of saying that it is a luxury enjoyed by the few. If he was referring to the small number of people who own the limousines and sports cars we see on our roads, I may be inclined to agree with his point of view. But I can assure my honourable Friend that there are many hundreds if not thousands of others to whom a car is far from being a luxury, but a necessity. It is so for a man living a long way from work and with young children who have to be taken to and from different schools in different directions and at different school hours. With the transport facilities being unfortunately what they are, he becomes a desperate man, to be sure, unless he owns a car (or unless he hires a "Pak Pai Che") even though it may mean additional expenditure which he can ill afford. The example which I have just given is only too real. There are many people that I know who are in this plight and there must even be many civil servants who share the experience I have just described. To suggest to these people that their cars are a luxury is, to say the least, adding insult to injury. You can no more reduce traffic congestion by taxing the cars than you can cut down the birth rate by levying a Head Tax or a duty on rice. I suggest the further imposition of a burden in any shape or form on the motorists to be both unjustified and inequitable. Furthermore I would like to see the new tax on First Registration reviewed. As an awkward attempt to solve our traffic problem it has proven to be a complete failure which my honourable Friend has frankly admitted. As a means of raising revenue, it is an intolerable inequity.

The motorists have, in my opinion, already contributed their fair share towards the Colony's revenue. I am informed that last year petrol and diesel tax alone brought in 36½ million dollars; tax on motor vehicles in the form of Commonwealth Preference Tax and First Registration Tax raised another 8 millions; and vehicles and drivers licence fees a further 14 millions. Admittedly not all of these amounts are attributed to the motorists, but their contribution must be quite substantial.

There is in fact no traffic problem as such in Hong Kong. The density of traffic per mile of road is, I am told, far less than in any other comparable city; our density of 109 vehicles per mile of road includes motor cycles, scooters, etc. Our major problem is parking which is the main cause for much of the traffic congestion and in this respect, Government must accept a large share of the blame due to the lack of forward planning in providing for, amongst other things, adequate multi-storeyed car-parks. For example, Government must have known about the City Hall long before they built the two miniature car parks and there is absolutely no excuse whatsoever for their puny size. For years now when the parking problem must have become evident, Government have done nothing to help the motorist to park his car in Kowloon although there are ample sites available in the busy areas to build multi-storeyed car parks. It was not until very recently that Government decided at long last to make amend for what our friends in Kowloon particularly Mr SALES rightly consider "a gross injustice".

Your Excellency was kind enough to refer in your speech to public housing and the Housing Authority. Sir, there can hardly be any doubt that Government's role in housing must continue for many years to come. There is the resettlement of squatters of whom, it is estimated, there are still in the urban areas alone more than half-a-million on hillsides and roof tops waiting to be cleared. Then there is the new low-cost housing designed to fulfil a long felt need in providing accommodation to those earning \$400.00 or less. And finally, there is the Housing Authority and other housing societies who are financed by Government loans and whose function it is to fill the demand for reasonable standard accommodation by many thousands of families who do not fall within those two categories but whose relatively low income precludes them from paying the rents charged by private enterprise. Among this group are to be found teachers, office workers, shop assistants, in short, what we commonly call "the white collar class", who, it can be said without exaggeration, are the mainstay of our social and economic structure and for whom up to now very little has been done. These are the families with commitments towards medical care, the education of children, etc., which must all come out of the pay packet. Their plight cannot be ignored. Their number is great. The proof is found in the tremendous response met by the Authority each time applications are invited for an estate. In one of the estates now nearing completion, the Authority expects to receive by the end of this month about 25,000 applications for the 5,000 flats, in other words, five times as many as there are flats available. In another estate now under construction, the number of applications is expected to exceed the number of flats by ten times. Consequently the Authority must continue with its work. A limit has to be set on the Authority's loan but projects

in hand and in the planning stage will surpass the figure of \$156 million. The Authority is now left to carry on its work beyond this figure by its own resources which are limited and which alone will be insufficient for its present programme. The point has been reached when an assurance has to be asked of Government that more money will be made available. Otherwise, the housing of a vast number of deserving people would be prejudiced.

Furthermore the ability of the Authority and other housing societies to build more estates, combined with Government's declared intention to resettle 100,000 squatters each year and to provide low-cost housing for an additional 20,000 persons annually must surely be a most effective check against the undue rise in rentals of which my honourable Friend, Mr RUTTONJEE, has spoken.

I should add one further point before leaving the subject. As has been established in the recent debate of the Authority, the effective use of funds loaned by Government is reduced by the cost of land and the interest accruing on the loan, both of which must be repaid in cash. In short, out of every \$100.00 the Authority pays back about \$27.00 to Government. This aspect of its financing ought also to be reviewed. Of course, any concession to the Authority ought to be applied to the construction of more estates.

The estimates show this year that we propose to spend on social welfare about 12½ millions including 4½ millions by way of subventions to some 40 odd voluntary organizations. This is a slight increase compared with last year's expenditure. Bearing in mind the size of the population and the fact that a very large section of the community calls for social welfare assistance in one form or other, I feel that much more could be done particularly as regards some of the welfare services which urgently need expansion.

The recent establishment of a Social Work Training Fund and appointment of 3 consultants on social work training is a most welcome step. It has long been felt that if social welfare assistance is to be constructive, that is to say, to help the person to help himself, and if the money is to be used in the most efficient manner to produce the maximum benefit for the community, it is most necessary that those who are engaged in social work should be well trained and well equipped. A new and wide field is now open to many young men and women and those who are willing to devote themselves to professional social work as a career should avail themselves of this opportunity.

I have reason to believe that in many voluntary organizations the pay is particularly low for reasons of economy. There is, in my opinion, a great need for improvement of conditions of service for social workers

both in Government and particularly in the voluntary organizations if it is intended to encourage and attract more people to take up this vocation.

Finally, Sir, I wish to take up a matter which is of grave public concern though having only an indirect bearing on today's debate.

Sir, the Hong Kong Telephone Co, Ltd enjoys the exclusive right, conferred by the Telephone Ordinance, 1951, to supply and operate telephone communication within the Colony. Like all other public utilities it suffered tremendous set-back on account of the War which led to severe curtailment of its facilities during the first few years of the Re-occupation. That of course is understandable. But, as years went by, while other public utilities which also suffered very severe losses have succeeded not only in re-establishing themselves but also in expanding their facilities to meet growing demand, the Telephone Company strangely enough seems to be lagging far behind. It is, I believe, common knowledge that the Company has been for sometime and still is incapable to cope with the public demand for telephones and this has led to a great deal of complaints and criticisms some of which have appeared in the press from time to time. In this connexion, Sir, I would like to give an assurance that the letters we have seen in the press over the weekend and, I believe, today, were certainly not written or inspired by me. As an example, invariably, requests for telephone service are met with a reply in the form of a stereotype letter to the effect that there is no equipment and that telephone service cannot be given until such equipment becomes available. It would seem that the equipment, whatever it is, generally takes a very long time to arrive and I have known of cases where people were kept waiting for months if not years, before they could get a telephone. What concerns me most is to hear, as I know many of us did, of allegations of black-marketing and squeeze.

It cannot be denied that in a busy city like Hong Kong, a telephone is a virtual necessity to many people for the conduct of their affairs and that it is most important that we have an efficient and adequate telephone service.

It should be pointed out that the Telephone Ordinance obliges the Telephone Company to provide and maintain an efficient and adequate service to the public. Specifically, Section 27 of the Ordinance stipulates that the Company *shall* supply a telephone service to *any* person on request within a *reasonable* time after the receipt of such request, subject only to the fulfilment of certain formalities laid down. It is obvious that the Company has different ideas of its own as to what is a reasonable lapse of time.

I am told that some efforts have been made by the Company in recent years to improve conditions but even now the telephone service remains inadequate.

I would seriously suggest that the time has come for the Company, in the public interest and its own, perhaps with the aid of experts, to examine and overhaul its entire working machinery and to find ways and means whereby its services can be improved in keeping with the development of the Colony.

I would further suggest that in regard to the telephone and other public services, Government should set up a body with similar functions as those exercised by the recently constituted Advisory Committee on Public Transport, that is to say, to receive and investigate into the public complaints and suggestions and to ensure that an efficient and adequate service to the public is maintained at all times.

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

MR W. C. G. KNOWLES: —Your Excellency, when one first sees Budget Estimates such as those which the Honourable the Financial Secretary has lucidly presented the other day, one naturally looks first, with trepidation, at the totals of expected revenue and expenditure. When that first trepidation was allayed—as, touching wood, it has been every year so far—the next most interesting figures to me are those shown in the appendices, the proportions of total expenditure incurred for various purposes. According to my figuring, over two-thirds of our expenditure, both current and non-recurrent, comes under five heads: —

Security (in which is included Defence, the Police and the Fire Services)

Education

Medical and Health

Housing (including Resettlement and Expenditure from the Development Loan Fund) and

Water

after making allowance for revenue under each head.

Of these, the first four, within one or two points each account for 15% of our total expenditure, while water accounts for 10%.

The Honourable the Financial Secretary mentioned in his speech the forecast which he had made for the next five years, which he said was based on, but not restricted to, programmes of expansion which have already been agreed. I would suggest that it might be fruitful to approach the subject from a rather different angle, rather like the

Honourable R. C. LEE's, namely, to see what programmes of expansion can be fitted in to forecast revenue, divided up in the proportion in which present revenue is devoted to each head. Such an approach would seem to me to carry three advantages. First, and perhaps most important, the approach of "how much can we get of this much money because no more is available", is much more conducive to economy than "this project is essential—what will it cost?". It would also provide an incentive that would facilitate the re-examination of the standards of the public services which my honourable Friend suggested towards the end of his speech. I hasten to add that this is no reflection on the devoted and conscientious staff of the departments concerned, but merely an application to Government planning of a principle which has been widely proved in other spheres.

The second advantage of the approach I have suggested is that if the expenditure proposed under any one head were to rise substantially above the allotted figure and it seemed impossible to reduce it, it would make it easier to review critically the expenditure under other heads with a view to seeing whether they could not be correspondingly reduced so as to balance the totals.

Lastly, if unhappily it should one day appear that expenditure greater than that forecast was unavoidable, and that a radical increase of taxation would be needed to meet it, then Government would at least be able to point out to this Council and to the tax-payer precisely which head or heads of expenditure were responsible and what were the projects which made the increased taxation inescapable.

Sir, what I have suggested is a form of Government planning which, for all I know, is already the practice in the inner circles of Government but, if so, seems to me should be made more widely known. My honourable Friend, Mr BARTON, has advocated Government planning in another sphere, the economic sector of private enterprise. In this he has my complete support. There is nothing wrong with industry in Hong Kong; it is efficiently managed, operates first-class equipment and the work people are second to none. Nevertheless, you yourself, Sir, and the Honourable the Financial Secretary have both referred to the clouds which have gathered on the horizon, and indeed these are all too apparent to all of us who are concerned with the industry or commerce of the Colony. These clouds look as though they have been emitted by some giant skywriter spelling out the words "Quotas on exports from Hong Kong" all round the horizon, and however competitive our industry, the trouble is to find the markets to take our expanding production.

To secure such markets demands three things: firstly, we have to ensure that our industry expands in such a way that its goods will not interfere so drastically with the domestic production of importing

countries that we shall be disastrously curtailed; secondly, those who control our exports must learn that their interests in the long-term are best served by responsible behaviour which shows a proper regard for the point of view of our customers; and thirdly, we have to use all commercial means to promote the sale of our goods.

The first of these requisites requires the planning which Mr BARTON envisages. I hope that the report which we are expecting from the Economist Intelligence Unit following their investigation sponsored and paid for by certain bodies in the Colony, will make a foundation for such planning, but that report will fail in its object if it is not followed up, and I suggest that Government should appoint a committee of experts to consider it, and to recommend a policy which will provide incentives for industry to expand in the directions which are desired.

My second requisite calls for the utmost breadth of mind in our industrial managers, but it is most important for our industry as a whole that restrictive agreements entered into for any section of it should be respected in the spirit in which they were made; otherwise the Colony as a whole will lose all reputation of being a responsible manufacturing power, and will be given short shrift in any future disputes over our exports in any field of industry.

While on this subject of our reputation, Sir, I would like to refer to our system of certificates of Hong Kong origin, and to reports from abroad which express doubts that goods purporting to be manufactured in Hong Kong are sometimes of foreign origin. I can speak with personal knowledge of the meticulous care which the Chamber of Commerce and the Federation of Industries take to ensure the accuracy of the certificates they issue, and I should welcome a public assurance from Government of Government's confidence in the efficacy of current measures generally for ensuring that no foreign goods are exported from Hong Kong in the guise of Hong Kong manufactures.

I have enlarged on two pre-requisites for acquiring markets abroad; the third comes under the heading of what is now-a-days called "Promotion". Advertising has always been one of the most controversial topics in commercial management. The more conservative invariably tend to think that it is a waste of money and that produce of good quality and competitive price requires no artificial boosting. The reason why this controversy has never been and can never be settled is that it is impossible in the nature of things to provide any definite proof of cause and effect in the relation between expenditure on advertising and volume of sales. Nevertheless, the consensus of commercial practice has in recent years tended steadily in the direction of more and more advertising and public relations, and this practice is supported by the opinion of all the large organizations which specialize

in the field of sales, like the Oil Companies and Tobacco Companies, and others who make exhaustive and systematic studies of sales methods. I, for one, used to be inherently sceptical in this matter, but could not maintain that I was right and the world was wrong, and last but not least, I would appeal to Government, and to my honourable Friend the Financial Secretary, and to the Finance Committee of this Council, to take a broader view of this form of activity. It may be a question of casting our bread upon the waters; but it has been the experience of many who have done so that it returns a hundred fold.

The expense of adequate advertising and public relations in the world market is quite beyond any individual company or trade association in Hong Kong. The Hong Kong General Chamber of Commerce, of which I have the honour to be the Chairman, has in the past four years spent \$330,000 of its members' funds on public relations and trade promotion in the United Kingdom and the United States, and this year are extending their activities to countries of the Common Market. This is however the limit of the Chamber's resources and is only a fraction of what ought to be spent in this field. It is unfair that the burden of public relations abroad, which are for the benefit of the whole of Hong Kong's economy and therefore of every citizen of the Colony, should fall on the 1,000 or so members of the Chamber merely because public spirit is in our tradition, and I urge Government to re-examine the whole question and to loosen the purse strings. After all, the amounts set aside in the present Budget for trade promotion in all its aspects including the whole cost of the Tourist Association, amounts only to about one-third of 1% of total expenditure.

While on the subject of the Tourist Association, I would like to make a further special plea. When the Association was inaugurated, the number of visitors was limited by the hotel accommodation available to receive them, and the Association deliberately restricted its advertising to a minimum, concentrating in its first few years on developing the administrative organization required for giving service to tourists and collating the statistics needed as a basis for policy. Private enterprise in the Colony has now responded nobly to the call for more hotels, and by 1964 the number of rooms of good standard will have more than quadrupled since 1958. If the Colony is to get the full benefit from this expanded hotel capacity, these rooms must be filled, and to achieve this it is the considered opinion of the Board of the Association, supported by all informed and expert opinion, that an advertising campaign in the various countries of origin of tourists is necessary. Unfortunately, as I said above, it is impossible to provide any clear-cut proof that this expenditure is necessary, but the Association can point to the experience and practice of every other tourist centre in the world, all of which without exception spend very substantially more per visitor than we do. It is disappointing therefore that

Government have seen fit to cut the Association's budget by \$½m, which will hamstring the advertising campaign of our second most important export industry, for the sake of a paltry 1/20th of 1% of the Colony's total expenditure.

Apart from promotion, Sir, there is another way Government could help our export trades, and that is by setting up an organization akin to the British Export Credits Guarantee Department of the Board of Trade. During his visit here last year the Right Honourable F. J. ERROL, now President of the Board of Trade, expressed sympathy with this idea and promised to give any assistance he could in setting up such an organization in Hong Kong. I should be grateful to hear whether Government has made any progress in the matter since they were approached by the Federation of Industries.

Earlier in my speech I referred to Government planning in the economic field which my honourable Friend Mr BARTON complained had been conspicuous by its absence. Of physical planning, on the other hand, the Public Works Department must have had its surfeit since the war, and there is one item in which it would seem that there has been so much planning as to preclude a decision. I refer to the future of the Railway Station, a discussion which has been going on for so long that I cannot remember when it started, but so far as I know it is no nearer a solution. Until this decision is made, Sir, the development of Tsim Sha Tsui cannot be planned, with consequent delay to the car park so urgently required in that area, nor can any progress be made in developing the Hung Hom reclamation which has lain idle for so many years with consequent loss of revenue to Government. Other developments too depend on the Railway Station's future site, and I respectfully suggest, Sir, that some decision on it ought to be made at latest before the end of this year, and that if that is considered impossible this Council should be informed of the reason.

Sir, towards the end of his speech my honourable Friend the Financial Secretary said, and I quote, "we have been providing services for only part of the population while taxing the whole of it". I respectfully submit, Sir, that this does not give a very true picture. Analysis of the Colony's revenue shows that the revenue which may be expected to come from the richer section, including the shareholders of industry who pay profits tax, is some ¾ of the total, and I venture to suggest that this ¾ is in fact provided by a very small percentage of the population. Indeed, what my honourable Friend referred to in another part of his speech as "the privileged minority who own cars" probably corresponds fairly closely to the minority who also have the privilege of providing the greater part of the Colony's revenue. This is, of course, as it should be, and the aim of Government, as well as of commercial and industrial enterprises, must be to bring a larger proportion

of the population into the Inland Revenue's net by raising the standard of living to the greatest degree which is possible without causing inflation or endangering the competitiveness of our exports. Nevertheless although it is right that the richer sections of the community should contribute the largest part of the revenue, I find it difficult to understand my honourable Friend's attitude and that of his predecessor towards private motorists. My honourable Friend, Mr Y. K. KAN has already mentioned this topic and I would like to support his remarks. It is not easy to apportion the figures in the Estimates between private motoring on the one hand and public and commercial transport on the other, but on the basis of statistics for last year which have been made available to me, the revenue derived by the Colony directly from private motor vehicles probably amounts to some \$16m. to which must be added \$22m. the appropriate proportion of the revenue from import duties on hydro-carbon oils. I should make it clear that I am basing these figures on the Estimates for next year and the statistics for last year. This makes \$38m. in all, against which the total of road lighting, and maintenance of existing roads and bridges as well as the construction of new ones, only add up to \$32m. This leaves \$6m. towards the cost of the Traffic Police, which I have been unable to extract from the Estimates, and on the face of it would seem to show that private motoring pays very fully for the services which it shares with commercial traffic and with public transport which my honourable Friend seems to urge us, rather unrealistically if I may say so, to use.

Further, any increase in the cost of motoring is likely to affect only the lower income section of private motorists—those who on present costs can just afford to run a car. It is possibly for this reason that last year's new tax was directed only at purchasers of new cars who can be expected to comprise mainly those with higher incomes; and it is possibly for the same reason that the tax had little effect on the number of cars on the road. I do suggest however that Government are mistaken in trying to deprive middle class people in the lower income section of existing private motorists, of the possibility of owning a car; these are the people who suffer as much as anybody from shortage of housing and congested living conditions, and on the figures I have quoted every car owner in fact makes a fair contribution to the cost of the relevant public services.

Financial Secretaries, Sir, though they do not always appear so, are I am sure basically humane men, and one of the first objectives of taxation must be to extract the maximum money with the minimum of pain. I have already tried to point out that any increase of taxation on motoring which succeeds in the declared object of reducing the number of cars on the road will hit a special section of the community where it hurts most. The same applies, although a quite different

section of the community is affected, to estate duties, and here I would associate myself with the Honourable Mr LEE in suggesting that they should be drastically reduced, if not abolished altogether. These duties are estimated to produce next year some \$16m; the estimates do not record how much it costs to collect them, but the unproductive effort spent in trying to avoid them on the one hand, and to prevent illegal evasion on the other, must be very considerable. Further, they hit in the most sensitive spot that section of the community on which, when all is said and done, a very great part of our industrial prosperity depends; the amount of funds seeking investment in Hong Kong may at times have seemed embarrassing, but it cannot be questioned that an ample supply of capital is at the foundation of our prosperity—long may they both last. Hong Kong is anomalous in so many ways that it does not seem necessary to impose a tax of this kind merely in order to follow world fashion, and I suggest that Government should seriously consider whether what it produces is worth the wasted effort which it entails and the deterrent to economic residence in the Colony.

Sir, may I now turn to a topic on which in detail I speak for myself only, though I think I can claim support in principle both inside and outside this Chamber. If I may be excused for introducing such a simile into this august debate, a young lady in her 'teens can retain her charm despite little attention to appearance and despite no cosmetics, but in maturer years her elegance requires greater attention to dress and coiffure. Charles FORD, the first Superintendent of Gardens, by his systems of planting and conservancy transformed the "barren rock" of Hong Kong into a place of spectacularly verdant beauty, and ever since we have been able to plant skyscrapers and build roads which have been absorbed into the larger landscape without making much of a smudge. But it is now time to pay more attention to the dress and coiffure of our Urban areas. It may cost a little money, but it could only be an insignificant amount; what is really needed is that every development should be looked at from the point of view of appearance as well as function. In particular let us plant more trees. The Public Works Department deserves great commendation for the way it has done its best to preserve old trees wherever it is possible, but the fact remains that the last decade has been notable for the destruction of trees in the centre of the city and for absence of new planting there. The trees and grass in Harcourt Avenue are welcome, but surely the design should be extended into Connaught Road to replace the hideous central railing. There are many other places in the central part of the town where trees could and should be planted. As instances I give the traffic island at the junction of Garden and Queen's Road, and still more obviously the bus stop where Queen's Road, Wan Chai, forks off from Hennessy Road, where a large shady tree would provide not only beauty but a welcome shelter from sun and rain for people waiting for buses.

Surely, too, in planting trees on roads and elsewhere use should be made of the native varieties of flowering trees, some of which are little known. Probably few people in Hong Kong have seen the spectacular *Rhodeleia* and *Tutcheria*, or even perhaps the native species of *Camellia*, yet all of them grow wild on the hillsides, and it should not be difficult to propagate them and to use them for ornament in our streets and parks.

A variant of my theme is that we need also to pay more attention to the appearance of our country roads. I need not perhaps mention here the ugly straight-angled lampposts which replaced the graceful old lantern shaped standards on all our roads some years ago; some of the newer lamp standards, as in Harcourt Road, are more gracefully designed. I do however deplore the replacement of granite walls so characteristic of Hong Kong by iron railings on the verge of various sections of what used to be called Island Road, and still more the erection on the outside of bends of that road of those long fences in the form of huge and unsightly painted car bumpers. Already in places they need repainting, and I cannot think that the saving in cost, if there is any, is worth the unsightly disruption of the lines of the landscape. There may be technical reasons why their place could not have been taken by a granite wall or a vegetation-planted rampart, but I am sure if before they were constructed the plan had been approached from the point of view of the beauty of the road, the result would have been different.

Before I conclude, Sir, I would like to pay a tribute to the work which Mr ANGUS has done as Director of Commerce and Industry. I understand that he will be retiring in a few months' time and I am sure that all the commercial community, and in particular my colleagues on the Cotton Advisory Board, would wish me to take this opportunity of expressing our appreciation of the patience and flexibility he has shown in the many difficult situations with which he has had to cope, for his understanding of the needs of commerce and industry, and for his conscientious devotion to their promotion. It is a measure of the important position that he has built up for his department that his successor should be an officer of the calibre of the Honourable Mr HOLMES, to whom I would also like to extend the welcome of the commercial and industrial community.

Sir, I beg to support the motion. (*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.

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 LIQUOR as set forth in Notification No. A. 122 in the *Gazette* of the 9th December, 1955, as modified by Notification No. A. 13 in the *Gazette* of the 20th March, 1959, be revoked with effect from 2 o'clock p.m. on Wednesday, 28th February, 1962, and that thereafter duty shall be payable on liquors at the following rates per gallon: —

| PART I. | | | |
|---|------------------------------------|---------------------------------|--------------------------------|
| <i>On —</i> | <i>Hong Kong Origin \$</i> | <i>Empire Origin \$</i> | <i>Other Origin \$</i> |
| Liqueurs, Brandy, Whisky, Gin and other spirituous liquors | 65.00 | 65.00 | 73.00 |
| Champagne and other sparkling wines | — | 36.00 | 44.00 |
| Port, Sherry, Madeira and Vermouth | — | 20.00 | 25.00 |
| Other still wines (imported in casks) | — | 8.00 | 12.00 |
| Other still wines (not imported in casks) | — | 16.00 | 20.00 |
| Cider and perry | — | 2.00 | 2.50 |
| Concentrated beer in whatever form, whether ale basis or malt and hops concentrate, or otherwise | 1.60 | 1.80 | 2.20 |
| and in addition, for every degree by which the original gravity exceeds 1045 degrees | 0.04 | 0.04 | 0.05 |
| Other beer, except cider and perry, not exceeding 1055 degrees original gravity | 16.00 | 1.80 | 2.20 |
| and in addition, for every degree by which the original gravity exceeds 1055 degrees | 0.04 | 0.04 | 0.05 |
| Intoxicating liquors in this Part above the strength of 22 degrees under proof, for every degree above such strength, in addition to the duties specified above | 0.50 | 0.50 | 0.60 |
| PART II. | | | |
| <i>On —</i> | <i>Hong Kong Origin \$</i> | <i>Empire Origin \$</i> | <i>Other Origin \$</i> |
| Chinese type liquor and Sake | 6.50 | 6.50 | 7.50 |
| and in addition, for every one per cent by which the alcoholic strength by weight exceeds 25 per cent | 0.26 | 0.26 | 0.30 |

PART III.

| <i>On —</i> | <i>Hong Kong Origin \$</i> | <i>Empire Origin \$</i> | <i>Other Origin \$</i> |
|---|------------------------------------|---------------------------------|--------------------------------|
| Spirits of wine, arrack, and liquors other than intoxicating liquors | 6.50 | 6.50 | 7.50 |
| and in addition, for every one per cent by which the alcoholic strength by weight exceeds 25 per cent | 0.26 | 0.26 | 0.30 |

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

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

He said: Sir, this resolution which increases the rate of duty on certain alcoholic liquors seeks to give permanent effect to a proposal which I made when introducing the Budget on 28th February. The new rates have been provisionally in effect since that date.

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 DUTY ON METHYL ALCOHOL as set forth in Notification No. A. 27 in the *Gazette* of the 22nd March, 1957, as modified by Notification No. A. 80 in the *Gazette* of the 19th December, 1958, be revoked with effect from 2 o'clock p.m. on Wednesday, 28th February, 1962, and that thereafter duty shall be payable on methyl alcohol, other than methyl alcohol which is shown to the satisfaction of the Director to be intended for use and which is in fact used solely in the testing of aircraft engines, at the rate of \$7.50 per gallon and in addition, for every one per cent by which the strength of methyl alcohol by volume exceeds 25 per cent, 30 cents per gallon.

He said: Sir, this resolution is consequential on the resolution just passed. It is necessary to keep the rate of duty on methyl alcohol in line with that of alcoholic liquors in order to prevent adulteration.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

CRIMINAL PROCEDURE (AMENDMENT) BILL, 1962

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance further to amend the Criminal Procedure Ordinance, Chapter 221."

He said: Sir, an accused person arraigned on indictment before the District Court or the Supreme Court is required to plead personally. A corporate body is unable to plead personally, therefore this Bill seeks to amend the Criminal Procedure Ordinance, to permit such a body to make its plea through a representative. The proposed amendment follows the English law and a similar provision already exists in the Magistrates Ordinance, Chapter 227, in relation to committal proceedings against a corporation.

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: —

An accused person is required to plead personally upon his arraignment on indictment. This amendment, which follows the English law on this matter, will enable a corporate body to make its plea through a representative. A similar provision already exists in the Magistrates Ordinance (Chapter 227) in relation to committal proceedings against a corporation.

MEDICAL REGISTRATION (AMENDMENT) BILL, 1962

DR D. J. M. MACKENZIE moved the First reading of a Bill intituled "An Ordinance to amend the Medical Registration Ordinance, 1957."

He said: Sir, the purpose of this Bill which has the support of the Medical Council is clearly set out in the Objects and Reasons and there is nothing I can usefully add.

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 purpose of this Bill is to seek amendment of the Medical Registration Ordinance, 1957, in the following respects—

- (a) by clause 2, to provide that a certificate of the Registrar shall not only be conclusive evidence of the fact of present registration or non-registration, as the case may be, of any person but also of registration or non-registration on any date in the past;
- (b) by clause 3, to clarify the procedure whereby the Council may in disciplinary proceedings suspend judgment in appropriate cases; and
- (c) by clause 4, to extend to Commonwealth countries the provisions of section 29 relating to medical officers appointed by foreign Governments for the purpose of medically examining prospective travellers to those countries.

**QUARANTINE AND PREVENTION OF DISEASE
(AMENDMENT) BILL, 1962**

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Quarantine and Prevention of Disease Ordinance, Chapter 141."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 and 2 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Quarantine and Prevention of Disease (Amendment) Bill, 1962 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Third time and passed into law.

ADJOURNMENT

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

THE ATTORNEY GENERAL: —I suggest Friday, 30th March, Sir.

HE THE GOVERNOR: —Council stands adjourned until Friday, 30th March.