

**OFFICIAL REPORT OF PROCEEDINGS****Meeting of 16th March 1964****PRESENT:**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

HIS EXCELLENCY LIEUTENANT-GENERAL SIR RICHARD WALTER CRADDOCK,  
KBE, CB, DSO

COMMANDER BRITISH FORCES

THE HONOURABLE EDMUND BRINSLEY TEESDALE, MC

COLONIAL SECRETARY

THE HONOURABLE MAURICE HEENAN, QC

ATTORNEY GENERAL

THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK

ACTING SECRETARY FOR CHINESE AFFAIRS

THE HONOURABLE JOHN JAMES COWPERTHWAITTE, CMG, OBE

FINANCIAL SECRETARY

THE HONOURABLE KENNETH STRATHMORE KINGHORN

DIRECTOR OF URBAN SERVICES

THE HONOURABLE WILLIAM DAVID GREGG

DIRECTOR OF EDUCATION

THE HONOURABLE ALEC MICHAEL JOHN WRIGHT

DIRECTOR OF PUBLIC WORKS

THE HONOURABLE TENG PIN-HUI, OBE

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICRARD CHARLES LEE, CBE

THE HONOURABLE KWAN CHO-YIU, OBE

THE HONOURABLE KAN YUET-KEUNG, OBE

THE HONOURABLE WILLIAM CHARLES GODDARD KNOWLES

TIM HONOURABLE SIDNEY SAMUEL GORDON

THE HONOURABLE LI FOOK-SHU, OBE

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

## MINUTES

The minutes of the meeting of the Council held on 26th February, 1964, were confirmed.

## PAPERS

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

<i>Subject</i>	<i>LN No</i>
Sessional Papers, 1964: —	
No 15—Annual Report by the Commissioner for Resettlement for the year 1962-63.	
No 16—Annual Report by the Controller of Stores and Sand Monopoly for the year 1962-63.	
No 17—Annual Report by the Director of Audit for the year 1962-63.	
HE the Governor's despatch to the Secretary of State on the Report of the Director of Audit.	
Report of the Select Committee on the Draft Estimates of Revenue and Expenditure for 1964-65.	
Legal Officers Ordinance.	
Legal Officers Ordinance (Amendment of Schedule) Order, 1964	31
Importation and Exportation Ordinance.	
Exportation (Prohibition) (Strategic Commodities) (Amendment of Schedule) Order, 1964 .....	34
Resettlement Ordinance, 1958.	
Resettlement (Amendment) Regulations, 1964 .....	36
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No 9) Order, 1964	37

## RESOLUTION REGARDING THE REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1964-65

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 1964-65, be adopted.

THE FINANCIAL SECRETARY seconded.

MR D. J. RUTTONJEE: —Your Excellency, we—indeed all of Hong Kong—heard with great encouragement as well as with considerable pride your masterly review of our achievements during 1963. Despite the severe hardship imposed by the drought and restrictions in two of our principal markets, our domestic exports increased by 15.5%, maintaining and even surpassing the trend of previous years.

This "astonishing picture of sustained growth," as Your Excellency described it, has become a reality as a result of many factors; the resourcefulness and vitality of our people, the climate of free enterprise which Government has unceasingly fostered and safeguarded and the low rate of our taxation.

But, in addition, there has also been an important human factor, and that is the confidence which Your Excellency's leadership has generated. I can think of no better example of this high quality of statesmanship than the immediate and long-range steps you took during the most trying days of our water emergency when you mobilized all the resources of Government to meet this crisis.

It is indeed sad that you are now presiding at our last Budget session of this Council albeit your seventh. But during your fruitful years in Hong Kong as our Governor, you have contributed to our legacy, helped us in our growth, and guided us towards economic maturity. My Unofficial Colleagues will wish to have me voice their sentiments more adequately and I shall do so on the 26th March. So, for the moment, I will pass on to other subjects.

The main topic of my submission today will be again, as it has been in the past, on our medical and health problems. We have among us our new Director of Medical and Health Services, Dr the Honourable P. H. TENG, who was directly responsible for safeguarding the health of our people during the cholera invasions last summer. The task he has before him is an unenviable and not an easy one, as we are still very short of hospital beds, doctors and especially, nursing staff. With his great ability and dynamic drive, however I am sure he will soon be able to overcome this situation.

But in addition to medical and health problems, I also propose to discuss the question of rates on unoccupied premises and the subject of possible steps that can be taken to help the large numbers of people who have been and are being displaced by the redevelopment of old tenements. On these two subjects I wish to say at once that the views I shall express are my own and not necessarily shared by my Unofficial Colleagues.

In examining our medical and health problems, I have come to the conclusion that one of the most important needs is a clearcut

definition of terms. We need to define clearly what we mean when we talk about "acute" hospital beds and when we talk about "subsidiary" hospital beds.

I submit that this clarification is essential if we are to have a clear policy for the future development of our medical and health facilities. Otherwise, our discussions will be muddled, our policy will be muddled, and in the end, the objective we wish to achieve will be muddled too.

This clarification is also vitally important for another reason, and that is, the financial aspect of our medical programme. Acute, subsidiary, and chronic or convalescent beds have an immensely wide margin in both capital and operating costs. Unless we are specific in defining the beds we cannot determine what our financial commitments will be in each case. And it is with this in mind that I ask the indulgence of my Colleagues as I try to outline some of the essential definitions concerning hospital beds. I will confine myself to general hospital beds since the demand for this type appears to be the greatest and of them we are most short.

For administrative and planning purposes general hospital beds must be divided into three types: First, Acute General; second, Subsidiary General; and third, Cheap Elementary General for the convalescent and the chronic.

*Acute General Beds must again be divided into two categories:*

- (a) those with specialist coverage, teaching and research facilities, and dealing with casualty work such as are provided at the Queen Mary and Queen Elizabeth Hospitals. It can be expected that this type will be very expensive and will cost between \$50 to \$60 a day. They must therefore be supplemented by
- (b) those without or with limited specialist coverage and not dealing with casualty work such as are provided at the Nethersole and the Tung Wah Group of Hospitals. These can be expected to cost between \$20 and \$25 a day.

*Subsidiary General Beds*, on the other hand, will cost much less to run. They need no specialist coverage or operating facilities, and are similar to those now provided at Lai Chi Kok. Their cost can be expected to vary between \$12 to \$16 a day.

*Elementary General Beds* can be provided in simple buildings or Nissen Huts, and should prove satisfactory for convalescent patients. An efficient example of this usage can be demonstrated at the Freni Memorial Home for the tubercular. The chronic untreatable and the badly handicapped who cannot look after themselves can also be cared

for in this type of bed where only minimal nursing care and medical supervision need be provided. Such beds can be expected to cost as little as \$5 or \$6 a day.

Four years ago I began advocating the policy of progressive patient care using the various types of hospital beds outlined above in order to provide a more adequate hospital service at a cost which the Colony can afford. In 1961 I was assured that my recommendations would be given full weight when the schedules of accommodation were prepared for hospital beds. Three years have passed, Sir, and it is only in the recently published Report on the Development of Medical Services that recognition for these various grades of beds has been confirmed, this report recommends that while two-fifths of our general beds must be the acute type, one-fifth can be the subsidiary type with the remaining two-fifths accommodated in simple buildings.

Of the present available general beds in Government Hospitals numbering 2,080 some 1,760 are expensive acute beds while only 320 are subsidiary. Of the present available general beds in Government-assisted hospitals 1,650 out of 1,900 are acute beds while only 250 are subsidiary. There are at present NO cheap elementary general hospital beds (of the Freni Convalescent Home type for instance) to take care of the chronic and the convalescent, and only 210 infirmary beds are now being built by the new Kwong Wah authorities at Wong Tai Sin with this function in mind.

If the Medical and Health Department's recommendation in the Report on the Development of Medical Services is a reasonable guide for our future development then some 3,200 more of this type of cheap elementary bed and 1,100 more subsidiary beds will be required if our present number of 3,400 odd acute beds are to be put to maximum use. I am not unaware of Medical and Health Department's effort in trying to push through the New Lai Chi Kok and the Shau Kei Wan Hospitals which together will provide some 1,560 general beds. However, these will be subsidiary beds only and as subsidiary beds my criticism about these two hospitals have always been that they are budgeted at too expensive a capital cost, and the recurrent expenditure, when functioning, threatens to be extraordinarily high. At \$30,000 a bed capital cost and \$10,000 a year for recurrent costs, these beds will be costing as much as those of the New Kwong Wah Hospital, and the New Kwong Wah Hospital is providing acute beds. It is wasteful to plan subsidiary beds on this scale.

I have scanned all available medical reports and development plans and have not been able to discover one single reference to the consideration of cheap elementary hospital beds to be run by the Medical and Health Department at the recurrent daily cost of \$5 or \$6 to look after the convalescent and the chronic. This type of bed is the cheapest and

easiest to provide and to run, and their provision will allow more efficient use to be made of the existing acute and subsidiary beds. That their provision has not been advocated in spite of my repeated warnings is an example of muddle-headedness resulting from terms not being clearly defined at planning level. Much time has been lost and we are now paying for this lack of clarity and foresight. I do hope that my plea this year will not fall on deaf ears, and that my honourable Friend the Director of Medical and Health Services will look into this aspect of hospital expansion at the earliest possible moment.

In the meantime, in order to contain the grave situation caused by the shortage of beds, the use of Nissen Huts must be considered. They can be used for elementary hospital beds at small expenditure and the minimum waste of time. In this connexion I see no objection to utilizing part of the Chatham Road Centre for the purpose. The addition of these beds will immediately release some much needed and expensive acute or subsidiary general beds for their proper function. This situation applies also to tuberculosis beds, a number of which are now being used to accommodate patients who are untreatable but who are infectious and physically unable to look after themselves. Needless to say, stringent supervision is necessary to prevent the abuse of their usage. They must not be allowed to become hostels and a proper turnover rate must be energetically maintained.

I have now been informed that the New Lai Chi Kok Hospital will not be completed till 1968 and that the Shau Kei Wan Hospital much after 1970. In the meanwhile chronic and convalescent beds apart, we are 1,100 subsidiary beds short. The waiting list for non-acute surgery has risen from 2,000 in 1961 to over 8,000 today. The average stay in acute hospital beds in Government Hospitals has increased from 9.6 days in 1960 to 11.1 days in 1961, which increase, in the absence of any change of hospital policy, must be interpreted as being due to bed blockage caused by the lack of subsidiary and elementary beds. The Kowloon Hospital, which should be contributing to the alleviation of the situation has been closed and will remain closed for much longer than the promised six months.

I have never been able to understand why the Kowloon Hospital had to be closed lock, stock and barrel for maintenance and modification when the Queen Elizabeth Hospital was opened. Although the original hospital was built before the war a large part has been added within the recent three or four years at an expenditure of three million odd dollars. These additions include the kitchen, a theatre block with a surgical unit and three wards totalling 231 beds as well as the physiotherapy and surgical appliance centre. A further 134 beds were made available as recently as 1962 by converting the nurses' quarters, etc. Out of 500 odd beds, then, less than 200 are located in prewar

buildings. Surely the newly erected or converted blocks do not need to be shut down for nine to twelve months either for maintenance or modification? Why cannot at least a part of this hospital be kept open in order to lend support to the rapidly filling Queen Elizabeth Hospital and to help cater for the ever increasing demand for non-acute surgery? I submit that at least three hundred beds in the post-war buildings should be made available immediately in the Kowloon Hospital for use, and that this number be supplemented by another two or three hundred in the form of Nissen Huts in the compound, so that by the end of the year, when renovation is completed on the old hospital blocks, there will be available seven or eight hundred beds at the Kowloon Hospital. A small number of these beds will deal with non-acute surgical cases while the main part of the hospital will act as subsidiary beds to the Queen Elizabeth Hospital with the Nissen Hut accommodation catering for the chronic and the convalescent. Before the opening of the Queen Elizabeth Hospital, the Kowloon Hospital proved itself capable of dealing with 800 patients as a general acute hospital. The addition of beds in Nissen Huts would not, therefore, put any strain on its central services, and certainly this extra accommodation would prevent such dreadful overcrowding as I witnessed last year.

Another aspect of medical planning is the efficient control of bed usage. After hospital beds have been clearly classified and are properly equipped and staffed for their allotted function stringent supervision must be exercised to ensure that no abuse of their usage is allowed. Expensive beds must not be blocked by the insufficiency of cheaper hospital accommodation or by the lack of energy on the part of Hospital Authorities. This is essential for Government hospitals and for hospitals in receipt of Government Subventions. After all, if public funds are involved it is only right that no wastage or inefficiency is allowed to take root.

And now a word about staffing. I understand the University is stepping up its programme of training medical students, and that we can soon expect to have eighty new doctors qualifying every year. This is welcome news even though it does not fully meet Hong Kong's requirements. On the other hand, I have been assured repeatedly by the predecessor of my honourable Friend the Director of Medical and Health Services and the former Principal Matron that there is sufficient nursing staff to meet Government's requirements for approved projects. "Sufficient" is the key word here. Unless a standard is used for measurement, "sufficient" is a matter of interpretation. While the Medical and Health Department insists there are sufficient nursing staff for the hospitals, a large proportion of the actual medical staffs in the wards maintain that there are not enough nurses to care for their patients properly.

I have even heard of Specialists themselves sitting up with their patients after a particularly serious operation because they know that the nurse does not have time to do all the observation and treatment which they feel the patient should have. Cases have been reported where patients, ordered to have nothing by mouth after a repair operation on the oesophagus have been fed soup and congee by their neighbours—it not being out of the ordinary in Government hospitals for patients who cannot afford tips to serve one another.

One of my employees reported to me on his return home from a stay in a Government hospital that the day after he had had a major operation, with an intravenous drip going into his arm, a drainage pipe coming out of his wound, and a gastric tube passed into his stomach, he was expected to struggle with all this impedimenta to wash himself from a bowl of wash water which was left for him on the top of his locker about a foot away. And of course he was also expected to feed himself.

If this type of nursing is left to amahs and ward boys, is it any wonder if corrupt practices flourish? If we wish to ensure that our hospitals are free from squeeze and corruption, amahs and ward boys must be employed only for cleaning and domestic work. Basic nursing must be done by trained persons who, along with their training are imbued with a spirit of service and are taught pride in the profession. Because tipping is a general practice in this part of the world, it is not easy to teach uneducated workers that the acceptance of tips for services rendered in hospitals is unethical, or conversely, the withholding of services because of the absence of tips.

The trained Assistant Nurse is not only meant to take over the sort of nursing that is now done by Amahs and Boys but she will also assist the Registered Nurse in some of her technical nursing jobs such as changing a dressing, preparing cases for operation, giving simple medicine and injections, etc. Registered Nurses are expensive. Where possible they must be diluted in order to cut costs. The dilution of Registered Nurses by trained Assistant Nurses will provide better nursing coverage at a lower cost. It will also provide a stable element in the wards while student nurses are being rotated for study blocks or for variety of experience. I have so often heard of Sisters in Government hospitals complaining that all their nurses have been changed within one or two months. This constant change of staff must be very unsettling. It is bound to affect the efficiency of the nursing service and should be corrected.

Along with confused usage of the term "general hospital beds" there appears also the tendency for the Medical and Health Department to supplant the term "Assistant Nurse" by the term "Auxiliary Nurse". Hitherto strongly resistant to any suggestion of training or employing



Assistant Nurses in their hospitals, the Medical and Health Department is now consenting to explore the role the Auxiliary Nurse can play in Hong Kong. When I talk about Assistant Nurses I mean these nurses whose general education is two or three years less than is required for entry to general nurse training but whose other qualities are in no way inferior. These are nurses who have successfully undergone two years' theoretical and practical hospital training to fit them for their function as the practical nurse of the bedside. Their counterpart in United Kingdom is the statutorily recognized Enrolled Nurse, formerly the Enrolled Assistant Nurse, the word "Assistant" having been deleted by special legislation in 1961 in order to encourage recruitment.

If the Medical and Health Department's definition of "Auxiliary Nurse" coincides with mine for the "Assistant Nurse" I am happy to note that the use of this type of nurses is now being explored, belated and unnecessary though this "exploration" is. However, if by the term "Auxiliary Nurse" the Medical and Health Department means an Unregistrable General Trained Nurse who has undergone two or three years general nurse training outside Hong Kong but who is unable to obtain registration with our Nursing Board for various reasons, then I must urge the Medical and Health Department to reconsider the matter. These nurses have an entirely different background and training, and an entirely different usefulness to the community. The Unregistrable General Trained Nurse is in a class by herself and certainly is available in strictly limited quantities. If the situation is to have a long term solution, it is necessary that the Medical and Health Department accepts the principle of the Assistant Nurse (as I have defined here) and establish a continuous training programme to produce the required quantities. The Assistant Nurse can become the backbone of the nursing structure of our subsidiary and elementary general hospitals. She is quickly trained, less expensive to employ and will enable us to save our expensive and, therefore, precious General Trained Nurse for work which her higher training and education enables her to undertake. Thus, we will be able to provide an adequate nursing service to meet the needs of our community and at a cost which we can afford.

And now, Sir, I would like to deal with the rather controversial subject of rating vacant premises. As I mentioned earlier, the views I will express here in this regard are my own, and are not necessarily shared by my Unofficial Colleagues.

Your Excellency pointed out during your address, that despite our massive efforts, the housing problem remains acute, and that under the prevailing conditions, if we are really to keep ahead, we must accept a very marked increase in our building programme.

In the private sector, although buildings completed during 1963 reached the record value of \$560 millions, and 70% more than that during the previous year, there is a continued heavy demand for living space.

According to the 1961 Census figures, 726,577 persons are living in housing conditions that are gravely inadequate and in addition a certain number of the marine population is living on house-boats and hulks. Since new building is doing little more than keeping pace with the annual increase in population and having regard to the numbers who are displaced annually, the total number of persons now living in accommodation less adequate even than our resettlement accommodation, is probably in the region of a million.

My honourable Friend the Financial Secretary mentioned in his address that our construction industry is already at full stretch, and that building costs are going up. He wondered whether there was a case for restricting private development by licence in order to facilitate the achievement of urgent public works projects.

I am a staunch believer in the free enterprise system which gives full play to the principle of supply and demand. The figures I have given, leave no doubt as to the demand—or perhaps more accurately—the need for housing, yet we are all aware that there are premises standing vacant.

Under our present system, a private developer, having utilized the scarce resources and over-extended capacity of our construction industry, is given a tax benefit if he chooses to keep his premises unoccupied. He does not have to pay rates, or any part thereof, and he is encouraged thereby to keep his premises vacant until he gets the rent he demands.

While we need to stimulate the expansion of private housing development and safeguard the legitimate interests of the landlord, we must at the same time promote the well-being of the large numbers of our people who are faced with serious housing problems. We can scarcely consider it socially desirable or equitable for living accommodation to be kept unoccupied when we have a million people requiring adequate housing.

I submit that we need to think in terms of encouraging landlords to make prompt lettings, and I am inclined to believe that the best way of achieving this is to rate unoccupied premises at half the standard rate, as in the case of India, or at least at one-third of the rate as was the case in Scotland.

Our present system of rating occupied premises only, follows the English practice. This may be socially and economically acceptable in England where there is not a housing problem of similar dimensions,

but here in Hong Kong, we must give landlords an active incentive to have their living accommodation occupied continuously and from the start.

The standard argument against rating unoccupied premises is that it will dampen private housing development. I personally see no validity in this argument. For many many years to come we will continue to have a heavy demand for housing, and premises that are reasonably rented will be occupied as rapidly as developers can complete them. Rating of unoccupied premises will not, I am of the opinion, inhibit private development for so long as there is a demand for housing. What it may possibly do is to stimulate private property owners to shift their development programmes from the luxury type to the lower-priced type—but would this be a bad thing? Rating of unoccupied premises may also have some stabilizing effect on rents. And who would seriously argue that these two possibilities would not be healthy developments in our efforts to provide our people with better and more housing?

Having a bearing on the demand for housing is the plight of the large numbers of persons who are being displaced by the rapid redevelopment of old tenements.

Your Excellency mentioned that during the year it became evident that squatting was no longer being contained. You mentioned that one of the reasons for this increase in the number of squatters was the displacement of tenement dwellers.

I fear that with our rapid urban re-development, these displaced tenement dwellers will continue to swell our already large squatter population. These people have no alternative accommodation. They cannot afford the prevailing rents of newly developed tenements, nor can they, with the small compensation they receive for vacating their old tenements, afford to pay the first instalment on a new tenement flat. So they are forced to invest their small compensation in old wooden crates, corrugated iron sheets and cement and become squatters, so adding further to our problem of squatter clearance and resettlement.

I wonder whether something could not be done to tackle this problem at its root—either by Government, by private enterprise, or a combination of both?

It might be useful to explore the possibility of some kind of cooperative building scheme whereby the displaced tenement dweller could use as a down payment on a new tenement flat, the compensation he has received for vacating his old premises. At a low interest rate and a plan of instalment payments spread over 10 or 15 years, it would be possible to provide permanent housing for these displaced persons

and at the same time, prevent any further increase in the squatter population from this source. Perhaps my honourable Friend, Mr GORDON, would like to consider this as a possible use of his Colonial Development Corporation Fund?

This problem deserves our earnest attention for between 85,000 and 150,000 persons a year are being displaced as old tenements are demolished.

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

MR FUNG PING-FAN: —Sir, today Your Excellency presides for the last time at our annual debate on the Budget, and this thought has aroused in us a keen sense of impending loss, for during the seven years of your able administration Hong Kong has advanced at such a pace that it has evoked the admiration of all who have witnessed its phenomenal growth, literally speaking, physically as well as economically. Hills have been levelled to fill the sea to reclaim more and more land to meet the incessant demand for building sites, and not only our coastline has changed, but also our skyline has been transformed in the manner of Manhattan Island, only on a less gigantic scale. Housing estates for the indigent, schools for the children, medical services for the sick, and in fact almost all the necessary amenities for the people have been provided or are being planned to catch up with the ever-increasing demand for their facilities. This is indeed a record of achievements of which any far-sighted administrator has every justification for pride, and it certainly has won the admiration and gratitude of the people.

However, of all Your Excellency's many fine achievements during your administration, I regard the founding of the Chinese University of Hong Kong the most outstanding event of your regime, as it has taken over three decades for the establishment of this institution of higher learning. In the early 1930's when the late Sir Cecil CLEMENTI was the Governor of Hong Kong and Chancellor of the University, he was keenly interested in the idea of the founding of a Chinese university which was first mooted by a group of Chinese citizens, but unfortunately it was considered that the time was not opportune, and so only a Department of Chinese Studies was started within the framework of the existing University of Hong Kong. The idea was that as Hong Kong at that time was regarded as the Lighthouse of Learning in the Far East, and the majority of the people being Chinese, a Chinese university would greatly benefit the people not only of Hong Kong but further afield who would be expected to flock here to receive their advance education in their mother tongue and absorb the culture of

their native land China. As an eminent sinologist of world renown himself, Sir Cecil CLEMENTI did everything he could to foster the idea, but it was a keen disappointment to himself and his supporters at that time that it was considered too advance of the time for the founding of such an institution which was to be the medium for the fusion of the culture of the East and the West, thus helping to promote a better understanding between the people of the orient and the occident.

It is therefore gratifying that before the full term of your governorship has run out, Your Excellency has been able to see the realization of our long-cherished dream, and has launched out the Chinese University of Hong Kong which has great promise for the future under the able vice-chancellorship of such an experienced and reputable educator as Dr C. M. LI the present incumbent of that highly responsible office.

Whilst still on the subject of higher learning, I would like to refer briefly to the recent complaint in the West on the brain-drain of talents from one country to another. I have particularly in mind the loss of many of our brilliant students after graduation who, finding a lack of facilities to further their studies or researches, would want to go abroad in search of such facilities, perhaps never again to return to us, and I refer specially to graduates of Chinese secondary schools who wish to pursue higher studies. I would therefore urge the Government to make even greater efforts to provide more places for our university students and research facilities from the two universities. In this connexion, I feel that all Hong Kong citizens should also do their fair share to help, and I am sure that if we do our part, various foundations in the world will also help us generously.

One of the most impressive educational developments in Hong Kong in recent years has been the growth of Extra-Mural Studies in the University of Hong Kong, and I refer not only to the great increase in the quantity but also the quality and variety of valuable services it provides.

However, the, Department of Extra-Mural Studies could go further towards meeting Hong Kong's urgent needs in this field but for certain difficulties it has to face. Two years ago I drew the attention of members of this Council to this, and it is most gratifying to note that this year the Government has made a special grant to enable the Department to increase its staff. Whilst happy results already have been achieved, with registrations passing 3,500 over last year at about the same time, it has also made it plain that the Department is in urgent need of central premises. The overwhelming demand for classes is in the central areas, and having no premises of its own, the Department is finding it impossible to obtain sufficient or adequate accommodation. The City Hall has been generous with its four lecture rooms, but even this cannot cope with the demand during the peak period from 5 p.m. to 8 p.m.

I am therefore sure that a "down town" centre would lead to a greater increase in the programme provision and efficiency of the work of the Department.

In welcoming the Chinese University we look forward to the distinctive contributions to adult education in Hong Kong which it will surely make. However, I am convinced that it is of paramount importance that, in this field where so much valuable spade-work has been done by the University of Hong Kong, the two universities should work as closely as possible together; that co-operation should be the key-note and that at all costs, unnecessary overlapping, duplication or rivalry should be avoided.

For the last two years I have been speaking on education at our annual debate on the Budget, and this year I am again commenting on the same subject. In the past I have submitted my ideas on primary and secondary education to the Government, but today I shall touch upon one fresh and important aspect of our educational system that seems to have been so sadly neglected for too long. I refer to the education of what is known as "Educationally Subnormal Children" on which important recommendations have been made in the Hilliard Report of 1961 but which for some strange and inexplicable reason the Government has not yet carried into effect, although it has already accepted them in principle. Provisions have yet to be made to train the necessary teachers to handle these unfortunate children who at present receive promotion year by year while failing in every form, becoming a hindrance to the rest of the form and a discouragement to the teacher, not to mention producing an undesirable psychological effect detrimental to their own self-confidence. By building new special schools to meet their needs, there will be available more vacancies for the normal children in other schools at present taken by the retarded or backward students.

It is a matter of common prudence as well as humanity to do everything possible to equip these subnormal students to take their place as self-reliant and responsible members of the community. I would therefore strongly urge that the Government give this matter its top priority attention, and make suitable provisions for implementing the recommendations outlined in the Hilliard Report of 1961. There is no doubt that, with proper training and subsequent supervision, many educationally subnormal children, with the possible exception of some of the more severely mentally handicapped, can be placed in positions where they can be made into self-respecting, independent useful members of the community.

If correspondence in the columns of the Press may be taken as reflecting the general opinion of parents and educationalists on our present education policy, it would seem that some changes need to be

made to meet the peculiar requirements of Hong Kong students which are not the same as obtaining in countries of the West, and I would therefore respectfully suggest that if and when we discover our present policy not practicable, some bold and drastic changes should be made to meet the changing circumstances of the time.

In past years I have urged the Government to provide more facilities for education at the primary and secondary levels, and now I would like to urge that more funds be made available for putting my suggestions to effect, and not to rely too much on private schools to provide for school places. I think I am correct in saying that standards of some of the private schools, as some of you doubtless are aware, vary from "very good" to "very bad", and the students have to pay higher fees for an education that leaves much to be desired. Would it be pertinent to ask if the Government is at present satisfied with the quality of education provided in some private schools? It seems to me that we need more Government schools, more subsidized schools, and more aids for private schools if we are to improve matters.

Another important need is for the Government to make available more sites for the building and operation of private schools, but this I fear is not too easy to carry into effect due to the existing shortage of land. Nevertheless, the idea should be borne in mind when sites are available at any time.

As education is related to culture, I would like to dwell briefly on the need for an art council as suggested by some qualified to speak on this subject. Recent expressions have been made by correspondents and others in the Press on the need of a Committee of Art and Cultural Affairs, and my former colleague of this Council Mr Hugh BARTON had also touched upon this topic in his last speech at our budget debate before his retirement from Hong Kong. However, time and space would not permit of much elaboration in this speech on this interesting subject on which I can only speak in general terms, leaving to those better qualified to plan the necessary details, but I would like to remind this Council that since you, Sir, have expressed satisfaction with the popularity of our City Hall which most people regard as the centre of our cultural life, we should also have a body to co-ordinate the cultural affairs of Hong Kong. I understand that a Hong Kong Committee of Art and Cultural Affairs has been or is being formed by certain people interested in promoting the cultural affairs of Hong Kong, and I think that we should give some encouragement to these organizers and consider their views sympathetically when and if presented to the Government for consideration. We have sufficient talents here to make a successful venture of this most desirable object, and all that is needed is for the Government to offer them the necessary encouragement and support, and this I would seriously urge the Government to do.

From time to time, since the Pacific War, regrets have been expressed at the lack of a suitable site for exhibition on a sufficiently large scale and of a permanent nature to meet the demand of exhibitors at our annual trade exhibition. Every year much expenditure would be wasted on erecting temporary structures and stands, etc., on a site far too small for the need of our exhibitors, and these would be demolished at the end of the exhibition period, only to be re-erected at the next annual affairs, and the exhibitors themselves would be kept in suspense wondering where and when another accessible site would be forthcoming for their next exhibition.

As an indication of the financial and material waste annually suffered by the organizers and exhibitors of the Hong Kong Products Exhibition due to the lack of a permanent exhibition site, I would like to quote the total amount that had gone down the drains for the eight annual exhibitions from the year 1956 to 1963 at over \$9 millions, with nothing salvaged of any value.

I would therefore suggest that those responsible for the organization of these annual events should study the exhibition site at Toronto, Canada, where a permanent site is reserved for exhibition purposes. Also, there is a similar permanent exhibition site at Harumi-Futo, Tokyo, and when I was in Berlin in October of last year for the German Industry Fair I found the site so large that there were many permanent large buildings for exhibition as well as for various other purposes, such as indoor sports, concerts, ball-rooms, restaurants, pools and fountains, etc., also a park for spring and summer recreations and skating in winter, with other amenities for the use of the people of Berlin and visitors to that city throughout the year. We could do well to explore the possibility of earmarking a large permanent site for our own exhibition use so that throughout the year exhibitors from abroad as well as here could make use of it, thus attracting exhibitors from foreign lands to our shores, and tourists who visit Hong Kong on their business-cum-pleasure trips would have a good excuse for a longer stay here than their hitherto transient stop-over of a day or two, perhaps never to return, due to our lack of sufficient attractions and inducements for them to want to remain longer with us and return again and again.

In connexion with the suggested reservation of a large permanent exhibition site, I want to urge that suitable plans be made in respect of the huge Whitfield Barracks site, or at the large piece of vacant land at Hung Hom or at some future reclaimed land which we can gradually develop with suitable buildings and other amenities I have mentioned as existing in Toronto and other important cities of the world. The first essential is for the Government to make available the land, and help to put up a few large buildings, and I am confident that various



trades would then be only too ready to contribute their own buildings for the use of traders as well as for the enjoyment of the Hong Kong public.

Due to limited time, it is necessary that some of the subjects I have touched upon in this speech should be briefly mentioned in general only, but the idea is that we should give serious thought to the proposals advanced by the members of this Council, and wherever possible they should be carefully considered and adopted.

Your Excellency, in conclusion, I would like to pay a tribute to my honourable Friend the Financial Secretary for his "unexciting" budget which I consider to be the best present he can make to you, Sir, as a farewell gift, for the happiest memory Your Excellency can leave behind is that you have been able to lay down your mantle of office with the gratifying thought that it has not been found necessary to increase our taxation, thus bespeaking the robust condition of our economy which is the hallmark of an able and imaginative administrator. I am sure my colleagues will agree with me that it is indeed a singularly happy occasion to find that at this Your Excellency's last attendance at our annual Budget Debate we should consider it possible to carry on to the next fiscal year without the need for additional or new taxation, and for this splendid achievement I would just say a simple but sincere "Thank you very much".

Your Excellency, with these remarks I have great pleasure in supporting the motion before the Council. (*Applause*).

MR R. C. LEE: —Your Excellency, the Annual Review, made by Your Excellency at the last meeting of this Council, has served to give the world a clear picture of the progress which has been achieved in Hong Kong during the previous year. This progress has been attributed to hard work; but I venture to suggest that equally important is the existence of a Government which inspires confidence, encourages enterprise and permits hard work to bear fruit. Thus an efficient administration under Your Excellency's wise guidance has enabled the people of Hong Kong to prosper, its trade to expand and its living standards, particularly that of manual workers, to reach a perceptibly high level.

The Honourable Financial Secretary has again, this year, described his Budget as unexciting. He may rest assured that all is well and that his Budget has met with general approval.

The community is grateful to Government for the prompt action which has been taken to deal with the water emergency. What might have been a terrible disaster has been averted. It is true that some

inconvenience has been experienced in that most people get only a four-hour supply of water every four days. But we have suffered no ill effect.

This decision to supply water every four days has been proved to be a wise one. Had it been decided, for instance, to introduce a supply of two hours every two days instead, many households would have suffered because water pressure in many areas would be insufficient for them to get any water at all, while more favourably placed households would be getting more than their fair share. It may not be generally known that Government has given consideration to the hardships suffered by those who have no facilities for the storage of water for more than a day or two, by allowing them to draw water free of charge from street standpipes which are turned on every other day. I know this arrangement is much appreciated by those affected.

The Honourable Financial Secretary estimated that, by the end of the present dry season, 66 million dollars would have been spent on emergency water supply. Judging by the general improvement in export trade during the year and moreover, by the absence of any noticeable unemployment, it must be inferred that industry has not been adversely affected and that the money has been well spent. I, for one, would not query that item of expenditure.

The Honourable Financial Secretary has intimated a possibility of increasing water charges, and has expressed an opinion of the desirability of fixing a fairly arbitrary rate which could be adjusted upwards or downwards. In practice, an adjustment downwards is only a remote possibility. Past experience has shown that, in spite of the fact that revenue has improved to such an extent as to produce an annual surplus for many years running, no tax cut has yet been proposed. If an increase in water charges should prove inevitable I would plead with the Honourable Financial Secretary to introduce as low a rate as possible.

In spite of the efforts made by Government and private enterprise to house Hong Kong's tremendous population, the supply of accommodation is still lagging far behind the demand. This situation is likely to remain for some time. As a measure of meeting the shortage, a new approach to the problem of slum clearance should be made.

An obstacle to the speedy redevelopment of slum property is the lack of initiative and enterprise on the part of many small tenement owners. They are not altogether to blame because they have been handicapped by control under provisions, which have been incorporated in the Landlord and Tenant Ordinance and which have been in force since the end of the War. Cases have been known where the rent from such houses has left only a very small margin after paying for the cost of maintenance and management. It is therefore not easy for an owner

of one or two dilapidated tenement houses to redevelop his property. He may not have the necessary financial backing to enable him to do so. Very often, he may not even have sufficient funds to pay the fees for his opponents to be represented or for his own case to be prepared, in exemption proceedings, not to mention compensation for his tenants. Real estate operators have as yet shown little interest in the redevelopment of slum property in small lots. The small owner can, of course, try to persuade the owners of adjacent property to enter into a joint redevelopment scheme, but negotiations of this nature are long and tedious and often end in disagreement.

I am sure that many small owners will be glad to have their property redeveloped, and all that is needed to spark off the movement is to find someone on whom they can rely to carry out the scheme and who is willing to lend financial support and to give expert advice. The idea of Government coming into the scene seems appropriate. I therefore suggest, as a first step, that a Board be appointed by Government to consider ways and means of making redevelopment attractive to small owners of property. To begin with, let us try out a pilot scheme in one of the slum areas. Great care should be taken that the interests of the small owner are safeguarded and that it will in fact be to his advantage as well as to that of the community for his property to be redeveloped. Owners of houses can, if they so choose, group themselves together in any redevelopment project and jointly seek the assistance of the proposed Board. The Government should advance money, if required, to pay compensation to the tenants where necessary and to pay the cost of redevelopment. Government should charge no interest for money so advanced, but if money is advanced then Government should take a share of the profit after redevelopment.

In this way, possible sites can be cleared more quickly and more people can be housed after redevelopment. Living standards can thus be raised at the same time. Such a scheme ought to be welcomed by small owners, whose property will be more fully and economically redeveloped than it would otherwise be. It may be added that Government itself will benefit by an increase in revenue from rates and property tax. I would suggest that any profit made by Government in lieu of interest from the operation of such a scheme should be earmarked for housing purposes.

I come now to another subject, that of Education. One cannot fail to notice how frantically parents in Hong Kong want their children to acquire the School Leaving Certificate. One is inclined to ask whether there is something wrong somewhere in our educational system and why this Certificate should be so all important, particularly when persons holding only this Certificate are not well paid and are often in difficulty getting employment. This irrational hankering after the

School Leaving Certificate is mainly responsible for the great surplus of white-collar workers. This hankering is perhaps partly due to the traditional Chinese attitude towards the four "walks of life" namely "Scholars", "Farmers", "Workers" and "Traders", in that order, and the white-collar worker thinks he can acquire that respectability denied to others. Such an attitude must be abandoned. A city like Hong Kong needs all kinds of workers. We must try to drive into the minds of people that craftsmen and manual workers can be just as respectable as those who sit in an office. Indeed the trends are that craftsmen and manual workers will earn increasingly higher wages than office clerks. It is a fact that skilled labour in Hong Kong is more and more difficult to obtain, owing to keen demand and short supply. I understand that in the scaffolding trade, for instance, a man can earn over \$30 a day while carpenters get an average of \$20 per day. These wages are more than what many office workers get. We should now go into the question as to how to help young people to enter one of the many trades which are flourishing in Hong Kong. It takes a great deal of time to train skilled labour and not everyone can afford to be a lowly paid apprentice for a number of years. We have excellent Technical Colleges but they cater mainly for students aiming at higher qualifications. Facilities are needed for those who want to learn a simple trade and I suggest that the time has come when many more trade schools should be established. It is imperative for our young people at an early stage of their schooling to be taught to make use of their hands and to learn to enjoy doing so.

The press has recently focused attention on the problem of "pep pills". We are told that our problem involves not only the manufacture and distribution of the drug but also the smuggling of pills from abroad. My own immediate reaction to the problem is concern for the young people. We have already our share of juvenile delinquents, our teddy boys and teddy girls, and "pep pills" serve to aggravate our social problems. Measures must undoubtedly be taken to prevent the purchase of such drugs except on the production of a doctor's prescription.

I would like to draw the attention of Government to what appear to be infractions of the Undesirable Medical Advertisements Ordinance, 1953. In many advertisements, claims of special efficacy are made for certain products. The absurdity of such claims is only too apparent to discerning people. A case in point is that of a special brand of medicament, which claims that it could improve memory and develop lucid thinking, and students who are preparing for the School Certificate Examination are actually advised to make use of it. Another advertisement refers to a brand of eye lotion for curing short-sightedness, which claims that by its use, spectacles can be discarded. Many students are gullible enough to waste their money on these patent medicines which may be harmful to their physical and mental health. Prevention is

better than cure. If action is not now taken to examine the wild claims of those advertisements and to curb the activities of unscrupulous dealers, untold harm can be done. I therefore urge Government to take whatever action is appropriate.

Sir, when the Estimates of Expenditure are examined, it will be noted that personal emoluments in the Department of Commerce and Industry will be 22.5% higher than the amount for 1963-64. This is a large increase and I trust that it will be matched by a correspondingly high percentage increase in trade for the coming year. Personal emoluments in the Legal Department also show a large increase. It represents a jump of 19.4%. I hope that an increase in personnel in this Department will not mean that our laws will become increasingly complicated but that they will be simplified to a degree and written in a language we can all understand.

Sir, I support the motion before Council. (*Applause*).

MR C. Y. KWAN: —Your Excellency, in rising to support the motion before Council I would like to make a few suggestions for the amendment of some of our existing laws.

As Your Excellency is aware, in a recent case against the Medical Council of Hong Kong and the Attorney General that Court held that a certain regulation, namely Regulation No 15, made in pursuance of Section 11 of the Dangerous Drugs Ordinance, was ultra vires, null and void, as being beyond the enabling power granted by the Ordinance. The relevant part of the Regulation in question reads as follows: —

"If the Director is of the opinion that there is reason to think that a registered medical practitioner may be supplying, administering or prescribing any of the drugs either to or for himself or to or for other persons otherwise than as required for the purpose of medical treatment, . . . he may, with the consent of the Colonial Secretary, refer the case to the Medical Council of Hong Kong . . . for examination and consideration, and if the Medical Council of Hong Kong . . . so recommend the Director may by notice in the *Gazette* withdraw the authorization of such person to be in possession of or to supply the drugs and may direct that the exception in Regulation 5 in respect of drugs lawfully dispensed in pursuance of a prescription given by a registered medical practitioner . . . shall not apply in respect of prescriptions given by such person as aforesaid."

The Director referred to in the Regulation means the Director of Medical and Health Services, and for the sake of brevity I shall hereafter refer to him as the Director. Under the Medical Registration Ordinance the Director is the Chairman of the Medical Council.

The circumstances in which the Director resorted to the provisions of Regulation 15 were briefly as follows. A certain medical practitioner was found to have used about 360,000 tablets of a certain dangerous drug within the meaning of the Dangerous Drugs Ordinance during the period of one year, and this quantity, I understand, represented 43.7% of the total quantity of this drug imported into Hong Kong during the same period of time. In pursuance of the Regulation in question the Director, with the consent of the Colonial Secretary, referred the matter to the Medical Council of Hong Kong for examination and consideration. Then in accordance with the Medical Council's recommendation the Director gave notice to the medical practitioner concerned that his authorization to prescribe drugs as governed by the Dangerous Drugs Ordinance and Regulations would be withdrawn on a certain date and that the exception provided in Regulation 5 in respect of dangerous drugs lawfully dispensed would also be withdrawn from him.

Before the expiration of the notice the medical practitioner concerned issued a writ against the Medical Council and the Attorney General, claiming, *inter alia*, a declaration that the recommendation of the Medical Council was ultra vires, null and void, on the grounds that (a) the pre-requisite of jurisdiction of the Medical Council to make the recommendation was proof that the medical practitioner concerned had used the drug otherwise than for the purpose of medical treatment, which proof, however, according to the claim, was not adduced, and (b) Regulation 15 of the Dangerous Drugs Regulations was itself ultra vires, null and void, as being beyond the enabling power granted by the Dangerous Drugs Ordinance. The writ also claimed an injunction to restrain the Medical Council from enforcing or in any way acting upon or publishing the said recommendation, and in particular from publishing any notice in the *Government Gazette* to withdraw the authority of the medical practitioner concerned to possess or supply or to prescribe drugs under the Dangerous Drugs Ordinance and Regulations.

In deciding that Regulation 15 was ultra vires, the Court in effect held that since on the one hand the Director was the complainant and therefore the accuser, and on the other hand he was also the chairman of the Medical Council, which was a quasi-judicial body when called upon to examine and consider the matter referred to it under Regulation 15, it was against the general principles of law that the Director should be the accuser and at the same time the chairman of the judges in his own cause, and that this could not have been intended by the Legislature when the Ordinance in question was passed.

Other issues of law, such as, for example, whether the proceedings of the Medical Council conducted to examine and consider the matter

referred to it under Regulation 15 were valid and binding or ultra vires, were also raised in the case, but as it was decided by the Court that Regulation 15 was ultra vires it became unnecessary for the Court to proceed to decide on the other issues for the purpose of disposing of the case.

Sir, now that Regulation 15 has been held by the Court to be ultra vires and therefore inoperative, and the validity of the proceedings of the Medical Council held to consider the matter has been called in question, there may well be serious repercussion. Therefore I cannot over-emphasize the importance and urgency of Government taking immediate steps to review the legal position by introducing the required legislation to effect the necessary amendment of the law to ensure that no one, whether a medical practitioner or otherwise, may in future freely use a large quantity of any dangerous drug without effective check or control, and without having to account for it to the satisfaction of the appropriate authorities.

Sir, I may also take this opportunity of raising the question of the advisability, if not, indeed, the propriety, in certain circumstances, of the Director being made by law the chairman of the Medical Council, having regard to the various functions of the Medical Council and having regard to some of the duties of the Director, which at times may on the face of it appear incompatible with the principle that the adjudicating body should be wholly disinterested in the subject matter under adjudication. I may add at once that I have not the slightest doubt that the Director will never do anything that he does not think fair or just. It is nevertheless desirable that we should adhere to the well-established rule that justice must not only be done but must also be manifestly done. I hope therefore Government will also give early consideration to this question, as well as to the other issues of law raised in the case I have just mentioned.

Sir, I would also like to suggest an amendment of the Stamp Ordinance. Under Head 28 of the Schedule to the Stamp Ordinance the stamp duty payable on a deed of exchange of properties is on the value of such of the properties, the subject matter of the exchange, as is of the greater value. In other words, if under the deed of exchange Blackacre of the value of, say, \$100,000, is exchanged for Whiteacre of the value of, say, \$90,000, the stamp duty now payable on such a deed is on the full value of Blackacre, instead of on the difference in the values of the two properties. This is most inequitable and unfair, because ad valorem duty should only be charged on the basis of the monetary value that passes under the instrument, and the actual monetary value of the consideration that passes from one party to the other party under the deed is only the difference in the values of the two properties. Therefore in the case of two properties in

exchange being of equal value the only fair stamp duty that should be charged on such a deed is the nominal stamp duty chargeable on a deed where no consideration of a monetary value passes, but at present stamp duty is charged on the full value of one of such properties. Accordingly I respectfully submit that Government should review the present unfair imposition in the form of stamp duty and introduce legislation to remove the inequity by amending the Stamp Ordinance in this respect.

Sir, before I conclude, I would like to voice my full support of the suggestion to be put forward this afternoon by my honourable Friend and Colleague, Mr GORDON, that there should be set up a committee equivalent to the University Grants Committee in the United Kingdom, with terms of reference based on what Mr GORDON will shortly describe. I would add, however, that the establishment of such a committee should not be delayed. In the interest of the promotion and development of higher education in the Colony, which cannot but benefit the community, it is a matter of utmost importance that each of our two universities should have adequate funds to carry out its functions and be assured as much in advance as possible of the grant which each of them may expect from the public funds each year. In order to assess what is a fair and reasonable grant to each university each year, having regard to the circumstances peculiar to each university and having regard to the resources of the Colony, it is submitted that such a grant be negotiated, as it is done in the United Kingdom and other parts of the Commonwealth, through a committee equivalent to the University Grants Committee in the United Kingdom, such committee to comprise not only representatives of the Government, who should be in the minority, but also representatives of the universities and men or women from the academic field with a good knowledge and understanding of the aims, objects and problems of a university. Furthermore I concur whole-heartedly with Mr GORDON when he says that we should follow the United Kingdom system that once the grant is made to a university, its disposal should be a matter for that university.

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

MR Y. K. KAN: —Your Excellency, the 1964-65 Estimates show that there will be an increase in the Establishment of another 2,534 posts. This brings the Public Service close to 63,000 in number. The cost to tax-payers will be \$460 million in personal emoluments and pensions alone. This works out to just under 53% of Government's total recurrent expenditure. Only 9 years ago the total establishment



was 24,546 and the cost under \$150 million, one-third of what it is today. Over the years the Civil Service has been steadily expanding in number and in cost. To be sure, this increase will continue for some years to come. The growth of our Civil Service is of course inevitable. Of necessity it must keep pace with the growth of our population and the expansion of our economy. But, manifestly, the tax-payers who foot the bill are entitled to ask for an assurance that every one employed in government, whatever the grade, is engaged in gainful and efficient service to the public and that public business must be transacted with due despatch.

Delay has occurred in the past and is still occurring to varying extent in many government departments. My Unofficial colleagues have spoken on this point on numerous occasions and in different places. A cause for delay is the tendency to stick to involved and out-of-date procedures which might have served a purpose in more leisurely days but which have become cumbersome and are out of step with Hong Kong's progress. Had I the time to do so, I could quote numerous instances of unnecessary delay in government business stemmed from this source.

To this end, the Establishment Committee has this to say: —

“We have noticed from our study of departmental submissions that additional staff are sometimes sought in circumstances which suggest that the basic problem is one of work organization or procedures rather than shortage of staff. We wish to emphasize the need for departments to keep under constant review the work and operating methods of their sub-departments and branches; only in this way can they take timely steps to introduce improved methods, or indeed to discontinue work which once was but no longer is essential. This is but another way of saying that senior departmental officers must regard themselves as (and function as) administrators first and foremost, charged with the exacting task of ensuring value for money in the operation of their department. In this connexion, we commend that systems or services imposed on departments by legislation should not be regarded as immutable; with the passage of time, departments should make a regular reappraisal of such commitments and, if they find a change is necessary, they should not hesitate to make an approach to the Colonial Secretariat.”

Government has during the last two years engaged efficiency experts at considerable public expense resulting in at least one department undergoing major re-organization which I hope will bring about greater efficiency. Government has also set up an Organizational Surveys Unit which has been functioning for some time. The Establishment Committee has commended to the departments that they should not

hesitate to call on the services of this Unit. I would go further and suggest that the time has come when the Unit should be authorized to take the initiative of investigating into the organization and working methods of any government department if it considers such investigation necessary in the interest of greater efficiency.

In your review Your Excellency has spoken with justifiable pride of the success and achievement of our trade and industry during the past year. By agreement, much of this success is due to the enterprise and resourcefulness of our businessmen and industrialists. By agreement, too, Government has played a vital part also. It has done so by creating the right conditions which inspire public confidence: a stable administration, the impartial maintenance of law and order, a strong currency, low direct taxation, and a minimum of restrictions. Moreover, it has extended to commerce and industry such assistance as is necessary for the benefit of the Colony.

Each year this Council votes a very substantial sum for trade promotion and commercial public relations. This year, for instance, we are asked to vote a sum of over \$4½ million for this purpose. Of this sum, \$1,800,000 goes to the Commerce and Industry Department for trade promotion and publication expenses for the Trade Bulletin and CIF Directory, \$1¾ million for commercial public relations and \$1 million for the running expenses of the London and Sydney offices. The vote does not take into account the subventions totalling about \$4 million to the Federation of Hong Kong Industries, the Hong Kong Management Association and the Hong Kong Tourist Association or the expenditures of the Information Services Department in connexion with public relations work overseas.

At present, as far as I am aware, trade promotion from public funds is left in the hands of only three bodies, the Commerce and Industry Department, the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries. Whether other trade and industrial groups are consulted or not, I do not know.

The question I should like to raise is whether better advantage could not be gained if there were a central co-ordinating body for trade promotion fully representative of all interests.

In 1958 the Japanese Government established the Japan External Trade Organization, commonly known as JETRO. To this Organization is entrusted the overall overseas trade promotion activities such as market research, public relation, participation in international trade fairs and arranging foreign trade transactions.

No doubt those who are engaged in trade and industry know much more about this organization than I do and are in a better position to

judge whether there is the need or the scope in Hong Kong for a similar organization with JETRO as the pattern. I can do no more than commend this idea for their and Government's consideration.

Another matter which I know has engaged the attention of some people interested in public affairs concerns Hong Kong's representation in the meetings of international organizations which we attend. It is felt that not only must we choose the occasions to be represented, we must also ensure that our representatives are capable of putting our case effectively.

Unofficial members of the Urban Council have recently voiced the need for wider representation on government boards and committees.

Nobody would gainsay the need for a gradual development of public interest and participation in the administration of the Colony's affairs. A careful selection of responsible citizens of proven integrity and ability to serve on government boards and committees will undoubtedly inspire public confidence in Government. It will help to build up civic consciousness and result in greater co-operation between government and the people. It has also been suggested that the chairman of these boards and committees should be an unofficial member rather than a government official. These suggestions, in my opinion, merit Government's serious consideration.

I would now like to turn to a subject which appears to receive more public attention and, incidentally, engenders more feeling, than any others, that of traffic and public transport. In this connexion, and following the order of the day, I should like to make it clear that the views expressed are my own and are not necessarily shared by my Colleagues here or on the Advisory Committee on Public Transport.

After a three year study of traffic in towns in Britain, a committee headed by Professor BUCHANAN has re-affirmed the general belief that cars are here to stay. This report is now being studied in Hong Kong. It is important because it presents the full implications of traffic growth, it describes in detail the problems which will inevitably arise, it offers a working guide to what should be done to cope with these problems, and it gives warning of the dangers which threaten us if we ignore them.

While our difficulties may not yet be as serious as those in other parts of the world, our densely populated urban areas, our narrow roads and the rapid increase in our traffic indicate that serious problems lie ahead.

In the past ten years, the number of registered vehicles has increased from about 20,000 to nearly 73,000. If this increase continues at this rate, by 1974, ten years from now, we shall have nearly 270,000

vehicles on our roads, and the present density of 136 for every mile of road will have risen to 420 a mile. If these vehicles were placed in line, nose to tail, they would stretch longer than the total length of all the roads in Hong Kong.

Most people have a healthy suspicion of statistics, but the record of the post war years must appal the most sceptical. The rate of expansion has averaged 14% compound per annum, and shows no signs of abating. Many people think that increasing congestion will somehow limit the number of cars and keep it at a stable and manageable level. But experience shows that this has not happened elsewhere, and there is nothing to suggest that Hong Kong is likely to be an exception. We are, in fact, warned that "The rising tide of cars will not put a stop to itself until it has almost put a stop to the traffic, essential and nonessential alike."

Serious efforts are now being made by our public transport companies and by Government to bring about improvements which will meet the growing demand for public transport more successfully than in the past. But unless there is also a vast improvement in our road system, these can only be short-term measures. As congestion increases and journeys by public transport get slower, more and more people are going to turn to private cars, thus adding to the congestion and to our traffic and parking problems.

Now, what can we do about it? We are making a start by arranging to have a survey made of traffic and our future transport requirements. We can also apply the principles recommended in the Buchanan Report, which are intended for Britain but which are equally applicable to Hong Kong.

One thing it points out is that a time must come when congested central districts cannot physically accommodate all the traffic that will want to use the streets, or park in the area. There must be some form of limitation, either imposed voluntarily by car owners themselves, or by the authorities. The former will only occur when there are convenient alternatives, and the latter is of limited value. Limitation by excessive taxation is dismissed as unrealistic for we cannot turn the clock back and make the motor car a luxury reserved exclusively for the rich and privileged. The Buchanan committee considers that limitation, not of ownership, but of use in certain areas is also likely to be unworkable, pointing out that "It is a difficult and dangerous thing, in a democracy, to try to prevent a substantial part of the population from doing things which they do not regard as wrong; black markets and corruption are the invariable fruit of such attempts at prohibition". The only limitation it accepts as efficacious is control of parking, but emphasizes that it must be part of a co-ordinated plan, an essential part

of which must be an expanded and improved public transport system. The car-commuter is the heart of urban traffic problems, but the only effective way of persuading him to give up travelling to work by car is to provide a public transport system which is more convenient than his car. The Report states that "To prevent the steady rise in car-commuting it would be necessary to provide a great many more bus and tube routes running at very frequent intervals, at reasonable fares, and with enough vehicles to guarantee a seat to every passenger." Under present conditions in Hong Kong, it is difficult to imagine such a state of affairs. But if we are to get people out of their cars and into public transport we must think along these lines.

Our immediate problem is an insufficient number of buses and trams. But even if these are increased, a time will come when our roads will be unable to carry any more. This has led to a growing conviction in many quarters that some form of supplementary transport system, divorced from the roads, must eventually be introduced into Hong Kong. With an ability to move large numbers of people speedily it would serve two purposes: it would cater for future demands for public transport, and it would reduce congestion on our streets. But this alone would not solve all our problems. We would still need buses and trams for local travelling and short journeys and they would have to share our limited roads with trucks and vans, taxis and those cars whose owners have not been persuaded to abandon their use. We shall need new roads, new bridges, underpasses and flyovers on an ever-increasing scale. They will have to be planned in conjunction with the design of new satellite towns and various forms of urban renewal. They will cost a great deal of money. But the cost of *not* building them, of allowing our communications to reach a state of saturation where nothing can move, may be much more costly. The livelihood of our people depends on industry and commerce, and they, in turn, depend on the movement of people and services, of raw materials, building supplies and finished products. There are many calls on the public purse, but transport and communications must receive a fair share for they are an essential and vital part of our existence. Finally, I believe that we must give recognition to the importance and to the interdependence of traffic, Public Transport and Town Planning in the administrative arrangement which we make for controlling these activities.

Sir, I support the motion before Council. (*Applause*).

MR W. C. G. KNOWLES: —Your Excellency, it is often said that nothing succeeds like success, but the longer my honourable Friend, the the Financial Secretary, prepares such successful budgets and presents them so convincingly, the more unpopular he will get with Unofficial

Members of this Council. Being left with nothing to criticise, their annual speeches will become shorter and shorter, and in the end contain nothing but congratulations, than which nothing falls more reluctantly and unbecomingly from Unofficial lips.

The Colony's accounts do indeed show a very strong financial position. It may be worth remarking on a few salient points. It is planned to plough back 27% of recurrent revenue into capital expenditure, the corresponding figure last year being 23%. (This is not in fact quite the whole story since the budget deficit mirage is all shown in capital account; but it does suggest a healthy trend). The expenditure under the five main heads of Security, Education, Health, Housing (including Social Welfare) and Water, still account for just under two-thirds of the total expenditure, with the first three evening out this year at between 13% and 14% each, and the last two at 11½% each. I should add that the expenditure on water I refer to is the figure under that sub-head in Public Works Recurrent, and does not include the cost of special measures such as the import of water by tankers which does not appear in these estimates.

The budget speeches of Unofficial Members of this Council tend to be a catalogue each year of the points which they took up the previous year and about which nothing had been done in the meantime. I am happy to say that I am able to make my remarks this year an exception, at least in one respect. I was recently given the opportunity of visiting two of the tree and shrub nurseries on Hong Kong Island; one contained 25,000 tree seedlings and the other over 40,000 shrub cuttings. There are similar nurseries on the Mainland and I am told that, in all, the Urban Services Department nurseries will soon be producing plants at the rate of 275,000 a year. This is a most welcome development and the Urban Council and the Government Departments involved deserve warm congratulations on their achievement which, I understand, has all been brought about in little more than the last 12 months. Let us hope, Sir, that some of these new trees will very soon be planted in Connaught Road, Central, and other central parts of our City, including Chatham Road in order to hide the hideous Nissen huts which my honourable Colleague, Mr RUTTONJEE, referred to just now.

This leads me to a wider thesis which has been the subject of correspondence in the Press recently: the need to plan not only our Urban development but our countryside. The vast expansion of our built-up areas threatens not only rural life and agriculture but wild life, both animal and vegetable. In the well chosen words of the letter to the Press which started the discussion, we should be concerned "with the right use of the countryside so as to preserve a proper balance between birds, plants, animals and man in order to safeguard the health and the

well-being of the community". In my view we must aim to establish a national park or parks, with bird and wild animal sanctuaries, before the birds and animals have all disappeared.

If a precedent is needed to justify incurring expense in pursuit of what is partly a cultural object, I would quote the City Hall, which cost a great deal of money. When that was first proposed, and indeed until it was completed, I freely admit that I was among those who considered the money ill-spent, but in the event I think there are now very few people who will dispute that it has filled a very real need. National parks and game and bird sanctuaries are no less needed, and will cater for a section of the community at least as large. It may be that some such proposals are already being studied by Government; if so I should welcome a statement on what is being considered and what committees or Departments are doing the considering.

While on the subject of the countryside, is it not possible to speed up the afforestation of our barren and eroded hills? I know the difficulties, but I cannot help wondering whether by the use of more modern methods, and perhaps varying the type of tree planted, we could not make more rapid progress; I imagine that one of the ancillary organizations of the United Nations would be able to advise us. Apart from other considerations, I believe it has been the experience elsewhere that afforestation has resulted in a marked increase in rainfall, which would be a very valuable side effect and by itself justify considerable expenditure—by the time Plover Cove is finished our reservoirs will provide substantial storage capacity and anything which helps to fill them will be of immense practical value.

The tables of land use and crop yields contained in the report for 1962-63 of the Director of Agriculture and Forestry do not paint a happy picture. Our food production is not growing in step with our population and the trend is downward in everything but vegetables, which show a small increase of 8% over the previous year. I understand there is difficulty in finding land for resettlement of villagers displaced by public works like the Plover Cove scheme, yet the Director of Agriculture reports a slight increase in what is called "abandoned land". Every effort should be made to increase the acreage of land under cultivation, and the number of men and women employed in farming. Are there not areas on Lantau and perhaps other islands which could be made suitable for cultivation? There must be many farmers among our immigrants, and it would be worth trying to settle some of the people from cleared squatter areas on the land instead of transferring them to the crowded resettlement blocks.

In short, Sir, it seems to me that amidst our necessary preoccupations with urban and industrial development we are in danger of forgetting our countryside and country life, and that Government should make

every effort to redress the balance, so that country and town progress in step lest one disappear altogether.

Sir, I spoke last year on the subject of administrative delays in Government and at the risk of nagging I must again refer to them. Delays inevitably cost money, not necessarily to the Government but to individual members of the public. Government is rightly zealously conscientious about the use and waste of public funds, but does not seem to have the same regard for the funds of members of the public.

Last year I mentioned particularly the Registrar General's Department and the backlog of Crown leases. To what I then said, I must now add that it takes from four to six months to get the Registrar General's consent which has been required since December 1961 before any agreement for the sale of flats in a new building can be entered into. This is quite out of keeping with the tempo of business as it is conducted in Hong Kong, and such delay must result in increased costs which are ultimately reflected in increased rent with all that that entails. Perhaps a time limit should be imposed for the giving of consent, or perhaps some simplification of the procedure might be possible, as for example dispensing with the requirement to obtain consent if the agreement included Government prescribed standard terms for the protection of the buyers' deposit money.

If I single out the Registrar General's Department in connexion with administrative delays, it is no reflection on that very competent, conscientious and over-worked officer himself. It is because there is here a clear and admitted case where reform of procedures is urgently needed. The Establishments Sub-Committee of this Council recently discussed the matter at length with the Registrar General and despite extra staff he held out no hope of improvement. What is needed is a complete re-organization of procedure almost certainly accompanied by changes in Legislation, and the existing staff, including the Registrar General himself, are too occupied keeping abreast of the most urgent part of their work to make the necessary investigation. It is clear that someone must be detached altogether from routine work for the purpose, and I urge Government in the strongest terms to make arrangements to do this immediately.

My last topic, Sir, is a repetition and enlargement of a proposal I made last year. I suggested then that a Committee or Commission should be specially convened by Government to assess what are the needs of the Colony for University education. Some weeks after I had made that proposal the Fulton Report was published and made an almost precisely similar recommendation. I now propose further that the investigation should make a quantitative assessment of the Colony's



requirements for all education after primary schooling, namely University, Technical College, Secondary schooling, and vocational and pre-apprenticeship training.

Government have accepted as a policy that every child shall be provided with a primary education, but there is a conspicuous lack of any basic policy for the provision of secondary education; the Technical College and Universities are expanding, but they are doing so quite haphazardly and it cannot be otherwise until there is some informed guess, even if it cannot be more than a guess, of how much of each type of education we really need. Vocational and pre-apprenticeship training hardly exist at all and to plan for this we need to know how much to aim for or all our schemes will be ill laid. Too much planning can sometimes be dangerous, but in this case Government has accepted the need to meet most of the cost of post primary education out of public funds, and it is incumbent on them to allocate money for these purposes on a methodical plan, which cannot be done without the information which I have suggested should be obtained by a special committee.

Apart from trying to assess how far our local institutions need to be expanded, the Committee should be asked to advise whether Government should not speed up matters by providing scholarships overseas. Looking at Government servants alone, I find that there are only 58 expatriate doctors in a total of 484, which would appear to indicate that the Medical Faculty of Hong Kong University is producing nearly enough for our needs. On the other hand, of the lawyers in Government service there are 56 expatriates out of a total of 66 and it seems that something should be done to decrease our dependence on overseas barristers and solicitors. It may possibly be economical and desirable that lawyers should be trained in Britain, and I suggest that the Committee should consider recommending, Government to grant a number of scholarships to enable suitable candidates to go abroad to obtain legal qualifications. I recognize the difficulty of retaining such people in Government service after they return, and I do not suggest that any attempt should be made to do so, but that the cost of the scholarships should be regarded as part of the Colony's expenditure on education in general. The question is one of supply and demand of qualified lawyers, and an increase in the supply will make it easier to obtain local men for Government service. I have picked on lawyers as an example but there are many others; the Committee might for example think that some overseas experience for graduates of the Universities would help to produce the material required for management of our growing industry, and if so advise that Government provide scholarships for the purpose. The Committee would of course bear in mind that we do not in general wish to spend money on the education of people who subsequently take up employment abroad, and take this into account in framing their recommendations.

In short, Sir, I suggest a Committee with very wide terms of reference, embracing both the need for each type of education higher than primary, and the best way of providing it, whether by local educational institutions or by subsidizing overseas experience.

Before I conclude, Sir, I would like to touch on one other matter—the formation of a body in Hong Kong analogous to the University Grants Committee in England. I understand that my honourable Friend, Mr S. S. GORDON, is going to refer to this in his speech and I would like to put on record that I fully support his attitude, and indeed, that I consider some such Committee essential for the proper allocation of funds to the two Hong Kong Universities.

Your Excellency, I beg to support the motion before Council. (*Applause*).

MR S. S. GORDON: —Your Excellency, I have been warned that it is wise to let sleeping dogs lie and accordingly will keep my remarks on taxation brief. This quiescent attitude should not be taken to imply that I am in agreement with all the philosophical arguments so ably pursued by my honourable Friend, the Financial Secretary but there are points where we nearly make contact. Perhaps we could have achieved complete harmony if he had pursued his explanation of "what Revenue estimates are intended to show" to its logical conclusion and reduced taxes so as to eliminate our very substantial annual surplus. I will not press this suggestion at present but will leave the seed to germinate.

Last year the question of Estate Duty was discussed at such length that I will not waste the time of this Council by reiterating the very sound arguments put forward by the Unofficials. However, I would remind Mr COWPERTHWAITTE that (1) he saw some merit in the suggestion that appeals might in the first instance be allowed to the Inland Revenue Board of Review and (2) that he undertook to study the question of Government accepting payment in kind rather than cash to avoid undue hardship on certain estates. I appreciate that a year is but a moment in the life of Government but perhaps preliminary, tentative views, without obligation or commitment, might now be expressed. In considering the first point the case that came to our notice recently involving valuation of land in the New Territories might be borne in mind.

Still on last year, my honourable Friend Mr HEENAN went to such trouble to explain in his usual painstaking and courteous manner the reasons for delays in drafting that it is with some diffidence that I revert to this subject. My only excuse is that I think he will agree that any requests made for creation of additional posts have been fully supported

by the Unofficials although I realize this is easier than filling the posts. However, the position in the drafting department has not improved. The proposed new Banking Ordinance had its first reading last June. Its many inadequacies were brought to the attention of Government but we still have not seen the new draft. Meanwhile there is a virtual moratorium on the registration of new local banks and quite a few applications are pending. Now, there is a strong body of opinion that considers we already have too many banks in Hong Kong and my inclinations are to support this view. However, I feel I am not qualified to say what is too many but I do believe most strongly that new businesses of any kind should know where they stand; will they be able to start business within a reasonable period or not? A "don't know" attitude is just not good enough.

Another glaring example of delays in drafting is the Stamp Duty Ordinance. I understand that amendments were put in hand in 1958—six years ago—but so far nothing, and no evidence that the amended Bill will be submitted before we all retire. One particular point in that context is the proposal submitted by the Association of Chartered Accountants in September 1959 that *ad valorem* duty should not be payable on the transfer of assets between two companies in the same group. It was suggested that legislation similar to that contained in section 42 of the U.K. Finance Act, 1930 as amended by section 50 of the U.K. Finance Act, 1938 should be enacted in Hong Kong; again no action has been taken. For a territory which follows English law very closely, we seem to be behind the times by about quarter of a century. The tendency in Hong Kong is towards larger industrial groupings in order to increase efficiency to help to maintain our competitive position in our overseas markets, but many re-organizations are being held up on account of the heavy stamp duty which would be payable.

Finally, on this subject, I must record my strong disagreement with Mr HEENAN's statement of priorities. I leave it to him to clear with the Commissioner of Police who is responsible for law and order, but it seems to me that up to date and properly drafted legislation will reduce the amount of legal advice required by Government Departments and, for that matter, by all of us. Drafting is specialized work which cannot be done properly between court cases or telephone calls and if the legal department is to catch up with what must be frightening arrears I consider it essential that a strong nucleus of draftsmen be left undisturbed to get on with it. In time this will relieve the pressure on the other two priorities.

My honourable Friend Mr KNOWLES has already drawn attention to the urgency of the need to conduct a manpower survey, particularly of the community demand for graduates from our two universities.

I wish to say something on the machinery which is urgently needed, through which the demands of our two universities for public funds and the continuing requirements of the Colony's economy should be assessed. This is no new idea; as far back as the Budget Debate of 1956 Dr RODRIGUES pressed for the formation of a committee patterned after the U.K. University Grants Committee. The seven-year plan of the University of Hong Kong is rapidly drawing to its close; and the time is at hand when planning for its next period must come under Government scrutiny insofar as public funds are required.

In addition we now have a second University which has got off to such a flying start and has been so fortunate in obtaining the services of a most distinguished Vice-Chancellor Dr LI Cho-ming, that I should hate to see any unnecessary frustration arising or energy wasted trying to cope with the archaic obscurities of Government financing. We can kill two birds with one stone and assist the Colony by introducing machinery such as was suggested by Dr RODRIGUES—machinery which works in many Commonwealth countries, and works well. It is understood by university people not only as a negotiating and assessing organ but also as a stimulus to the universities to develop along lines which are in the community's interest as well as their own, and to Government to make better economic use of the university potential—a circumstance which ideally should develop into a close tripartite partnership of Government, the Committee and the universities. My advice is that while such arrangements work on a five year basis in U.K., with the circumstances of Hong Kong, triennial periods might be more appropriate.

The Committee's members should be persons with pre-dominantly academic rather than official backgrounds—having fundamental sympathy with the aims and objects of universities. They might be six in number, appointed, of course, by the Governor, and should include one nominated by each of our two universities from among the lay members of their Councils, and two persons nominated by the Association of Commonwealth Universities from among the academic members of the U.K. Grants Committee.

As I understand it, the intention would be for the two members nominated by the Association of Commonwealth Universities to visit the Colony for a longish period once in each triennium, in the second of its three years once the system was working. The terms of reference should be along the lines of:

To enquire into the financial needs of the two universities for the succeeding triennium; to advise Government and the two universities of the extent of public financial assistance required; to assist, in consultation with the two universities and any other bodies

directly concerned, in the preparation and submission, in support of any application for public funds, of such plans for the development of the two universities as may be required to ensure that their facilities adequately measure up to Commonwealth standards and meet such local educational demands as are proper to the universities within the provisions of their respective ordinances of incorporation; and to allocate between the two universities the total public funds granted.

Of course, a triennium, to be effective, must be a triennium for both institutions; and it is most desirable that a Grants Committee as outlined be formed in time to report to Government by the end of 1964 or early 1965, with a view to providing a block grant for the three years 1966 to 1968.

The task of the Committee would be to examine and discuss with the universities and Government, each university's plans for the period 1966 to 1968 on a detailed basis and for the following period in more general terms. On the basis of the discussions, it would then formulate its request for the block grants, submitting a policy statement in support of the request to Government. Government would have to decide how much it could afford, and commit this amount to the Committee, which would assume responsibility for parcelling it out between the two universities, should, as is just possible, the amount requested not be granted in full. Following the U.K. system once the grant is made to a university, its disposal would be a matter for that university. If either of the universities failed, however, to attempt to carry out the policy upon which its needs were assessed, this would be taken into account by the Committee in assessing needs and in parcelling out the grant for the succeeding period.

There is little time to be lost, and I urge Government to announce forthwith its intention to set up a Committee along these or similar lines with a view to reporting in time for agreement to be reached on a block grant for a triennium beginning in 1966.

Following the precedent I set myself last year I recently wrote to all the Unofficial Justices of the Peace enquiring if they had any matters they wished me to bring up today as their representative. They responded so nobly covering more than thirty separate subjects, that I have had to seek the help of my colleagues to deal with some of the points and many have had to be left out altogether. It is clear that the problem uppermost in the thoughts of my friends is that of housing. My honourable Friend, F. S. LI, will be speaking on this subject, in which he takes a keen interest later and, of course, Sir, as you did me the honour of appointing me chairman of the Committee which is considering home ownership for the middle and lower middle income group

I cannot talk on that particular aspect today. If I may, however, I would like to assure all my friends on the Urban Council and in particular my worthy constituent, the nominated senior member, that (1) we are fully aware of management and other problems and are drawing unashamedly on the wealth of experience of the Housing Authority and (2) I fully agree that the urgent top priority need of this Colony is the provision of as much accommodation, at acceptable rentals, as is possible within the limits of our physical resources. I strongly favour granting additional funds not only to the Housing Authority but also to the Housing Society which, according to, my reading of their annual report, has a site which could be developed if funds were made available. We must be very careful not to embark on a programme which will only produce the same amount of new building at a greater cost, but on the other hand Public Works Non-Recurrent has increased from \$171½ million in 1959-60 to a revised estimate of \$491 million in 1963-64 without any seriously damaging effects on our economy. We must press steadily on. The schools we build lose much of their usefulness if the children have no proper homes in which to study; the urgent need for more and more hospitals will always be with us so long as disease is being spread through inadequate, insanitary and overcrowded housing conditions. One of the principal keys to our many social problems is Housing.

Another problem on which I have received many representations is Family Planning. I wonder if it is realized that in the past three years the world population increased by 185 millions, almost equal to the whole population of the United States of America.

It is very obvious that world economic development just cannot cope with such alarming population increases and the United Nations recently appealed to Governments to propagate the practice of family planning. Japan has already achieved considerable success in this field and has reduced its birth rate to 17 per thousand, lower than the average for Europe. The People's Republic of China has this year renewed efforts to reduce population increases by such methods as later marriages. In Hong Kong because of the scarcity of land and other natural resources, and because of our strong urge to improve the living standards of our people, the problem is perhaps more acute than anywhere else in the world. You yourself, Sir, referred to the fact that there are probably 40,000 in resettlement estates who are additions to households, giving rise to an unwelcome degree of overcrowding. When hearing complaints on salary levels from staff, both in and out of Government Service, I have made a point of enquiring as to the size of the family and find that the figures 10, 11 and 12 are by no means uncommon. How can Government, or any other employer, set salaries at a level which will house, sustain, clothe and educate such large numbers? How can the social services be expected to cope? Our

natural increase, that is, registered births over deaths, during the past three years was 277,000 or over 9% of the mid-1960 population. Our birth rate of 32.1 per thousand in 1963 compares with a figure of 18 per thousand in Europe.

We have in fact shown some improvement over the past few years as the annual birth rate during the period 1954 to 1960 fluctuated between 36.6 and 39.7 per thousand. Credit for this improvement must be given to the Family Planning Association who do very fine work.

The experience of the Association is that where there is a Family Planning Clinic in a particular area people will use it but they will not bother, or cannot afford, to travel far to find one. Accordingly, it is essential that the expert be taken into the areas where the greatest concentration of poorer people live and for this reason several more clinics are required. This subject, by its very nature, seldom has much charitable appeal and the Society must look to Government for a larger measure of support than would normally be accorded. The Financial Secretary has agreed during Select Committee discussions to increase the subvention to the Association by an additional \$100,000 for the coming year. This, I am sure, will be very much appreciated. But more needs to be done and perhaps the time has come for Government to take a more positive role by instituting a campaign to promote Family Planning by all legitimate means.

Still on the subject of Social Welfare may I draw attention to the need for more centres for vocational training to pre-apprenticeship standard. This is quite different from advanced vocational training for adults and is designed to make good apprentices for industry out of youngsters who have only completed the primary grades at school. The Churches have pioneered this work and its success has been amply proved by the placement of all students turned out. Indeed, I understand that at their present vocational training school at Wong Tai Sin, almost all boys due to graduate this summer have already been offered jobs. I trust that Government will take a benevolent view of applications for subventions which they will be receiving later this year. In a community such as Hong Kong where there is such great need, we must encourage all properly organized Social Welfare Organizations to the full as they are bridging the gap between now and the time when we will have more formal social services. I say properly organized organizations because a tremendous amount of effort and money can be dissipated by well meaning individuals and organizations who are not properly trained or equipped for what is a very exacting duty. Our Social Welfare Department estimate for the training of social welfare workers is only \$121,400 and I think we might consider a more generous and positive approach to this very important aspect of the problem. I am sure that many of the smaller welfare bodies would welcome trained workers being seconded to them to assist in their organization.

I have again received representations on Export Credit Insurance and the need for Long Term Credit Facilities to be made available to the purchasers of capital goods. At the present time the latter aspect would appear to be essential to the well-being of our shipbuilding industry as it is having the greatest difficulty in obtaining orders when its competitors throughout the world and particularly in Japan, are in a position to grant very long and favourable credit terms. A week ago a letter addressed to one of our local yards was brought to my attention in which it was stated that the potential purchaser had a preference to build in Hong Kong, the required terms of credit being 25% cash and 75% payable over a period up to 5 years with 5½% to 6% interest. The total amount of the order could be in the region of HK\$9 million. In this particular case the project is U.S. Government sponsored and it is possible that Bank finance will be forthcoming but with the high interest rates prevailing in Hong Kong there must be a limit to the amount Banks can advance on such a basis and I should hate to think that we are losing first class business for an industry which employs a very large labour force through lack of long term finance at reasonable rates of interest.

On the more general question of Export Credit Insurance I have grave misgivings on the proposal that this should be run as a section of the Commerce and Industry Department. That Department already has a very full plate and a start could probably be made very much more quickly if the wealth of knowledge reposing in our local insurance offices is utilized in the first instance. I appreciate that if Government are backing this scheme they must have a considerable say but I would draw attention to the following report extracted from Lloyd's List and Shipping Gazette of 12th February, 1964: —

"On the second reading in the House of Lords on 11th February, 1964 of the Export Guarantees Bill Lord Stonham said the Export Credits Guarantee Department had extended the range of its facilities but it never seemed to keep quite abreast of the credit practice of some of the United Kingdom's world competitors.

The lack of flexibility was inherent in this type of Treasury control. Valuable export orders had been lost although the price, delivery and quality were right because exporters had been unable to match the credit terms.

Lord Stonham said he could quote cases where the Department had been able to agree on credit terms when it was too late and business had gone to other countries."

Would Government control in Hong Kong be more flexible than that of the Treasury? I wonder. However, whatever we do, again let us get on with it.



Ombudsmen have been in the news recently and it is not surprising that I have received representations that the institution of some form of Ombudsman in Hong Kong would suitably complement our form of Government. This subject has been discussed by the Unofficials for the past eighteen months to my knowledge and we basically favour the idea in principle. My only personal reservations lie in the timing of the introduction of such an institution. In countries where the Ombudsman system works well they have an old established, settled community progressing steadily but relatively slowly. In Hong Kong with the very rapid expansion of the Civil Service in recent years it is inevitable that in many respects the Government machinery has proved cumbersome and out of date and of course many petty officials have achieved a position of authority beyond their capabilities. In these circumstances perhaps it would be fairer to delay appointment of an Ombudsman for a year or two to give the Departments an opportunity to put their own houses in order.

Meanwhile, may I issue a reminder that the Unofficials have an office at 706 Union House where any organization or member of the public can submit complaints or suggestions. When necessary meetings are arranged to clarify points in the submissions and I can give an assurance that all matters which are in the general interest are actively pursued with the appropriate department. If any member of the public prefers not to make a direct approach to us in the first instance it occurs to me that he could speak to one of the Unofficial JP's who in turn can pass any appropriate items to me for consideration by my colleagues and such action as may be required. I am sure that my honourable Friend the Colonial Secretary agrees that although monosyllabic at most Council meetings, Unofficials are by no means "yes men" on Finance Committee and I must add that he is always most accommodating and active in pursuing matters which are brought to his attention there. To avoid giving any wrong impressions may I also add that the facilities of Room 706 are not available for the dispensing of free legal, medical or accounting advice.

My honourable Friend, Dr TENG, has already been given a lot of homework by my Colleague Mr RUTTONJEE and I trust he will not think that my next remarks were deliberately planned as a pincer movement. However, I have been asked to remind Government that Dr MACKENZIE issued an assurance in February 1962 that the priority to be given to a Dental School would be re-examined fully in two years' time in the light of the economic situation and the progress of other developments in the medical and health field. The White Paper on Development of Medical Services does not appear to envisage dental treatment for the poor but surely dental care is at the root of many medical conditions and is an essential part of any Health Service. Your Excellency did remark in your address that Government intend to follow this report

as a general route, which makes me feel that possibly one of the buildings along that route should be a dental school. My information is that the past system of scholarship dental education for the Colony cannot continue because Universities in Australia are unable to continue to accept our students owing to lack of space for their own. If this is so the situation will become very serious. Already we are losing ground in that I am informed that our present ratio of dentists to the population is 1:8,650 as against 1:6,000 in 1952. A few months ago, under the sponsorship of Government, the Chairman of the Dental School Committee of the Hong Kong Dental Association made use of a World Health Organization Fellowship to visit some 20 universities' Dental Schools in Australia, New Zealand, the United States and Canada to study plans and the working of these schools. I sincerely hope that the experience gained will not be allowed to go to waste.

One final small point of my own but one which has the unanimous support of my Unofficial Colleagues. Could Summer Time start a little later next year and perhaps stop a little earlier.

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

MR F. S. LI: —Your Excellency, in your review of the progress made by this Colony during the last financial year, delivered at our meeting on 26th February, 1964, Your Excellency was able to point to another year of continuing progress. Sir, you also mentioned in your Statement that since 1958 our exports have increased by 60%, our re-exports by about 90%, the number of registered factories by 30%, the bank deposits by 300% and so on. These recent years have undeniably been years of prosperity. However, in this past year, one figure stood out conspicuously as contrary to the general trend, a figure beyond our control, and that was a record low in the number of inches of rainfall. This showed a sad falling off from the normal and has presented us with a water shortage unparalleled in our history. Yet the way in which it has been met is a tribute to the resiliency of our people and makes our economic progress stand out in stronger relief. Your Excellency is to be congratulated on the Report you were able to give.

Yet there is one figure relating to our social life which I notice has increased, and which I would gladly see diminished. I refer to the number of squatters and those living in unsatisfactory and overcrowded conditions who need to be re-housed. In the year 1955-56, when the squatter clearance programme was inaugurated, it was estimated that the number of squatters was about 335,000. Since then, Government has provided accommodation for almost 605,000 persons under the Resettlement Programme, some 15,000 under the Government Low-cost Housing

Scheme, and 96,000 under the Housing Authority schemes, in addition to giving assistance to the voluntary housing agencies and providing for many of its own employees through co-operative schemes. This achievement is quite spectacular and has not only aroused interest in Hong Kong, but received favourable world-wide comment. Yet the number of squatters in the urban areas alone was found at the last October survey to be 534,000. Your Excellency in your address to which I have just referred, mentioned an estimated figure of 580,000 at about the middle of last year. I think we should all agree that these figures are disturbing. They must give rise to doubts as to whether or not we are making any progress at all with the task of accommodating our squatter population, and whether even greater efforts are not required to meet this apparently intractable problem. I drew attention to this state of affairs in my Budget speech last year, and make no apology for returning to the same topic again this year.

Any increase in Housing must come either from Government-sponsored schemes or from private enterprise. Turning first to the public housing sector, I notice that Government's responsibilities are being discharged by a number of different authorities. The Commissioner for Resettlement, working through the Urban Council, is responsible for squatter clearance and resettlement; the Commissioner for Housing, working through the Housing Authority, provides housing for certain income groups; the Government Low-cost Housing scheme is managed, but is not planned, by the Housing Authority; the Director of Public Works is responsible for finding the sites; and finally there is the Commissioner for the New Territories who has general responsibilities for squatters and land in the area under his control, except perhaps at Tsuen Wan. I am wondering if this system, or rather lack of system, is not productive of overlapping of effort, and a fruitful source of delay. I think the question of creating a single Government Housing Authority with over-all responsibility for planning, execution, financing and management should now be examined. If any administrative delay or overlapping could be eliminated, I am certain it would give a significant boost to the progress of our housing plans.

With regard to securing the necessary finances for our housing expansion, it has been suggested that these costs should be met by loans and not from ordinary revenue. One suggestion has been made that local banks should form a consortium to place funds at Government's disposal at reasonable rates; others have urged an appeal for funds from outside sources to cash in, as it were, on world sympathy for refugees. While I agree that we should not turn our backs on any source of funds as long as the terms are attractive, there are other aspects of housing finance which seem to me to merit more attention just now.

The principle has been established and accepted that the estates built by the Housing Authority should not only be financially self-balancing, but that a small profit should be made to create and maintain a Revolving Fund by which to finance further expansion. Rents have accordingly been fixed at a level which will achieve this result. Rents have been calculated on the basis of amortization of the capital cost over a period of 40 years at an interest rate of 5 %, providing sites at half the upset price less the cost of site formation, and adding a small charge for estate management expenses. However this self-balancing principle does not appear to be applied to Government's Resettlement and Low-cost Housing Schemes. In these schemes, it is impossible, in the absence of information about the basis of costs, to say whether they are self-balancing or not. I quite agree that Government has rightly embarked on its housing programme to meet an urgent social need and not to seek commercial profit by engaging in the real-estate business. Nevertheless, as a matter of prudent business management, all Government housing should be made to pay for itself. I should say that regardless of whether land is provided at, or below, its economic value, or at no value at all, at least the actual costs of construction, management and maintenance should be recovered. In the Resettlement Estates, the rent is fixed at a monthly charge of \$14.00 for a room of standard size. I should like to ask how this figure has been arrived at? Is it based on what an average tenant may be assumed to be able to afford? Or does it have some direct relationship to the actual costs incurred? I repeat that I do not suggest that Government should aim at making a profit. But I do suggest that the relationship between costs and revenue should at least be known, and that if any element of subsidy exists over the Resettlement programme, the tax-payer should know how much it amounts to. With completed schemes and those being presently undertaken, Government will, in the not far-off future, be direct landlord to some 30% of our people, and if present trends continue, the figure may possibly rise to 50%. The envisaged expenditure is of such magnitude that I can foresee difficulties arising if general finances are not put on a realistic basis and costs at least are not covered by expected revenue. Further, a question of principle is also involved. If one section of our community is given preferential treatment in the matter of Government-assisted housing at the expense of the rest of the community, is there not a danger of creating a privileged class of tenants? I am not, of course, advocating that rents should necessarily be increased, but I do suggest that the housing operations undertaken by Government are reaching such a magnitude that a thorough-going scrutiny of its financial implications should now be made. As part of that enquiry, I suggest too, that Government should consider the question of building for sale, either outright or on some system of instalments, and so help speed up the financial turn-over. Besides, this would have the advantage of creating a class of home-owners among those of more moderate means.

I have mentioned the difficulty of sites. The solution to this problem most generally favoured is the creation of satellite towns in the New Territories such as the one in the process of formation in the Tsuen Wan, Kwai Chung, Tsing Yi areas. This will, in due course, have a population of some 1,200,000. The criticism has been made that the proposed plan allows only for a single additional road to that already in use, whereas the population will be increased ten-fold. May I ask if Government would agree that this was good planning? The success of these satellite towns will depend partly upon the successful attraction of industry to provide employment, and upon the provision of amenities and services such as shops, schools, clinics and public services. But surely one of their most vital needs will be some form of rapid transport. Will Government tell us what alternative plans they have in mind to relieve the road congestion that these new towns will inevitably create? Housing cannot be considered in isolation. A comprehensive plan covering the whole complex of social needs must be drawn up well in advance, and likely contingencies must be foreseen and provided for if satellite towns are effectively to fulfil their role and purpose.

Turning to the private sector of our housing, I should like to see the process of redevelopment by private owners speeded up. I am sorry to say, there is too much delay. I believe that from the time that an application is made to the Building Authority until exemption is granted by the Tenancy Tribunal, delays of a year or more are quite common. Either more tenancy tribunals should be set up or the procedure greatly simplified. When plans are submitted to the Building Authority, all corrections that may be necessary should be indicated once and for all to the applicant. The present practice of pointing to one correction only and then pointing out further corrections in subsequent re-applications, is wasteful of time and irritating. Delay in the authorization of building plans means delay in housing, gives rise to financial loss to the applicants and is a direct incentive to corrupt practices.

My Colleague, the Honourable R. C. LEE, has already dealt with the problem of slum clearance. I fully support what he has said. There is at present no comprehensive plan for dealing with this problem in Hong Kong, which has some of the most overcrowded conditions in the world. But I want particularly to draw the attention of Government to an abuse which is becoming increasingly common. Quite frequently, on completion of a new building, and after the occupation permit has been received, the rooms are then sub-divided into cubicles, and the spaces ear-marked for garages are converted into business premises. The result is that some 60 or even 70 people have been found occupying what was designed to be a small three-roomed flat. The result is that new slums are being re-created in some new buildings as bad as those in the former dilapidated houses which they were intended to replace. Are we to need a slum clearance scheme in respect of our new buildings, and

if so where is our slum clearance going to end? There is also the problem of disposal of rubbish in some of the multi-storey residential buildings. This is being dumped in corridors for which no flat occupier seems to be responsible, threatening hygiene and giving rise to unpleasant smells. I should like to ask if Government is aware of these abuses, and if so, what remedies they are proposing to adopt? The Report of the Working Party on Sub-divided Buildings published in the year 1962 suggested the appointment of "factors" after the system used in Scotland. I should like to ask Government what has happened to the "factors", and whether any date can be given for the implementation of that part of the Report.

The demand for land is still very heavy, particularly for industrial purposes. It is essential that our industries should expand in order to find employment for our people. As the Hong Kong Annual Report mentions, there is considerable small-scale industry, and also much domestic industry carried out in the homes. With the great expansion of industry, there is therefore a demand for land for small factories or flatted factories. When Government sells land, naturally there is keen interest, particularly amongst the small industrialists. Unfortunately, they often meet serious difficulties in their efforts to acquire land. It is an open secret, Sir, that speculators have formed "rings" to buy lots put up for auction, and *bona fide* buyers, who mainly desire small lots, are at the mercy of the "rings". Plots which have been bought at little above the upset price have been subsequently re-auctioned privately and sell at greatly enhanced prices. Is Government aware of these abuses and if so will it take such steps as may be necessary to protect the *bona fide* purchaser? I do not need to point out to my honourable Friend, the Financial Secretary, that he has a direct incentive to see that some definite action is taken, because such speculative gains are made at the expense of the public revenue.

There is another point which I should like to mention in regard to the re-development of properties. Some of the leases in the residential parts of Hong Kong and Kowloon granted in the early part of this century, contained restrictions on the height and use of buildings which could be erected. Under pressure of the demand for more intensive development, private owners have wished to build more storeys or to build for other uses, and Government in turn has agreed to modifications of the lease subject to the payment of a premium. In some cases this premium is far too excessive, and tends to defeat the objects for which a modification of the leases is sought. It has also come to my knowledge that in cases where there is no mention in the lease of restrictions as to height and use, but the phrase "European-type house" appears instead, Government has interpreted this phrase as equally a restriction on height and use and has asked for exceedingly high premiums. I should like to ask Government if we can be told what constitutes a European-type

house to-day? I should also like to ask who decides this premium? Is this left to one or two officials, and if so, are they regarded as infallible judges of the value of potential development? May I also ask if Government would consider fixing this premium by some less arbitrary procedure?

The general spate of construction work fortunately shows no appreciable decrease. In 1963, a sum of no less than \$561 millions was expended on private building alone, and as Your Excellency has reminded us, it is little wonder that building costs have risen by something like 20%. If we examine this increase, I think we shall find that since the cost of building materials has remained relatively stationary, it is the rise in wages which has in fact accounted for most of the increase. This I would say, in many ways is excellent since it adds to the purchasing power of the workers engaged in the building industry. But, if the position were examined more closely, I think it might be found that the rise in wages have been due to the scarcity of workers with the necessary skill. In fact, the supply of skilled craftsmen is not keeping pace with demand. As we know, boys from the primary school now tend to look for their livelihood in commerce, and to aim at getting white-collar jobs. Yet the essential condition of our continued industrial progress is the training of our people in the necessary skills. The Hong Kong Technical College with nearly 10,000 students is, of course, making a substantial contribution to technical education in Hong Kong. But what is required is some form of vocational training at a more elementary level to take the place of, or to supplement, the old apprenticeship system. More technical schools are needed where a boy of average ability can be offered some alternative training other than that leading to a white-collar job. I should like to ask Government to review the arrangements for technical education with a view to taking measures to maintain the supply of skilled craftsmen. It seems to me that if the building programme is going to accelerate, we should plan the production of the necessary man-power now.

I cannot leave this subject of Housing without referring to the difficulties created by the sharp increase in our population. The root of our housing problem is that our population is growing too fast, and the danger is, that our declared object of clearing squatters and rehousing those who live in unsatisfactory and over-crowded conditions, may be defeated by the sheer weight of numbers. My Friend, the Honourable S. S. GORDON, has spoken of the work of the Family Planning Association of Hong Kong. I should like strongly to support what he has said about the value of the work done by the Association. I am one of its Committee members, and take a keen interest, but not a financial interest, in its work. It is the improvidently large families which have created most of our problems, such as the insufficiency of schools, hospital beds, clinics, playgrounds and so on. I appeal to Government to

give the work of the Association more active encouragement and greater financial support so that it can expand its work. This will help in turn to produce a more responsible sense of citizenship which should go far to lighten the burden of social problems which we are carrying today.

With these few comments, Sir, I beg to support the motion. (*Applause*).

THE COLONIAL SECRETARY: —Your Excellency, I rise to move 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

THE FINANCIAL SECRETARY moved the following resolution: —

RESOLVED, in exercise of the power conferred by section 4 of the Dutiable Commodities Ordinance, 1963, as follows—

THAT the part of the Resolution of the Legislative Council published as Legal Notification No. 123 in the *Gazette* of 11th October, 1963 which imposed duties on tobacco be revoked with effect from 2 o'clock P.M. on Wednesday, the 26th day of February, 1964, and that thereafter duty shall be payable on tobacco at the following rates per pound—

A. —on *UNMANUFACTURED TOBACCO*—

- |  |        |
|--|--------|
| (1) unstripped tobacco containing—               |        |
| (a) 10 per cent or more of moisture by weight—   |        |
| (i) tobacco of Commonwealth origin .....         | \$5.70 |
| (ii) other tobacco .....                         | 6.00   |
| (b) less than 10 per cent of moisture by weight— |        |
| (i) tobacco of Commonwealth origin .....         | 5.73   |
| (ii) other tobacco .....                         | 6.03   |
| (2) stripped tobacco containing—                 |        |
| (a) 10 per cent or more of moisture by weight—   |        |
| (i) tobacco of Commonwealth origin .....         | 5.85   |
| (ii) other tobacco .....                         | 6.15   |
| (b) less than 10 per cent of moisture by weight— |        |
| (i) tobacco of Commonwealth origin .....         | 6.00   |
| (ii) other tobacco .....                         | 6.30   |



*B. —on MANUFACTURED TOBACCO—*

## (1) Cigars—

(i) of Commonwealth origin and manufacture	\$6.75
(ii) of Commonwealth manufacture only .....	7.50
(iii) other cigars .....	9.25

## (2) Cigarettes—

(i) of Commonwealth origin and manufacture	7.40
(ii) of Commonwealth manufacture only .....	8.00
(iii) other cigarettes .....	8.90

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

(i) of Commonwealth origin and manufacture	5.45
(ii) of Commonwealth manufacture only .....	6.05
(iii) Chinese prepared tobacco .....	2.50
(iv) other varieties .....	6.95

He said: Sir, I explained the reasons for and probable effects of the proposed changes in tobacco duty when introducing the Budget two weeks ago.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

**PEARL OYSTER CULTIVATION (TOLO) COMPENSATION  
BILL, 1964**

THE COLONIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to make provision for the termination of certain pearl oyster cultivation licences, for the extinguishment of rights in connexion therewith, for the grant of fresh licences, for the award of compensation in respect of such extinguishment and for purposes connected with the matters aforesaid."

He said: Sir, as the preamble to this Bill indicates, works in connexion with the Plover Cove Water Scheme are due to begin on 1st May and there is a risk that the pollution of the water which may result from the dredging of the mud could endanger the pearl oysters being cultivated under licence in the vicinity. There are four licensees, and Government has been negotiating with the one whose site is closest to

the projected dam with a view to reaching agreement on an alternative site and on compensation for removal expenses. These negotiations have been unsuccessful and, since it is essential that this vitally important water scheme should not be delayed, and as there is no power under the Pearl Culture (Control) Ordinance, 1958 to revoke licences in such circumstances, it has become necessary as a matter of urgency to introduce the Bill now before Council.

Essentially, the Bill provides for the termination of licences, the award of compensation for any losses which may be incurred in the removal to another area where the licensee accepts a new licence, or for compensation where the licensee chooses not to move and to go out of business.

The statement of objects and reasons explains the main provisions in detail, and I do not think I need elaborate except to say that the Bill attempts to draw a fair and proper balance between the public interest on the one hand and the rights of individual licensees on the other. Compensation is to be assessed by a tribunal appointed under the provisions of the Public Reclamations and Works Ordinance and certain rules govern the manner of this assessment. The tribunal may nevertheless recommend additional compensation to the Governor-in-Council and the licensee himself may petition the Governor-in-Council for additional *ex-gratia* compensation.

Clause 1 contains the provision that the Bill, if enacted, shall have retrospective effect as from the first reading, that is, today. This unusual step is necessary because there would otherwise be insufficient time before 1st May for both Government and the licensee named in the schedule to comply with the requirements of Clause 5. I might add that certain preliminary steps have already been taken in that the Commissioner for Co-operative Development and Fisheries on Friday last published in the *Gazette* details of four areas within which pearl oysters may be cultivated.

THE ATTORNEY GENERAL 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: —

As is set out in the preamble the works in connexion with the Plover Cove Water Scheme are to begin not later than the 1st day of May, 1964, and there is a risk that the resulting pollution of the water in Tolo

Harbour and Tolo Channel may endanger the pearl oysters being cultivated there under licence. Since it has not been found possible to arrange for the removal of these oysters on payment of the negotiated compensation, it has become necessary to legislate to terminate licences and to provide for the award of compensation for any losses which may be incurred in the removal to new areas where the licensee accepts a new licence, or for the right to require the Government to purchase his oysters and equipment.

2. Only the licensee whose site is closest to the projected works is mentioned in the Schedule to the Bill. Once it becomes known whether and by what dates other licensees will have to have their oysters removed in order to avoid this danger, an order can be made by the Governor in Council under clause 3 adding the names and the dates of termination to the Schedule.

3. A licensee whose licence is terminated by the Ordinance will have a right to the issue of a new licence, without payment of any fee, for the unexpired portion of the licence period, and it is proposed to offer licences in suitable alternative sites in time to permit removal before pollution can cause loss. To ensure this in the case of the licensee whose site is closest to the projected works it has been found necessary to give this Bill retrospective effect to the date of its first reading (the 16th day of March, 1964) in order that this licensee may have one week to consider the offer of the new licence, and thereafter four weeks from the date of the issue of the new licence within which to effect the removal of his oysters. (Clauses 1 and 5). Licensees accepting new licences are expected to minimise their losses by moving to their new sites in good time and consequently compensation tribunals may entertain only those claims for compensation which relate to loss or damage arising out of such moves. (Clause 9).

4. Compensation may be awarded on the basis of the cost of replacing the oysters lost in the move. The numbers so lost may not include those which would have been lost in the normal course of events, as shown by the past records of the licensees concerned. The oysters lost by reason of the move are to be taken as those lost during the move or within four weeks thereafter; this being the period within which it is considered that all ill effects would become manifest. (Clause 10).

5. Compensation calculated on this basis is designed to restore to the licensee any valuable assets lost or damaged. Since, however, such restoration may of itself occasion loss to the licensee, the tribunal may award a further sum in respect of any deferment of profits that may have been occasioned. (Clause 10).

6. Should a licensee decide against accepting a new licence he may retain his pearl culture farm in its existing site for a further three weeks, and at the end of that time may require the Government to

purchase such part of his pearl culture farm as has not been disposed of already. Meantime he is required to allow the Government the opportunity of bettering any offer made to him for the purchase of all or part of the pearl culture farm. (Clause 6).

7. Where the Government is required to purchase what is left of a pearl culture farm the purchase price is to be determined by a tribunal, if agreement cannot be reached, and the same method of assessing the value of the oysters is to be used as in the case of loss occasioned by removal. Similarly compensation is payable in respect of any difference between the price at which all or part of the farm is sold and the value placed thereon by the tribunal. Thus compensation is to be assessed in respect of the whole of the pearl culture farm and there is then to be deducted the aggregate of the highest offers received by the licensee, including those from the Government. In arriving at the final figure no account is to be taken of any loss of profits by the licensee. (Clause 11).

8. Should the tribunal consider that the compensation awarded under the provisions of this Bill is inadequate, it may make recommendations to this effect to the Governor in Council, and the licensee may petition the Governor in Council, who may order the payment of additional *ex-gratia* compensation. (Clauses 12 and 13).

**ANIMALS (CONTROL OF EXPERIMENTS) (AMENDMENT)  
BILL, 1964**

DR TENG PIN-HUI moved the First reading of a Bill intituled "An Ordinance to amend the Animals (Control of Experiments) Ordinance, 1963."

He said: Sir, it is felt that the omnibus penalty provided by Section 15 of the Animals (Control of Experiments) Ordinance, 1963 is too general and it would be more appropriate to indicate what contraventions of the provisions of the Ordinance are to be offences and what penalty is to be applied for each offence. Therefore, this Bill seeks to replace the general provisions as to offences and penalties contained in Section 15 of the Ordinance, by a separate provision in each appropriate section making the contravention of that section a specific offence, and in two cases, providing the penalty as well; and by substituting a new Section 15 setting out the penalties for those offences for which no special penalties are provided.

Minor infractions can be dealt with, if necessary, by cancellation of the licence to perform the experiment in question.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

*Objects and Reasons*

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

This Bill seeks to replace the general provisions as to offences and penalties contained in section 15 of the Animals (Control of Experiments) Ordinance, 1963, by a separate provision in each appropriate section making the contravention of that section a specific offence and, in two cases, providing the penalty as well; and by substituting a new section 15 setting out the penalties for those offences for which no special penalties are provided. The existing provisions, in their generality, embrace many minor infractions which, without constituting them offences, can be adequately dealt with, if necessary, by cancellation of the licence to perform the experiment in question, and, further, do not take in account the fact that some of the offences are far less serious than the others.

**ADJOURNMENT**

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

THE ATTORNEY GENERAL: —May I suggest, Sir, the 26th March.

HIS EXCELLENCY THE GOVERNOR: —Council stands adjourned until 26th March.