

OFFICIAL REPORT OF PROCEEDINGS**Meetings of 25th and 26th March 1965****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE CROSBIE TRENCH, KCMG, MC
HIS EXCELLENCY LIEUTENANT-GENERAL SIR DENIS STUART SCOTT
O'CONNOR, KBE, CB
COMMANDER BRITISH FORCES
THE HONOURABLE EDMUND BRINSLEY TEESDALE, CMC, MC
COLONIAL SECRETARY
THE HONOURABLE MAURICE HEENAN, QC
ATTORNEY GENERAL
THE HONOURABLE JOHN CRICHTON McDOUALL
SECRETARY FOR CHINESE AFFAIRS
THE HONOURABLE JOHN JAMES COWPERTHWAIT, CMG, OBE
FINANCIAL SECRETARY
THE HONOURABLE KENNETH STRATHMORE KINGHORN
DIRECTOR OF URBAN SERVICES
THE HONOURABLE ALEC MICHAEL JOHN WRIGHT
DIRECTOR OF PUBLIC WORKS
DR THE HONOURABLE TENG PIN-HUI, OBE
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE WILLIAM DAVID GREGG
DIRECTOR OF EDUCATION
HONOURABLE PATRICK CARDINALL MASON SEDGWICK
COMMISSIONER OF LABOUR
THE HONOURABLE DAVID RONALD HOLMES, CBE, MC, ED
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE JOHN PHILIP ASERAPPA
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE DHUN JEHANGIR RUTTONJEE, CBE
THE HONOURABLE FUNG PING-FAN, OBE
THE HONOURABLE RICHARD CHARLES LEE, CBE
THE HONOURABLE KWAN CHO-YIU, CBE
THE HONOURABLE SIDNEY SAMUEL GORDON
THE HONOURABLE LI FOOK-SHU, OBE
THE HONOURABLE FUNG HON-CHU
THE HONOURABLE TANG PING-YUAN

THE HONOURABLE TSE YU-CHUEN, OBE

THE HONOURABLE KENNETH ALBERT WATSON, OBE
THE HONOURABLE WOO PAK-CHUEN, OBE
THE HONOURABLE GEORGE RONALD ROSS
MR ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)

ABSENT

THE HONOURABLE KAN YUET-KEUNG, OBE

Thursday, 25th March 1965

MINUTES

The Minutes of the meeting of the Council held on 11th/12th March 1965, 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 Paper, 1965:—	
No. 8—Annual Report by the Commissioner of Police for the year 1963-64.	
No. 9—Annual Report by the Chairman, Urban Council and Director of Urban Services for the year 1963-64.	
No. 10—Annual Report by the Registrar General for the year 1963-64.	
No. 11—Annual Report by the Commissioner for Cooperative Development and Fisheries for the year 1963-64.	
Registration of Persons Ordinance 1960.	
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Registration of Persons Ordinance 1960.	
Registration of Persons (Cancellation of Registration and Identity Cards) (No 10) Order 1965	41
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Deaths Registration (Special Registers) Ordinance.	
Deaths Registration (Special Registers) (Amendment of Fourth Schedule) Regulations 1965..	43
Births and Deaths Registration Ordinance.	
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Workmen's Compensation Ordinance 1953.	
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<i>Subject</i>	<i>LN No</i>
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Registration of Persons (Cancellation of Registration and Identity Cards) (No 11) Order 1965	48

REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1965-66

HIS EXCELLENCY THE GOVERNOR:—We will now resume the debate on the motion for adoption of the Report of the Select Committee on the Estimates.

MR J. P. ASERAPPA:—Your Excellency, this is the first occasion on which the New Territories Administration has been represented on this Council for a budget debate and I had expected to receive much the same sort of battering as has been administered to some other departments. While there have indeed been a number of subjects discussed that are of interest to my department I have been relieved to note that there has been only one that concerns it directly. This is the need for providing more land for industry, which was referred to by my honourable Friends Mr P. Y. TANG and Mr F. S. LI.

The responsibility for overall development planning rests with my colleague, the Honourable Director of Public Works and he will be replying on this aspect of the matter. But as Mr TANG has specifically referred to the possibility of further expansion into the New Territories I should like to speak about what is already being done.

The main effort is of course in the development of Tsuen Wan as a major industrial city. During the current financial year just under one million square feet of land was alienated for general industrial use either by grants in exchange for land surrendered or by direct sale. A further two million square feet should become available each year for the next three years. These figures do not include the island of Tsing Yi, which falls within the general development area but which has been treated separately because of its rugged terrain, its comparative in-accessability and its lack of services. A feasibility report on the island is now being made; but in the meantime some five million square feet of land has been reserved for various industrial projects which are at present under consideration.

Reports have also been prepared on the feasibility of developing further industrial cities at Castle Peak and Sha Tin on the same scale as Tsuen Wan, that is, with a planned population of over a million people. These reports are now being examined.

In addition to these major development schemes, small industrial areas are being developed, or planned, as extensions to New Territories market towns. And land is also made available, where possible, for certain classes of industries that require special facilities. That is, for example, boat yards at Tsing Yi, saw mills at Castle Peak, and ship-breaking and allied industries at Junk Bay.

Finally factories may be established in rural areas, on a limited scale and under certain conditions. In general these are that the factory relies mainly on raw materials obtainable locally; or that it needs a large amount of space for its manufacturing processes or for storage; or that it provides employment in an area where there is shortage of work.

During the current financial year well over two and a half million square feet of land in the New Territories as a whole will have been alienated for industrial use.

It has been suggested that permission should be given more freely for agricultural land to be converted to industrial use. This is not a practicable solution. While a single factory, or a small group of factories may be acceptable, more intensive development would cause an escalating demand for further services; for water supply and drainage; for shops and housing; for schools, clinics, hospitals, police stations, fire stations, bus services, improved roads. These services can only be provided efficiently and economically if they are concentrated in areas where development has been planned; and if sporadic and unplanned development is allowed on anything more than a limited scale it could only result in the most sordid of industrial slums, and an increasing desecration of the rural charm of the New Territories countryside. There are those who complain that more factories are not allowed in rural parts of the New Territories; there are others who complain that there are already too many.

Finally, Mr TANG has complained of the delays in dealing with applications for the conversion of land. I must admit that there are cases which have been under negotiation for some time and which still have not been settled. In planned development areas where there is an approved layout and approved plans for the provision of services, the procedure for the approval of conversions is relatively straightforward and they are dealt with without delay. It is when the land is in an area that has not been planned in detail that the difficulties arise, and what Mr TANG has described as the "tortuous administrative procedure"

is set in motion. But these cases cannot be handled by a purely mechanical process. The area must be planned; other private interests may be involved; and other interested Government departments must be consulted. As Government servants it is our duty to ensure that the public interest as well as that of private individuals concerned are safeguarded and it is often these safeguards that are regarded as unnecessary delays and red tape.

At the same time I can assure you, Sir, that I am not satisfied that the position cannot be improved. In the last decade the traditional form of administration in the New Territories has been very considerably modified to meet the changed conditions brought about by the rapid increase in development. This process continues and both the organization of the Administration and the systems and procedures used are constantly reviewed to ensure that they are more suited to modern needs and able to deal more efficiently with the problems that arise in an expanding industrial economy. (*Applause*).

MR D. R. HOLMES:—Sir, I should like to speak on some points raised by the Honourable H. C. FUNG about the Government's role in export promotion and connected affairs, and on the relationship in that context between the Government and the independent industrial and commercial organizations. My honourable Friend suggested that what was needed was more dynamism, less fan-fluttering, and the handing over of certain functions to unofficial agencies.

Under the present arrangements the work done in this field by the Government is not in any sense done in isolation or without regard to the views and advice of the business community. All that is done, or is not done, is agreed beforehand in the Trade and Industry Advisory Board, and in the years during which I have been concerned with these affairs there has been an encouraging unanimity in the deliberations of that Board. Whilst it is always difficult to assess the value of trade promotion activities and to decide what resources to allot to such work, I think we do all feel that we ought to have expanded these activities rather more rapidly than has been possible. The difficulty has lain, and continues to lie, in the recruitment of suitable staff, a fact which I do not think the business associations would contest, since they unfortunately labour under exactly the same handicap.

What we think is chiefly required in this field is a number of organizational changes which will ensure even closer co-ordination of the application of all available resources, to the point indeed of bringing all the work under the control of one executive authority, with its own staff to carry out the functions allocated to it. Your Excellency made reference in the Budget Address to the preparatory work which is already

under way in this field and I am now able to inform council that a strong working committee has just been appointed for this purpose. On this committee all the main commercial and industrial institutions will be represented at chairman level, together with several experienced unofficials of the Trade and Industry Advisory Board. I believe there is already a substantial degree of agreement about what is required, and I have good hopes that concrete proposals can be formulated without too much delay.

As regards the handing over of functions, I think it will be clear that it would not now be timely to make changes in functions which are likely to be the concern of the proposed new organization. We have gone as far as we reasonably can already.

I would however mention here that we have recently agreed, on the advice of the Trade and Industry Advisory Board, to a procedure whereby the general trade inquiries received in my department will be handled as far as possible by appropriate trade associations. For an experimental period, overseas trade inquiries of a more particular nature will be handled through exchange banks in accordance with a newly devised procedure. We hope in this way to eliminate some of the problems of handling trade inquiries effectively which were mentioned in the Report of the Trade Mission to Europe in 1963; and incidentally we hope also to reduce the load a little on my own staff.

Mr FUNG referred specifically to what in Hong Kong is a very important adjunct to export promotion. That is to say certification of origin. I am afraid I am not able to agree that it would be wise to make any change in the present arrangements at the present time.

My department issues nearly half a million certificates of origin a year at present, but of these more than two-thirds are specialized certificates of one sort or another which only the Government can issue. I know that Mr FUNG was referring to the remainder which are known as standard certificates. For these standard certificates there are in Hong Kong four authorized issuing authorities, including my department, and by and large exporters are free to choose which of these four authorities they will go to for their certificates. For the most part the countries which represent our main markets have agreed to accept any of these four forms of certificates, but I should nevertheless mention here that there are 26 countries which still insist upon official certificates. We try to get such requirements relaxed whenever we have the chance, but in the last resort this is a matter for the importing country to decide, and it would be unwise for Hong Kong to protest so far as to risk losing trade. Now: of these standard certificates, at present about 50% are issued by my department, about 38% by the General Chamber of Commerce, 10% by the Indian Chamber of Commerce and the remainder by the Federation of Hong Kong Industries. I think our merchants

should continue to be free to choose the source of their certification. The reputation of Hong Kong's certificates overseas is nowadays very high and this is a matter which is of great importance to us. I may say that there is no lack of co-ordination here, for representatives of the four issuing authorities meet regularly at the working level in order to compare notes and to ensure that essential procedures are kept in line.

As regards export credit insurance (which was mentioned by Mr FUNG and also by my honourable Friend Mr Ross) I acknowledge that there has been some delay and I am afraid there is likely to be some further delay, partly because of staff difficulties and partly because here again what is involved is the setting up of a non-Government statutory body. Mr FREEMAN of the British Export Credit Guarantee Department, who was here last October, advised that export credit insurance should be in the hands of a statutory corporation, rather than a Government organization as had been recommended by the 1963 working party. Government has accepted this advice and plans are now going ahead on this basis. A token sum for preliminary expenses is included in my departmental Estimates now before Council. The Hongkong and Shanghai Banking Corporation has offered assistance on the staff side, but even with this I doubt whether we can have the organization in being and functioning in less than perhaps 15 months from now.

Much the same considerations apply to the setting up of a Productivity Council, and all I can say at this stage is that I and my staff will proceed with the preparatory work related to these three major new projects just as quickly as we can.

The additional accommodation in my London office will be ready for use in June according to present estimates. Extensive alterations were needed and building work in London is extremely slow. There will be a permanent display organized by my department, and in addition accommodation for specialized displays will be available also. We are ready to discuss plans for these latter with any interested trade association, and indeed preparatory discussions of this nature have already started.

Sir, I have tried to cover the main points relating to my responsibilities without taking up too much of Council's time. I shall of course be ready and glad to discuss these or any other such points at any time with any of my honourable unofficial colleagues on Council. (*Applause*).

MR P. C. M. SEDGWICK: —Your Excellency, labour problems have not in the past featured prominently in Budget debates but I am glad that on this occasion one major problem of special personal interest to me has been raised by my friend Mr FUNG Hon-chu. I refer to the

question of industrial training. Some of the points Mr Fung has made are the direct concern of the Director of Education but Mr GREGG has a number of questions of general educational policy to deal with in his speech and with his agreement I will attempt to cover the question of industrial training as a whole.

In a surprisingly short space of time industry—and here I include not only manufacturing industry but building construction and the public utilities—has become the mainstay of our economy. It provides employment for more than half our working population and it is now difficult to think of Hong Kong's working future without industry continuing to play a dominant role. We have virtually no natural resources but we have human resources of which we can be justifiably proud. Recent developments, however, indicate that certain organizational changes are necessary if we are to continue to make the best use of them.

1963 saw a very substantial rate of growth in manufacturing industry but at the same time there was also a marked increase in building activity. Throughout 1964 building wages rose rapidly and as a result the building industry was able to attract to itself labour which might otherwise have found employment in manufacture. Many branches of industry found themselves unable to obtain all the labour which they needed and a Labour Department survey in June 1964 revealed that our factories were short of 22,000 workers. There have been signs of a slight slackening in building activity recently but at the end of 1964 manufacturing industry was still short of 11,000 workers. There was virtually no change in the Labour Department's figures for employment in manufacturing industry between the end of 1963 and the end of 1964. If this reflects a check in the growth of our industrial output and one which is more than temporary, it is undoubtedly a matter of concern but fortunately it has not been reflected in our export figures which showed a satisfactory rate in increase in 1964.

To enable the Labour Department to deal more satisfactorily with current problems the Department is being reorganized into three divisions. One division will deal with labour relations, the second with industrial safety and the third with manpower.

The principal concerns of the Manpower Division will be employment and industrial training and it is obvious that the two sections dealing with these subjects are interdependent and must work closely together. On the employment side we are trying to fill in the gaps in our knowledge of changes in the general pattern of employment in Hong Kong which have occurred since the 1961 census. We collect each quarter from factory proprietors figures of the number of their employees as well as of the vacancies on their establishments. From these we can work out a detailed picture of the structure of each individual industry, the number of large, medium and small factories, the number of factories

in various parts of Hong Kong, Kowloon and the New Territories, the rate at which the industry is expanding or contracting and so on. This information is of obvious importance for planning purposes but although we can cover the number employed in factories and public utilities in this manner, we have been unable to obtain anything more than an estimate of the numbers employed in building construction. We have been into this problem with the major building contractors but the difficulty is that the number of persons employed on any particular building site varies from day to day as one part of the work is completed and another process starts. In addition, so much work is undertaken by sub-contractors that the principal contractor frequently does not know exactly how many are working on his behalf at any given time. It is however important that we should remedy this gap in our knowledge as soon as possible and we are at present considering some new suggestions as to how it might be done. We also need more detailed information about the number of persons engaged in providing services of one kind or another. This sector includes commerce, banking, insurance and retail trade as well as various forms of public and private service. It would be impractical to carry out a sort of miniature census operation once a quarter but we have been able to obtain part of the information we need from the records of various licensing authorities and other Government publications and for the remainder we shall have to rely on estimates and sample surveys.

When manufacturing industry reported 22,000 vacancies last July, we set up at very short notice an Employment Information Service to let persons seeking work know which factories wanted additional workers. The number of persons we have helped directly is only some 1,700 but we have passed copies of our vacancy lists to the Social Welfare Department and to a number of voluntary organizations which are in touch with persons in need of employment and the total number of persons who have found work as a result of the scheme is probably much higher. We are in the meantime improving our techniques and employers are now giving us much fuller information about their requirements, so that in due course if the support and interest of employers are maintained, we may be able to undertake more conventional placement work. An official service of this kind is likely to be needed in any event as an adjunct to our industrial training schemes.

The various departments concerned with industrial training have recently formulated detailed proposals for the establishment of an Industrial Training Advisory Committee, for its suggested composition and the manner in which it might operate in conjunction with a number of associated committees which would concentrate either on the training needs of individual industries or on particular functions such as the control of apprenticeship, schemes for the vocational training of the handicapped, trade testing and standards, instructor training and so on. As these proposals will shortly be brought before Government's advisers

for final approval I cannot elaborate on them here but I hope that it will not be long before the main Committee is set up and can start work.

Very considerable expenditure and effort have already been put into technical education and vocational training in Hong Kong by the Education Department, by individual industrialists, by industrial associations, by the Social Welfare Department and by voluntary agencies and we can take pride in much that has been achieved. In this connexion I would like to say a special word of thanks to the Standing Committee on Technical Education and Vocational Training which has been advising on industrial training problems since 1954. Members of this Committee which consists on the unofficial side of individuals with special knowledge and experience of technical and vocational training problems have made a very substantial contribution indeed to the development of industrial training in Hong Kong and the community is greatly indebted to them for the services which they have rendered. The growing pains which our rapidly expanding and diversifying industry is now experiencing have however made it desirable that new machinery should be set up for closer and more detailed and comprehensive consultation and co-operation between Government and industry on industrial training problems and this makes it necessary that the main committee should look more to representatives of major associations concerned with training than to individuals however well qualified they may be to compose its membership and that in addition there should be associated with the main committee a number of other committees which are representative of individual industries. While it will be necessary to wind up the work of the present Standing Committee when the new Industrial Training Committee is appointed, I feel sure that unofficial members who have served on it will be in demand, if not for the main committee, for the associated industrial or functional committees on which they will be able to continue to give valuable service.

To service the new Committees, to undertake the necessary research and to carry out the new responsibilities which the Labour Department will assume in regard to vocational training, a separate Industrial Training Section will be set up within the Department which will work in close co-operation with the Employment Section, as well as with the Education Department. A considerable amount of preparatory work has already been done both in the Labour and the Education Departments. Officers have attended I.L.O. seminars and information has been collected on various types of training schemes operated elsewhere. A senior officer of the Education Department is at present in Britain and will be going to Europe to study a variety of technical and vocational training systems. We have also had discussions with a number of visiting experts regarding our local problems. Some of the information regarding local training methods in various industries is already

available but more detailed surveys will be needed to enable the new Committees to function effectively.

The Working Committee on Productivity foresaw the need for an ambitious and continuing programme of industrial training to run parallel to the measures which that committee recommended for increasing industrial efficiency. The Industrial Training Advisory Committee will clearly have to work in close cooperation with the Productivity Council and if it is able to provide an adequate and well trained labour force, it will make the task of the Productivity Council far less onerous. But, perhaps more important still, industrial training can assist in the diversification of Hong Kong industry and can enable us to embark on more sophisticated forms of manufacture and to concentrate on higher quality production. If our industrial training scheme includes retraining facilities, it will add flexibility to our economy and make us less vulnerable than we are at present to overseas restrictions on our major export products. By lessening our reliance on unskilled and semi-skilled labour it should increase our productivity and at the same time bring higher living standards to our workers.

I agree with Mr FUNG that the new committee will need to make an imaginative approach to the problems before it but I am confident that if all sides of industry are prepared to work in close harmony with Government in the industrial training field, many of the problems which face us at the moment can be overcome. Mr FUNG made special reference to the proposal to set up a Wool Technical Committee to plan curricula for the new wool section at the Technical College. This is of course not a new departure, for there are already six similar advisory committees in the various departments of the Technical College to ensure that the training given is what industry wants. Furthermore, this policy of cooperation will be extended through the composition of the Industrial Training Advisory Committee and its associated industrial and functional committees.

My friend, Mr FUNG Ping-fan, in his remarks about the tourist industry, mentioned smoke pollution in Kowloon and before I close, I would like to say a few words on this subject. In general, the changeover from firewood to kerosene for cooking purposes has greatly reduced the amount of household smoke which might be expected in an area so heavily built up as Kowloon. In addition the Clean Air Ordinance has had a considerable effect in inducing the owners of boilers and other smoke producing plant to operate them more efficiently, since in most cases black smoke is merely a sign that fuel is being used wastefully. In administering the Ordinance the various departments concerned have had to bear in mind the paramount importance of keeping the approaches to Kai Tak Airport clear of smoke which might endanger aircraft taking off or landing and it was for this reason that the first smoke control area to be proclaimed was the new industrial township

of Kwun Tong. In March last year the smoke control area was extended to embrace areas to the north east of the airport and last October a district on the north east of Hong Kong Island was included. Attention was then given to existing sources of air pollution on the Kowloon peninsular and it became apparent that there were few major sources of industrial smoke emission and none which could create "smog" conditions. There has been a substantial reduction in the amount of industrial smoke which is discharged and steps will be taken to see that this is maintained.

There are however two major sources of complaint and I imagine that it was these that Mr FUNG had in mind. These are the dust emission from the chimney of the Green Island Cement Works and the emission of sulphur dioxide in the form of a blue haze from the power station of the China Light & Power Co. In both cases there are formidable technical problems. The electrostatic precipitators installed by the Green Island Cement Co. to contain the dust before it is discharged to the chimney have not proved entirely satisfactory and considerable trouble arose from the use of sea water. The company has now embarked on a more ambitious project of electrostatic precipitation which when completed in the near future is expected to reduce dust emission to negligible proportions.

There is unfortunately no simple solution to the discharge of flue gases containing sulphur dioxide from the power station, for this is a problem which arises in all power stations throughout the world. The China Light and Power Company has had to install additional plant to keep pace with the demand for electrical power and this has naturally increased the emission of flue gases. In many parts of the world engineers have mitigated the unpleasant effects of sulphur dioxide by arranging to concentrate all the discharge gases in a single very high chimney. The resulting emission is dispersed naturally by the winds and persons living or working in the vicinity of the power station rarely notice any unpleasant effects. Such a solution is not possible here because a very tall chimney which might have to be up to 700 feet high would present an unacceptable hazard to aircraft using Kai Tak. The problem is under active discussion between the company and the various Government departments concerned and although I cannot forecast at this stage what measures will eventually be taken, I can say that there is no lack of good will on any side in trying to improve an admittedly unsatisfactory situation.

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

MR W. D. GREGG: —Your Excellency, the number of questions which honourable Members have raised in this debate on the subject of education is very much fewer than last year and other previous years.

I am quite certain that this does not indicate any weakening of interest in this subject on the part of my honourable Friends; and I should be equally wrong to suppose that there are not a great many more matters connected with education which they would have liked to raise in this Council in the public interest. There is, however, a very good reason for this abstinence.

In Your Excellency's opening address last month, you intimated that the Working Party's examination of the many and varied proposals of the Marsh/Sampson Commission had been completed and were now being urgently considered in the Secretariat. Your Excellency also mentioned that this examination might well involve a review of our whole policy with regard to education. I know that it is Your Excellency's wish that Government's conclusions on the many matters that have been raised should be placed before this Council as early as possible. It must therefore have been obvious to my unofficial colleagues that a Government representative would not be able at this point of time to give a very satisfactory reply to any questions involving general policy.

Sir, honourable Members who have studied the Marsh/Sampson Report will recall how wide-ranging it is. There are few topics of any significance which are not the subject of a recommendation and which therefore at present are sub judice. I hope therefore that I may have the indulgence of honourable Members if my replies this afternoon to some of the questions raised are somewhat tentative, particularly as in this case there will be the opportunity of a kind of "second innings".

My friend, the Honourable FUNG Ping-fan, has again raised the question of special provision for Educationally Sub-normal Children. Honourable Members may recall that in last year's Budget debate, I expressed the hope that we should be able to start a number of experimental classes by September of this year. This is still my intention. I also indicated that an important key to this problem was the recruitment of an experienced specialist in this field, who would be able to assist us not only with the more practical aspects which are concerned with special teaching methods and the training of special teachers, but also with the techniques of diagnosing and measuring degrees of retardation in pupils. I must confess my own great disappointment that so far the United Kingdom Ministry of Overseas Development has not yet been able to produce the person for whom we have been looking. Perhaps our requirements have been a little too exacting. At any rate these have been somewhat modified in consultation with London and the search continues.

In the meantime steps are being taken to select a number of local teachers, who have volunteered for service in this difficult field. These teachers will undergo a preliminary period of training, before becoming

engaged in work with the experimental classes to which I have referred. Later on additional overseas courses are envisaged for some of the local teachers now being selected. One local officer is already abroad specializing in this particular field. Upon her return she will be available to assist us in this scheme.

Close liaison will be maintained with suitably qualified staff in other departments and they will, of course, be as welcome to share our experience as we are anxious to share theirs. Also I particularly welcome the formation during the past year by a group of responsible residents of the Association for Mentally Handicapped Children and Young Persons. They have already assured me of their support for our efforts in this field and they may certainly rely on our fullest co-operation.

My honourable Friend has suggested that Government may not always make the fullest use of staff who have been given the advantage of specialist training. I agree with him that if this is so it does seem to be a waste of both money and effort. The Honourable FUNG Ping-fan clearly must have some specific cases in mind and I should be glad to investigate them, if he would supply me with further details.

May I now turn to the criticism of Government Primary Schools, to which the Honourable FUNG Ping-fan also referred. I wonder Sir, how many of the parents of the 80,000 pupils concerned would agree with the Urban Councillor that they have no sense of responsibility by allowing their children to attend Government Primary Schools! What then are the facts? The number of pupils qualifying in the Secondary Schools Entrance Examination seems to vary considerably both from school to school and from year to year, but the general pattern over a number of years has been that the subsidized schools tend to obtain a higher proportion of successes than the Government Schools, and the Government Schools a higher proportion than the private schools. Last year for example the overall percentage of success was 28 and the percentage for Government Schools alone was nearly 24. Admittedly this is not a brilliant result, but it shows that the Government Schools are continuing to obtain a reasonable share of the provided secondary school places. It must be borne in mind that in most of the subsidized primary schools there is a heavy demand for places. This is particularly so in the case of the older established schools. In view of the very keen competition which exists it is only natural that the subsidized schools should seek to enrol the most intelligent pupils. I have no quarrel with this at all. If the schools have to make a selection, one can't blame them if they try to select the best. What I do condemn, however, as also did the Marsh/Sampson Commission, is the practice of setting an entrance examination for Primary I which can only be answered by pupils who have completed one or two year's formal education in kindergarten. Entry to Government Schools is of course quite open. Pupils living nearer the schools have first preference, but after that anyone can

join, whether they have been rejected by the other schools or not and there is no entrance test of any kind. As I say I have no particular objection to the selection system adopted by many of the subsidized schools, but I do think that it is a little unfair if the Government Schools which admit all-comers whether or not they have had any previous schooling, should be blamed if they do not achieve the same degree of success as the subsidized schools.

I have examined the records and find that last year many of the Government Schools achieved better results than many of the subsidized schools. In many other schools however the reverse is true, but I have looked in vain for a Government School which presented 94 candidates without achieving a single success. I find no such example. But Sir, this does not mean that I am satisfied with the progress of all Government Schools, any more than I am satisfied with all subsidized schools or all private schools. This is obviously a matter in which it is impossible to generalize. Long before this public criticism was made, I had arranged for a comprehensive full-scale inspection to be undertaken of all Government Primary Schools. This is still proceeding and the results are being discussed with the principals concerned and detailed advice is being given.

I now turn to the question of enrolment. In September 1964 there were 15,953 available places in Primary I of Government Primary Schools and there were 25,324 applications for admission. My honourable Friend has referred to two unfilled Government Schools. There are two 30 classroom schools at San Po Kong and Kai Tak which were opened in September 1962. The present position is that San Po Kong has 5 empty classrooms in the morning session and 8 in the afternoon, while Kai Tak has 13 in the morning and 16 in the afternoon. Whenever a large school is opened the pressure is inevitably on the lower classes. But we cannot immediately fill up all the classrooms with Primary I, II and III, otherwise we should have no room to promote them in successive years or to enrol new Primary I pupils. It generally takes some time, in the region of three years, to establish and fill a large new school and even longer to achieve a consistent educational standard. San Po Kong should be completely filled in September, but Kai Tak will probably not. In this case the anticipated intensive development of this area has not yet taken place and the extremely heavy traffic on Choi Hung Road has tended to insulate these schools from nearby areas of high development which they would otherwise have served. Nevertheless the fact that school provision is for once one small jump ahead of general development should not, I feel, be a cause of serious anxiety.

I would now like to deal with the question of sick leave for teachers. Government teachers are, of course, subject to the same regulations in this respect as all other civil servants. Broadly speaking these permit a teacher to continue to draw his full pay when absent on

medical advice through sickness, for periods which are sufficiently generous to cover most ailments which one is liable to contract. Depending on a minimum period of service this could amount to up to six months on full pay followed by up to six months on half pay. The rules for Aided and Subsidized teachers leave more to the discretion of the Director of Education but in practice he invariably tends to follow the Government procedure in such cases. I am however aware that this is by no means the case in all private schools. I entirely share the views which my honourable Friend has expressed in this matter. I realize, of course, that private schools are entirely dependent on their own resources, but I must urge those proprietors that do not already do so, to set aside a sum of money in their annual budgets to enable them to employ a certain number of supply teachers when this becomes necessary. Even if they cannot afford to be as generous in this matter as Government and Aided institutions, they might well consider taking some steps to protect their staff, including perhaps some form of private insurance to cover part of the risk. At any rate the practice of requiring members of staff to provide and pay for substitutes out of their own pocket as a condition of sick leave is to be thoroughly deplored.

I come now, Sir, to a number of points raised by my honourable Friend in which to a greater or lesser extent major policy considerations are involved and which therefore cannot be dealt with fully at this stage. I refer in particular to such matters as the minimum age for admission to schools, the level of tuition fees, and the conditions of service and remuneration of teachers. On this latter point I feel sure that Government will support the general principles mentioned by the honourable FUNG Ping-fan in considering this question, and I may add that if Government should decide to adopt a new scheme or structure for the payment of teachers, it will only do so after the fullest consultation with members of the teaching profession and their employers and serving teachers will be given the option of retaining their existing terms of service, if they so desire.

Also in this category is the question of school subsidies. I am not aware of any recent changes of policy in this matter. For some years now, in view of the general shortage of primary school places, Government has made it a condition of granting capital aid for new school building that the managers should agree to operate bi-sessionally *i.e.* two schools in the one building, in order to ensure that the building is put to the maximum possible use at the present time. In some cases it has been possible for Government to extend recurrent aid to both sessions, but generally such aid has been limited to one session pending the formulation and adoption of a comprehensive policy on school subsidies and the managers have been requested to operate the second session privately. As I say, this is a matter which is tied up with future policy, but I should be surprised if Government's new plans did not contemplate a substantial expansion of the subsidized sector of education. If

this is so, men the particular difficulty mentioned by the Honourable FUNG Ping-fan will be progressively solved as more and more schools are admitted to the list of subsidized schools. I think I must leave it at that for the time being.

I come finally, Sir, to the question of English language and the Chinese University. The Honourable FUNG Ping-fan has confined his attention to the public services of Hong Kong, but I think the question goes deeper and concerns the employment prospects of Chinese University graduates in all sectors as well as the public service. Government has already announced that it grants full recognition for the purposes of Government employment to the degree qualification of the Chinese University. However it would be unrealistic and misleading to suggest that a candidate's competence in the English language will have no bearing on his chances of appointment. Even before the Chinese University was established, the Public Services Commission would give preference to a local candidate with a high competency in English, if a high standard were specified as necessary for the particular post under consideration. But by no means all posts either in Government or outside do require such a high standard and in such cases the quality of a candidate's academic or professional qualifications together with his personal qualities would be the determining factors. At this level of appointment, it is not considered that a candidate who in the Honourable FUNG Ping-fan's words is "able to express himself clearly and accurately both in written and oral English" would be at any serious disadvantage, except in those particular posts in which a very high degree of competence in English has to be regarded as an essential qualification and even for these posts one would expect a number of Chinese University graduates particularly those who had majored in English to be strong candidates for appointment. I am sure that the authorities of the Chinese University and its constituent Colleges are fully alive to the fact that it is very desirable that their students should have a sound practical working knowledge of written or oral English by the time they graduate and I know they are taking steps to establish their own means of dealing with the situation by setting up language laboratories and other special courses within the University. The Government takes note of the suggestion that the Government Language School might be used for this purpose as well, but I should perhaps point out that the main purpose of this establishment is to equip Government officers with a better knowledge of the Chinese language and I do not think that it is designed to function as it were with "reverse cycle operation".

You yourself, Sir, have already mentioned that in spite of many matters in which policy decisions have yet to be taken the Education Service has continued to expand in practically every sector and you quoted figures to illustrate the growth rate in primary and secondary schools. You mentioned also, Sir, some of the Department's plans in

the sphere of technical training. I think perhaps honourable Members might be interested to note that when the proposed new lecture room and laboratory block has been completed at the Technical College and the new wool technology section added to the Textile Department and when the new Technical Institute has been established on Hong Kong Island, (all of which have been accorded a high degree of priority in our building programme), the capacity of these institutions to provide full-time technical training will be increased to something like 3,000 students which is nearly three times the present number. I do not believe that this is the end of the line for technician training; but bearing in mind the special difficulties of installing complicated equipment and recruiting specialist staff, the fulfillment of these projects will represent a very important step forward in the Colony's technical training programme over the next few years.

I have tried to deal as fully as I could with the various educational points which have been raised in this debate and I apologize again for not being able to jump the gun on certain fairly important matters of Government policy. Sir, I beg to support the motion now before the Council. (*Applause*).

DR TENG PIN-HUI: —Your Excellency, my honourable Friend, Mr. RUTTONJEE, made a complimentary reference to achievements in cholera control last year. These remarks are greatly appreciated by all my colleagues whose unrelenting efforts in this and other fields are only too rarely acknowledged publicly. The field of preventive medicine is an aspect of my Department's activities which only occasionally comes to public notice but is as important to the community as the more, shall I say, glamorous activities of the hospitals and clinics and is no less responsible for the achievements represented by the impressive changes in the Colony's vital statistics to which you, Sir, made allusion in your review. In the greatly congested city which is Hong Kong today, we cannot afford to accept anything but the highest standards in the prevention of disease. I would like here to mention specially the full awareness of this amongst certain voluntary organizations created and managed by Hong Kong people, and the invaluable part they play both in educating the public and co-operating effectively with my Department. We are continually striving to better our accomplishments, but we always need the whole-hearted co-operation of the whole population. As you said, Sir, the incidence of many preventable diseases, such as diphtheria and polio-myelitis, which give rise to protracted suffering in childhood, are being reduced gradually. However, cases of these diseases still occur needlessly, although every effort is made to take facilities for inoculation as close to the individual as possible, at work, at home and at play.

We have recently experienced our normal two-year recrudescence of measles. I have been watching the developments in this field very closely during the past few years, but the present state of the scientific work is such that I am not convinced a vaccine suitable for Hong Kong conditions has yet been developed. Present vaccines cause a modified attack of measles which varies greatly in severity. Trials of these vaccines are now in progress in many parts of the world and I do not consider it advisable to launch a wide-scale immunization programme against this disease in Hong Kong until such trials have been fully evaluated, and the efficacy proven beyond doubt.

I am sure that my honourable Friend, wearing his other hat as Chairman of the Hong Kong Anti-Tuberculosis Association, would be disappointed if I made no reference to our number one public health problem. The over-all tuberculosis death rate has fallen from 208 per 100,000 in 1951 to 39 in 1964, but I think it is even more significant that the deaths from tuberculosis occurring below the age of five years are now less than one-twentieth of all the deaths from the disease, as opposed to one-third some thirteen years ago. But much remains to be done; there is still a large number of infectious cases, and hospital beds for the disease, in spite of the good work done by all those concerned with the problem of tuberculosis control, cannot be provided in the numbers required for hospitalization of all such persons. We must therefore ensure that all beds are used to greatest advantage and that our regimes of outpatient treatment are the most practical and acceptable in the light of local conditions. I sincerely hope that the energetic measures we are now taking in these fields will be reflected in future years by further success.

My honourable Friend raised the question of Casualty Services and I welcome this interest as it has given me an opportunity to speak on these services in general.

The rising toll caused by our rapidly-increasing urbanization and industrialization is best illustrated by quoting certain statistics. In 1952, accident cases constituted 9.8% of all cases admitted to Government hospitals; in 1964 the figure was 19.7%. In the past year, also, 112,500 emergency cases of all kinds attended the Casualty Unit at the Queen Elizabeth Hospital, with an average daily rate of 310 new cases each day of the year. 47% had injuries as a result of accidents and the remaining 3% were other emergency cases; some of the latter group should have tended a clinic rather than a casualty unit but 38% of them were efficiently serious to require immediate admission. The overall figures are rising by approximately 10% per year and we can expect some 125,000 cases from Kowloon and New Territories alone in 1965, while Hong Kong Island will produce just under half that figure.

The variation in the severity of injuries and illnesses encountered in a casualty unit is very great and consequently it must be backed by full specialist facilities.

Even in itself a casualty centre is an expensive unit; for example, the Queen Elizabeth Hospital unit is staffed by eleven medical officers. Hence it is neither practicable nor advisable to open a large number of centres which would act merely as first-aid stations and might delay a serious case in reaching the specialized facilities he requires if life is to be saved. However, during my tenure of office, I have realized that the increasing volume of work merits the provision of more centres. I hope that within the near future, the Kwong Wah Hospital, recently re-developed as a modern acute hospital, will as soon as the staff situation permits be able to provide such a service to ease the burden now carried by the Queen Elizabeth Hospital alone. Under planning also are two further centres, one included in the new Lai Chi Kok Hospital and the other of a modified design to deal with more minor injuries in the Wan Chai area of Hong Kong Island.

I would like to make it clear that, contrary to popular concept, there is no regulation forbidding any private practitioner or any hospital, such as the five hospitals between Shau Kei Wan and Queen Mary Hospital referred to by my honourable Friend, to accept and treat casualty cases, but I can well understand the reluctance on the part of any non-Government doctor or institution to be involved in the care of such cases, many of which are time-consuming, not due to the actual care of the patient, but to the necessary Police investigations and attendances at Court where specialized medico-legal knowledge is often required. In addition, there is of course a natural reluctance to be involved in a case whereby wide adverse publicity may result.

My honourable Friend expressed his concern regarding the amount of the subvention being granted to the Tung Wah Group of Hospitals in view of certain doubts about the standard of the services being provided. I must emphasize at this stage that my powers in relation to this Group of Hospitals are restricted, not by the Board of Directors with whom I maintain a happy and mutually beneficial liaison, but by the out-moded Ordinance which governs this organization, and at the same time the Directors are placed in an equally invidious position. The root trouble is that of the lack of any direct chain of command— a position which, with the best will in the world, will continue until the Tung Wah Hospital Ordinance is amended. Here, Your Excellency has authorized me to say that the appointment of a Working Party to consider and advise what amendments should be made to the Ordinance is already under consideration.

Neither I nor the Directors can pretend that the standard of both patient care and administration in this hospital group does not require considerable improvement. Since my accession to my present office, I

have been paying close personal attention to their affairs, particularly since the completion of the main re-development scheme of the Kwong Wah Hospital. I have with the co-operation of all concerned, instituted searching investigations, into the operations of this group and these investigations, which are being carried out by an experienced medical administrator and an equally-experienced matron, are still in progress.

My previous fears have been justified by the early results of these investigations which have revealed that the pressure of work is not now of such magnitude as to offer a valid excuse for the deficiencies which have caused many complaints.

The doctors employed in this group of Hospitals now clearly understand that their full-time services are at the disposal of the hospital authorities and any infringement of this will be promptly dealt with. This was made clear by me in a letter to the doctors some months ago. Since 1964, over a dozen have been invited to resign or have had their services terminated. Government and private specialists in the various branches of medicine are devoting a great deal of their time to the supervision of the various clinical units in these hospitals. Although the Medical Superintendents of the three Tung Wah Hospitals and the Group Medical Superintendent are officers seconded by me, the full exercise of their powers and their authority over the medical, nursing and other staff suffer from the anachronisms of the Tung Wah Hospital Ordinance. I have for some time been aware of the fact that it has not been possible to put to full use a small amount of specialized equipment in the newly developed Kwong Wah Hospital. The reason for this has been the lack of trained staff. Direct recruitment has been found to be impossible and we have had to train personnel locally. Kwong Wah officers have been and are seconded to the Queen Elizabeth Hospital for training in the operation of a central sterile supply department, laboratory technique, blood bank technique, anaesthesia, the operation of a milk kitchen, and in the maintenance of medical records. All these have been done with the view to making the best possible use of all the resources to improve the standard of medical care for the patients in these hospitals.

I agree with my honourable Friend that the Tung Wah Hospitals must fulfil their proper role but until the first phase of Wong Tai Sin and the Sandy Bay Infirmaries open later in the year they will have quite a number of chronic cases for whom alternative accommodation cannot be found. When this is accomplished, the hospitals will commence to function as planned. I would like to point out that the Kwong Wah Hospital is now admitting many cases referred from the Queen Elizabeth Hospital casualty unit.

My honourable Friend, Mr RUTTONJEE, has asked why fees cannot be charged at these hospitals when the patient can afford them. With sincere and due respect to those who hold contrary views, and with

whom I sometimes agree amicably to disagree, I must say that I agree with him and my honourable Friend, Mr P. C. Woo, whole-heartedly that fees should be collected from all those who can afford them, as the patients attending these hospitals are of the same social class as those attending Government clinics and hospitals; of course, for cases of genuine financial hardship arrangements will have to be made for treatment without any charge whatsoever. However, this too would require amendment to the existing Tung Wah Hospital Ordinance which, as honourable Members are aware requires that all the hospitals in this group are to be run chiefly as free hospitals. I need hardly mention that I would be the last to suggest any change which would affect the time honoured and unique position which the Tung Wah Group of Hospitals and its Board of Directors occupy in the eyes of the community.

During the past few weeks we have heard much regarding the need to provide more and more hospitals and clinics. Having been one of the persons concerned with the gestation of the White Paper on Development of Medical Services in Hong Kong, I feel rather like a proud and very new mother whose offspring has been greeted by the words "Is that the best you could do?" Planning for medical and health institutions is rather like an ice-berg in that nine-tenths of the effort is submerged or unobserved before the piles are driven and the superstructure can begin to emerge. The complexities of designing, constructing, equipping and financing a single hospital, let alone 24 of them as light-heartedly suggested by one member of the public, coupled with the rapid advances being made in medical science, are such that it is impossible to wave a magic wand. In addition, not only must the provision of the various categories of beds be scrupulously related to the needs of the community, but the ability of the community to provide such facilities must also be accurately assessed. This observation is applicable not only to hospitals but also in lesser degree to general outpatient clinics and specialized services. I should point out that the number of hospital beds in Hong Kong at the end of 1964 was nearly 12,000 representing a 180% increase over the 1950 figure. I doubt if there is any territory in the world which can boast of a comparable achievement. The financial implications of further development were stated in the Paper as accurately as was possible at the time of its preparation; however, an individual building without staff trained to make maximum use of the facilities it offers is an expensive liability. Consequently, the Paper made allusion, not only to optimum use of Government and Government-assisted facilities, but also to the training of personnel competent to operate such facilities.

Pursuing the theme of the Medical Development plan, I am pleased to hear that my honourable Friend, Mr RUTTONJEE, is content with the planning of the future medical services. Every effort will be made to implement the Standing Committee's recommendations expeditiously.

He can be assured that the airing of his views fortnightly, which I also consider to be an improvement, has made the medical planners realise that urgent results are necessary. Whilst I am not in a position to give any assurance that the completion of any medical project will proceed at a pace anticipated, as some of the factors that cause delay are outside my control, I can, however, assure him that everything will be done by my Department to expedite the completion of any approved scheme. My honourable Friend can also rest assured that Government will make it a condition of any grant, whether it is land, capital or recurrent subvention, that adequate Government representation will be included in any management board of the institution requiring any Government assistance.

The renovation of Kowloon Hospital has taken longer than expected, but for nearly a year the maximum possible use has been made of the facilities it can offer at any given time. At the present moment there are some 220 patients in the hospital, and I hope that by midsummer the total of some 500 beds will be available for use either for cases of tuberculosis or for long-stay patients from the Queen Elizabeth Hospital, who would otherwise be occupying expensive acute beds.

I referred earlier to the provision of staff and, as it is the crucial point of the Development Plan, I am obliged to examine the position if I am to fulfil my duty to you, Sir, to this Council and to the people of Hong Kong. The University of Hong Kong has submitted plans, which are now under consideration with the University, to increase the annual intake of its Faculty of Medicine to a figure of 120 students soon and also on the possibilities of a further expansion to 175 if this should prove necessary. This disposes of the question of the numbers required to implement the proposals of the White Paper. But what of the individual? There is no dearth of doctors who are willing and eager to take clinical posts in hospitals where they can exercise to the full their expert knowledge. However, the complex and wide-spread responsibilities of the Medical and Health Department are such that these specialized duties are only one facet of my Department's requirements. Doctors are needed who are willing to apply their acquired knowledge in many other ways; in general outpatient clinics to the care of the man-in-the-street with his coughs, colds, aches and pains; in certain specialized clinics to the treatment and prevention of diseases such as tuberculosis; and to the many unacclaimed facets of preventive medicine such as the public health and port health services. The many vacancies in the establishment of my department exist in the spheres which I have enumerated, and, at the moment we are forced to rely to a great part either on overseas officers or on those without registrable qualifications who have been assessed as possessing adequate medical knowledge to keep these services functioning. It is noteworthy, Sir, that of the 474 non-expatriate doctors in Government Service, only 230 are graduates of the local university.

At last year's Debate I assured my honourable Friend, M RUTTONJEE, that I was in full agreement with him on the question of the use of auxiliary nurses and I would like to reiterate my concurrence with his viewpoint today. The recruitment position regarding nurses although by no means satisfactory, is better than it was. The full use of auxiliary nurses in all the Department's activities is now the Department's policy, and I intend to allocate fully trained staff only to those posts where they are essential.

The recently published Platt Report on the Reform of Nursing, Education is under active consideration both by the Nursing Board and by other interested parties. With the planned increase in the number of hospitals, Government, voluntary and private, I feel that a careful examination must be undertaken of all the training facilities in Hong Kong for student nurses. My honourable Friend will be pleased to learn that I have taken a personal interest in the newly formed Hong Kong Nurses Association which has given every indication that it will help to disseminate up-to-date and valuable information to the members of the nursing profession in Hong Kong.

Every encouragement and active help will be given to those nurses who will be found suitable for post-graduate training in any of the specialized fields of practical nursing and administration.

Before leaving the subject of nurses, may I make an earnest appeal to all Nurses Training Schools and affiliated hospitals which provide for their practical instruction not to employ student nurses primarily for routine nurses' work in the wards so as to allow them to enjoy the full benefit from their training.

In conclusion, I beg Your Excellency's indulgence to say a few words about the work of my department, which has an approved establishment of 9,600 and which operates institutions varying in size from the Queen Elizabeth Hospital with a staff of over 2,000 to a small rural maternity home. The Department provides services ranging from the complex operations of a highly-specialized unit to the individual inoculator immunizing children in the more isolated areas of the Colony, With the possible exception of the Police, no other department encounters so regularly the individual member of the public when subject to sudden, distressing and personal strains. I constantly enjoin my departmental staff to remember that they are dealing with individuals but I must emphasize that this staff is made up of individuals. My colleagues of the department are but human and the occasional error is inevitable; but the only plea in mitigation which is acceptable to me is that such an error must have been made unwittingly in the performance, to the best of his ability, of the officer's duty. I will waste no time on insubstantial or anonymous complaints, but authenticated complaints or constructive criticisms whether about the Medical and Health Department,

or about a Government or non-Government organization whose medical work is assisted by me or subsidized by Government, are welcomed both by myself and by my senior colleagues as they are of value in improving the jealously-guarded quality of the services provided. I do not and will not tolerate discourtesy to members of the public or inefficiency, but if I am to expect my colleagues to carry out their duties faithfully, zealously and conscientiously, I must shield them from any unfounded or unfair criticisms. I have no other aim in life but to serve the people of Hong Kong and I appeal to one and all to help me to discharge my duties efficiently so that the community will be able to enjoy that better health which leads to better physical, mental and social well-being.

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

MR A. M. J. WRIGHT: —Your Excellency, the re-organization of the Public Works Department to which I referred last year when I spoke in this Council is now virtually complete, and the greater autonomy which has been given to sub-departments has resulted in the speeding up of many processes, as well as much improved co-ordination with other Government departments. There is an awareness throughout the senior ranks that unnecessary delay cannot be tolerated and there is continuous investigation into ways and means of speeding up the work of the department. Public Works Department Headquarters is now what it should be—a small secretariat dealing with departmental policy and programmes; production is the responsibility of the sub-departments.

As always when one looks back over the past year, there are incidents or dates which have a special significance. The ending of the water shortage with the advent of Typhoon Viola at the end of May; the four typhoons which followed Viola bringing much needed rain and causing great havoc, which resulted in serious delays on many new projects and the expenditure of some \$8.5 million in repairs. Incidentally, this expenditure is charged to a Recurrent Vote in the Annual Estimates, and is not included in the \$500 million spent on Non-Recurrent works during the Financial year now drawing to a close.

Last year also saw the passing of the Buildings (Amendment) (No 2) Ordinance on 4th September 1964. In your review, Sir, you referred to the large number of sites—some 300—on which development was being held up because of this legislation. As a result of a letter sent last December to the architects concerned it has been possible to reconsider many of these schemes. By the middle of March 1963 re-submissions had been made, of which 52 had been approved and 7 were still under consideration. Only 4 had been refused. I am quoting

these figures so that honourable Members may know that we are doing everything possible to get work started again, though the safety of the occupants of neighbouring property must always remain of over-riding importance.

The great number of inspections of old property made necessary by the new legislation not unexpectedly put a great strain on the personnel of the Buildings Ordinance Office and, as a result, their normal work—the approval of building plans—suffered. On 1st January 1965, there were 598 submissions, or 30% of the total submissions dealt with in December, outside the 28 days limit; but I am glad to say that there has been a great improvement since then and by March 1st this figure had been reduced to 37 or only 2½% of the total number of submissions dealt with during February.

Last year I said that I intended to have prepared a 5-year road improvement and road building plan, to be reviewed annually and always to look 5 years ahead. This plan has been prepared and the first review is in progress. As part of this review we are reconsidering the whole Central District traffic plan, including the Pedder Street/Connaught Road roundabout.

Subject to the necessary funds being voted in the future we hope to commence some 136 major road projects over the next 5 years with an expenditure of something over \$300 million during the same period. This compares with about \$100 million spent on major road works in the past 5 years. This programme envisages the construction of several flyovers in Hong Kong and Kowloon, the extension of the Waterfront Road along the new Wan Chai Reclamation and across Victoria Park, the construction of a new roadway from Kowloon to Tsuen Wan, the completion of the Shatin Road Tunnel and its approaches, as well as many improvements to existing roads in the urban areas and the building of new roads in the New Territories. I believe that this programme will more than keep pace with predicted traffic growth.

To meet the demands of this increased roads programme, as well as the increasing demands being made for new Port Works and Development projects I have requested a considerable increase in the establishment of the Civil Engineering Office of the Public Works Department which is at present quite inadequate to meet the demands now being made upon it.

I do not propose to present a mass of statistics to show our progress on the planning and development of Resettlement and Low Cost Housing Estates. I am confident that we shall meet the 1964 to 1970 building programme set out in the White Paper on Squatter Control, Resettlement and Government Low Cost Housing. The need to house our rapidly growing population, and the need to provide them with

places of education, leisure and recreation, presents both a challenge and opportunity to every engineer, architect or surveyor in Hong Kong. New housing estates and new towns demand much more than the construction of tenement blocks by private enterprise or resettlement blocks by Government, and a vast and diverse building programme involving industrial, commercial, community and public buildings must be tackled with speed and vigour. Besides taking on its share of the building programme, the Public Works Department will have to undertake the associated civil engineering works—particularly the construction of roads and main drainage—as well as the provision of water. This is no mean task when one is thinking in terms of a million people in five years.

My honourable Friend the Financial Secretary has already referred to the effects of last year's typhoons on the public works Non-Recurrent expenditure. There is one other factor—a new one—which had a material effect on our expenditure in 1964-65. I refer to the general and widespread shortage of skilled and unskilled labour facing Public Works contractors, a shortage which has led to a general slowing down of all our projects, particularly the larger and more complex ones. Many contracts, in spite of the genuine efforts of the contractors concerned, are running several weeks late. If the average delay is no more than four weeks this represents a sum of over \$45 million which should have been spent in 1964-65, but will not be. Delays of this sort were not foreseen in the autumn of 1963 when we were preparing the 1964-65 estimates, but the probable continuation of these conditions has been allowed for in the preparation of next year's estimates.

I would like to thank my honourable Friend Mr R. C. LEE for his constructive proposals for slum clearance. These and other ideas for implementing a slum clearance and urban renewal scheme are being discussed in great detail by the Working Party on Slum Clearance of which Mr LEE is a member. I particularly welcome his suggestion that Government should prepare a comprehensive plan for a district including the realignment and improvement of roads and the provision of sites for schools and recreation.

I agree with my honourable Friend that private enterprise should be given every possible encouragement to participate in slum clearance and urban renewal schemes, but I find it difficult to understand his reluctance to resort to resumption, and I cannot accept his contention that land resumption means payment of monetary compensation below the price obtainable in the open market. There may be occasions when this arises, but I suggest that in such cases higher prices have been obtained in the open market only from purchasers who are unaware of the restrictions contained in the Crown Lease regarding user. In some cases too, agricultural land has changed hands at a figure well in excess of its true value due to the fact that some purchasers hope to realize a

high profit by using the land for purposes other than agriculture. However, it would be quite unreasonable for public funds to be used for the payment of compensation assessed on such a basis. I must repeat that the whole basis of compensation on resumption is the current rate for the lawful use of the land.

I find it difficult to see how sites for schools and recreation as suggested by my honourable Friend, are to be obtained within the heavily built up urban areas unless the land is acquired by resumption or by exchange. And how is the acquisition of these sites to be financed? Within an area of urban renewal, public open space and sites for community buildings will benefit the developers as well as the occupants of the new buildings, and it is therefore necessary to devise some means by which private enterprise can participate both in the development of individual building sites and the provision of the other amenities to which I have just made reference. I look forward to discussing this and other points with my honourable Friend at an early meeting of the Working Party.

In his remarks on typhoon shelters the Honourable G. R. Ross suggested that typhoon shelters are being reclaimed for development purposes. I quote: "Reclamation versus the need for safe anchorage" he said, and "Land sales versus a vital section of our economy". So far as I am aware no typhoon shelter has ever been reclaimed unless it has first been replaced by one of equal or greater area. Perhaps my honourable Friend was thinking of Cheung Sha Wan: never built as a typhoon shelter, much needed reclamation works have been held up there for several years to enable alternative arrangements to be made for timber yards and boat builders who were occupying land on Crown Land permits. The reclaimed land will be used for industrial purposes, a resettlement estate, and—most important of all—a vital road link to improve communications between Kowloon and the growing industrial areas of Tsuen Wan and Kwai Chung. I am glad to be able to report that the way is now clear for us to proceed with this essential reclamation.

Nevertheless, I do not disagree with my honourable Friend on the need for more typhoon shelters in the harbour area. Up to now our construction programme has been based on the policy set out in a report prepared by a Working Party under the chairmanship of the Director of Marine and approved by Executive Council in 1961. This sets out a priority list for 10 typhoon shelters including the Rambler Channel shelter within the harbour limits. Of these four are under construction and one is just about to commence.

The report also recommended that the final closure of the anchorage at Cheung Sha Wan should not be effected until the western breakwater at Aberdeen had been constructed. This latter breakwater is already

above sea level that though not due for completion until early 1966 it will provide a fair measure of protection during the coming typhoon season. The final closure of Cheung Sha Wan will not take place until mid-December 1965 at the earliest.

The 1961 Report also considered the Aldrich Bay typhoon shelter but did not recommend a reclamation or typhoon shelter at Shau Kei Wan. This is the main reason why this project has remained for so long in Category C of the Public Works Programme.

So much for the 1961 Report. A new report has recently been prepared by the Marine Department and has been considered by Port Executive Committee and Port Committee. It has not yet been submitted to Government; but I understand that it recommends that the Aldrich Bay Reclamation and Typhoon Shelter should proceed. Provided Government accept the recommendation, and provided further there are no objections under the Public Reclamation and Works Ordinance, and that the necessary funds are made available, it should be possible to make staff available to carry out this project without delay.

In the Kwai Chung area the new Rambler Channel typhoon shelter is taking shape and is due for completion before the 1966 typhoon season. In addition, a temporary shelter, behind the new Gin Drinkers Bay sea wall, will also become available before the 1966 season. My honourable Friend raised the question of a temporary shelter in the Kowloon Bay reclamation area. This area already provides a partial shelter though I understand that because of the wind direction it is not entirely satisfactory.

Details of the cross-harbour tunnel are being discussed with the promoters and their engineering consultants, and we are taking the probable effects of the tunnel into account in our road planning. If these discussions are successful, then in due course full details of the administrative, financial and engineering proposals will be placed before Government and will, I understand, be debated in this Council. My honourable Friend, Mr WATSON, has expressed his fears as to the effect that the cross-harbour tunnel may have on our traffic pattern and transport services. I do not think that anything that I can say will allay his fears but I can assure you. Sir, that the effects of the tunnel have been very fully considered both by the promoters and the traffic engineers in the Public Works Department.

The Honourable FUNG Hon-chu spoke about delays in the Buildings Ordinance Office in dealing with the licensing of food establishments. When the applications are referred to the Buildings Ordinance Office two separate processes are involved; first a check on the deposited structural plans and calculations and then a site inspection. Every effort is made to deal with the applications expeditiously but in view

of the very heavy pressure under which the staff is working it is unlikely that we can at present materially reduce the 21 day period referred to by my honourable Friend. My main concern has been to reduce the time taken to approve plans submitted under the Buildings Ordinance, and in this respect we have met with some success. My honourable Friend also referred to delays in the Fire Services Department and correctly set out the position as it was at the beginning of last year. However, the Director of Fire Services has informed me that, in spite of serious staffing difficulties, since July last year the average time taken to deal with these matters has been reduced to 12 days.

My honourable Friend, Mr F. S. LI referred to the fluctuation in the price of industrial land and took San Po Kong as an example. He advocated some form of control to avoid such fluctuations. For the past few years we have tried to achieve this by selling land in accordance with a programme, fixed and published well in advance; and we have put a very considerable amount of industrial land on the market. In just over ten years, up to the end of 1964, Government has disposed of over 20 million square feet of industrial land; 8.5 million in the urban areas, and just under 12 million in the New Territories. Nevertheless, each year the fluctuations have been considerable—for instance, in 1963 the highest price paid at San Po Kong was \$106 per square foot and the lowest \$34.50, in 1964 the figures were \$116 and \$41.50 respectively. Prices at Kwun Tong followed a similar pattern. At San Po Kong, in each year the highest and lowest prices occurred at intervals of only a few weeks, and it would seem that there are many factors involved, besides those of supply and demand as suggested by Mr LI.

My honourable Friend Mr P. Y. TANG also referred to industrial land and quoted figures to show how prices had risen during the last three years while the supply diminished. He linked these factors directly, and strongly advocated an increased supply of Crown land for industry. I support his demand for more land, but I suggest that he too has over simplified the relationship between supply and price. For instance, he made no reference to the rise in price during the previous three years during which supplies were also increasing. He also ignored the introduction of interest free instalments for the payment of premium in all industrial Crown Land Sales, and the effect of the change in the lease terms for industrial land at Kwun Tong.

It might be possible to get greater stability by discontinuing our attempts to flood the market and to return to the old practice of requiring a specific application and monetary deposit before putting up land for auction. However, this would probably result in a general rise in price and is contrary to our intention—which is to put as much industrial land as possible on the market as quickly as possible, with

the object of keeping the price reasonably low, whilst ensuring that Government itself receives the true market value.

One thing is certain. To get any degree of stability in the price of land we must have an adequate supply with good reserves. If we have not yet been able to achieve this happy state it has not been for want of effect and achievement, and I believe that when the history of these times comes to be written the vast areas of land won from the hills and the sea during the past ten years will be no less worthy of mention than Government's housing programme.

The prospects for the future are by no means bad. In the urban areas of Kowloon land for industrial purposes is being formed at Kwun Tong, Kowloon Bay (some 230 acres or 10 million square feet will become available for industrial use here over the next five years or so) and Cheung Sha Wan, to name but a few. On Hong Kong Island we have Chai Wan and Aberdeen; in the New Territories many millions of square feet of industrial land are being formed and developed at Kwai Chung and Tsuen Wan and on the island of Tsing Yi.

Recently, as my honourable Friend the District Commissioner, New Territories has already said, we have completed engineering feasibility reports and estimates of cost for the construction of new towns at Castle Peak and Sha Tin. It is premature for me to go into all the details of what is proposed as the feasibility reports are still under consideration by Government and the plans are still being discussed by the Town Planning Board, but we envisage two self-contained new towns each of one million people with sufficient industrial land to provide for the employment needs of the residents. In my view if we are to meet the planning targets for the period 1970-1975 set out in the White Paper on Squatter Control, Resettlement and Government Low Cost Housing we must have sites formed, and associated engineering works completed, on a considerable area of these new towns by the early 1970's—and in parallel with the housing sites we must have sites for industry as well as sites for schools, police stations and other community purposes. If decisions to proceed can be taken in the near future, and if the resources of the Public Works Department and other departments concerned can be built up sufficiently rapidly, these two towns, each with a large resident population, will be offering industrial land before the new land now being formed elsewhere is fully developed or exhausted.

The full effects of the heavy sales of industrial sites in 1961, 1962 and 1963 are now showing results in the form of bricks and mortar and factory floor space. Last month the position was that out of 279 industrial lots sold in the urban area during these three years, building covenants had been completed on 58 lots and work was well advanced on 115 others. I have little doubt that total factory floor space produced this year will exceed any previous annual total. Much of

this will be in Hatted factories, and present indications are that some 10 million square feet of flatted factory space will be coming on the market in the next few years.

Looking still further into the future, work has started on the Colony Outline Plan. When complete it will give us a much clearer picture of our present and future resources of land, not only for industry but for all the other competing and complementary purposes for which land is the first necessity. With the help of this plan, and the reports of the Water Resources Survey Unit, I hope that we shall be able to keep a few years ahead of the ever increasing demands for land, services and buildings.

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

MR K. S. KINGHORN: —Sir, in your address to this Council on 25th February, Your Excellency mentioned that the cleansing division of the Urban Services Department had been through a literally tempestuous season, complicated by the general labour shortage. No doubt it was the recollection of the events of 1964 which prompted my honourable Friend, Mr FUNG Ping-fan, to emphasize the need to keep our streets clean and our harbour free from pollution.

The Urban Council and the Urban Services Department are both in complete agreement with my honourable Friend. The question of street cleansing is constantly under review and the following are among the steps being taken to improve the situation. First, educational campaigns on public cleansing are being conducted, district by district, with the support of kaifong associations, Government departments and other organizations. Second, an increase in the number of vehicles and staff for refuse collection and street washing has been provided in the Estimates now under discussion, including the introduction of mechanical road sweepers. Third, consideration is being given to the provision of refuse collection points off the streets, where suitable space can be found for them, and an intensified drive is being conducted, in cooperation with other departments, on the clearance of street obstructions.

As regards harbour pollution, which was also mentioned by my honourable Friend, Mr ROSS, the provision of a harbour cleansing service is the responsibility of the Director of Marine, but I should mention first other steps taken to ameliorate the situation. The refuse dump at Gin Drinkers Bay has now been sealed off from the sea by an earth bund. Care is being taken to ensure that spillage of refuse from barges being unloaded at the dump is reduced to a minimum. I should add that the transportation of refuse in barges from the Island to the dump will cease at the end of this year when the incinerator at

Kennedy Town comes into use. More rigorous action is being taken by the departments concerned against persons who dump refuse into the harbour, particularly at reclamation sites. Better supervision of disposal of waste from shipyards, dockyards and timber yards has been brought into effect.

The Marine Department's harbour cleansing fleet of 17 sampans, 2 mechanized junks and mechanized fishing sweeps removes from the harbour some 27 tons of refuse a day at the present time. The cost of harbour cleansing operations is estimated to be \$440,000 a year. Improvement in methods is under constant study, with a view to reducing the cost of harbour cleansing, including mechanization of unloading from vessels at sea-walls and the desirability of providing a harbour service patrol.

My honourable Friend, Mr FUNG Ping-fan mentioned unsatisfactory conditions at two of the points where travellers enter and leave Hong Kong: Lo Wu and the Macau Ferry Terminal. Ways and means of improving the facilities at Lo Wu are already under examination and steps are being taken to reach a speedy conclusion. Considerable improvements to the Macau Terminal are already being implemented.

My Honourable Friend, Mr FUNG Ping-fan also touched upon the subject of an oceanarium. Many people, I am sure, share his views on this matter. We await with interest the result of the feasibility survey which is being made very shortly for the Hong Kong Tourist Association by Mr W. F. ROLLESTON, President of the Marineland Oceanarium of Florida, who has now arrived in Hong Kong.

My honourable Friend, Mr ROSS touched upon the need to provide better tourist facilities at the top Peak Tram station. The first stage of the improvement there has just been completed, though a look at the arid expanse of tarmac makes one wonder whether it has added to the scenic beauty of the area. The main purpose of this stage was to provide more parking and better facilities for public transport, including tourist buses. The Public Works and Urban Services Departments are now working out how best to beautify the area, if need be by sacrificing a small amount of parking space to allow for the planting of trees and flowers. The second stage of the Upper Peak Tram Station development involves a re-building scheme by the Peak Tramways Company. The grant of the land required for this purpose has already been approved and several discussions have been held with the Company on their development proposals. I might add that the Urban Council has just approved the construction this year of a children's playground on a site adjacent to the new car park.

I come now to the subject of trees, which was raised by my honourable Friend, Mr ROSS. The question of preserving our scenery and extending our amenity planting and beautification programmes is,

of course, at the forefront of much of the thinking and planning that is going on in the Urban Council and the Urban Services Department, the Public Works Department, the Agriculture and Fisheries Department, and the New Territories Administration—to mention only those most closely concerned.

Much is being done. The Urban Council and Urban Services Department's tree and shrub planting programme has grown from 31,900 in 1963, to 68,000 in 1964 and 150,000 in 1965. Our nurseries have been expanded and will contain 250,000 plants in about two months' time. We have established our first semi-mature tree nurseries and have taken delivery of a tree-moving trailer for transplanting suitable medium size trees from one site to another.

It is unfortunately true that many fine trees have been cut down in recent years, although I hope that my honourable Friend is not suggesting that the Urban Council takes any credit for this. In most cases the trees have died as a result of typhoon damage or because of inability to survive in the conditions now appertaining in many of our city streets. It is for these reasons that so many trees have been cut down around the City Hall, in Statue Square, along Garden Road, and in Salisbury Road and Nathan Road. Many other trees have been cut down because they were obstructing the execution of essential road or other engineering works. No one regrets the loss of these trees more keenly than I—unless perhaps it is my honourable Friend the Director of Public Works. I can state categorically that no such tree is cut down unless it is essential to do so. In some cases it is possible so to design the road or other works that a particular tree or group of trees may be left untouched. Where that is not possible we are paying more and more attention to landscaping the finished works to make them as attractive as possible.

My honourable Friend, Mr WATSON referred to vacancies in the establishment of the City Hall Library. His reference to 13 vacant top posts embraced, I assume, one post of Library Adviser, five of Assistant Librarian Class I, and seven of Assistant Librarian Class II. Of these 13 posts, 3 were created for the purpose of the Kowloon branch of the Library which is due to be opened later this year. Therefore, at this stage, the number of vacancies in this group of staff for the City Hall Library is 6 out of 10 rather than 9 out of 13.

The vacancies have arisen mainly because of the departure of expatriate staff at the end of their contracts or by resignation on personal grounds. Recruitment of 4 of the 6 vacancies has had to be conducted overseas as the qualifications are not obtainable locally. It is expected that all these vacancies will be filled within the next few months as well as the 3 other posts for the Kowloon branch.

The post of Library Adviser has been filled and the officer concerned is expected to take up his duties at the end of April. Recruitment has been conducted in Britain for the 3 vacancies for Assistant Librarians Class I. Candidates are now being considered and appointments can be expected soon. Recruitment for the 5 vacancies for Assistant Librarians Class II has been carried out locally; it is expected that two of the vacancies will be filled in April and that the other candidates on the short list will start work early in the summer.

Although the shortage of staff created difficulty in the administration of the City Hall Library, effective action to meet the situation was taken by the Urban Council. Responsibility for operation of the library service is at present shared by the Assistant Manager, City Hall, who performs the administrative duties, including planning for the Kowloon branch, and the two Assistant Librarians Class I, who are responsible for all professional duties, including book processing and supervision of public services. They work under the overall direction of the Manager, City Hall, according to policies decided by the Library Select Committee of the Urban Council.

While there has been a reduction in the opening hours for the City Hall Library and a slowing up in the processing and preparation of new books, the situation should improve steadily from April onwards.

My honourable Friend, Mr WATSON, also referred to the need for more space for our Museum and Art Gallery. It is recognized that the accommodation at present provided in the City Hall for the Museum and Art Gallery is inadequate and that probably the only really satisfactory way of providing even fairly limited additional accommodation will be in premises outside the City Hall.

Exactly how much space can be provided depends not only upon a realistic assessment of the eventual scope of such a Museum and Art Gallery for Hong Kong, but also upon an assessment of the degree of priority that should be given to such a project when set into the context of the very many other urgent calls upon public funds. Moreover, even if such a development is approved it is not considered that there is much possibility of implementation into actual building within the next five years. However, Government is now giving consideration to this problem.

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

HIS EXCELLENCY THE GOVERNOR:—I now suspend the sitting of Council until 2.30 p. m. to-morrow, 26th March.

* * *

26th March 1965 2.30 p.m.

Resumption of debate on the motion for adoption of the Report of the Select Committee.

HIS EXCELLENCY THE GOVERNOR: —Council will resume.

THE FINANCIAL SECRETARY: —Your Excellency, as this is a debate on the Estimates, it is appropriate for me to begin with the various points raised about taxation.

The first is a general point. My honourable Friend Mr F. S. LI has suggested that we rely excessively on indirect taxation and that we should have a full income tax. On the first point, I am inclined to agree with him; although there are many who take an opposite view and there is no appropriate standard relationship between direct and indirect taxation deducible from other countries' experience. With our present low general incidence of taxation, I do not think that steps are required now to change the balance but I believe, and I think it is generally accepted, that when the time comes to impose further taxation, the emphasis should be on direct taxation, up to a point.

As to a full income tax, I believe, as I made clear during the 1962 Budget debate, that, if we have to increase our standard rate of tax, equity demands that we introduce some kind of full income tax. I am not sure, however, that my honourable Friend and I mean the same thing by a full income tax. The example he gave, which incidentally was one of avoidance rather than evasion, was related to taxation of income arising outside Hong Kong. I am not myself wholly convinced that we should tax such income, although some tightening up of the criteria for determining whether income arises in Hong Kong is probably desirable. What I understand by a full income tax is a tax levied on the taxpayer's aggregate total income rather than a series of separate taxes on different sources of income. This has two advantages or, depending on one's point of view, disadvantages; it makes evasion easier to detect and makes possible a progressive tax system. At our present low standard rate the case for a change is perhaps not compelling, for there are some respectable arguments against it; but as the rate is increased our present system will become less and less defensible in terms of equity.

My honourable Friend, Mr GORDON, made one remark about the proposed amendments to the Inland Revenue Ordinance which I must comment on. He suggested, in connexion with our intention to bring to tax certain payments made after termination of employment, that we should also be proposing to make provision for the exemption of similar payments made after arrival in the Colony in respect of previous employment outside the Colony. I really do not see why we should, as, if such payments would not have been taxable if the recipient had not come to the Colony, they do not become taxable merely by reason of his coming here; and if they were taxable in any event, nothing has

been changed by reason or his arrival. It is possible, of course, that some recipients of such payments have not pursued a claim to exemption from Hong Kong tax because they have preferred to pay tax here rather than elsewhere at higher rates. I do not know. But I see no need to change the law.

My honourable Friend Mr C. Y. KWAN has mentioned two points relating to Stamp Duty. My honourable Friend, the Attorney General, will be speaking on the first point. As to duty on exchanges of property, I have an apology to make to Mr KWAN. Drafting instructions are all but ready on this and other points (and new points always seem to be cropping up just as we are ready) but we decided that drafting priority should be given to the Inland Revenue Ordinance amendments. I hope we will be able to proceed with Stamp Duty amendments very soon.

The proposed tax on hotel accommodation has been opposed by two honourable Members and supported by one, for whose support I am grateful; although I believe, and I certainly hope, that there is in fact a majority of this Council in favour.

My honourable Friend, Mr GORDON, has suggested that we should not introduce such a tax merely because they have it in other countries. I have never in fact heard that reason advanced and have certainly never used it myself; but the existence of such a tax in other successful tourist countries is surely a reasonable rebuttal of the popular argument that its introduction would ruin our tourist trade. I am, however, grateful to my honourable Friend for making his point, as it is one I frequently use myself when I am told that we should be spending much more public money on tourism because other countries do. I am glad to learn that my argument is, in his view, a valid one.

I find it a little difficult to accept the implications of the figures quoted by my honourable Friend, Mr FUNG Ping-fan, to show the importance of tourism to the economy and, more particularly, to the revenue. If they are correct, our tourists are an extraordinarily hard-drinking and hard-smoking lot. If the 400,000 who visited us last year spent an average of five days each in Hong Kong, they are equivalent to 5,000 permanent residents or little more than 0.01 % of our population; and they must have had relatively little effect on the growth of tobacco and liquor revenue. In referring to Comprehensive Certificates of Origin, the figures he quoted referred to the totality of our export trade to the U. S. A. of so-called presumptive goods. 30,000 tourist certificates proper were issued in 1958-59 and 112,000 in 1963-64. No figures of value are available but they were certainly only a very small fraction of those quoted by Mr FUNG.

I have wondered if my honourable Friend, in quoting the increased revenue figures, was suggesting, as has been suggested to me from time

to time, that we ought to spend more public money on tourism because of the increased public revenue it brings. I have always been intrigued by this argument and by the possibility of extending it into other fields. Should we be contributing to the cost of advertising cigarettes and liquor? A subvention to San Miguel Brewery perhaps?

To be more serious, we have always recognized the economic importance of tourism to Hong Kong and, because of the scattered nature of the industry, the need for a statutory body to organize its promotion on a subvented basis. The Tourist Association has done this admirably, and through it, we are already spending more public money than on all other forms of trade promotion put together. One trouble is the Association's very success, as the possible range of its activities and the extent of expenditure on them is almost limitless, but the subvention from general public funds cannot be; and it is particularly difficult in this field to relate results to expenditure.

My honourable Friend, Mr GORDON, has ridiculed the proposed tax as scraping the barrel because the expected yield is such a small proportion of total revenue. I wish indeed that the yield were bigger and I think it will grow more important as the industry prospers; but in any event there is a point of principle here. Perhaps I am over-conscious of the fact that every dollar Government takes from the taxpayer is a dollar he might otherwise have spent to meet a need or enjoy a pleasure or might have invested with profit. Our buoyant revenue of recent years has tended to obscure this, because no-one who has proposed an increase in expenditure has felt under any obligation to propose a compensating increase in taxation (although I must compliment my honourable Friend, Mr Y. K. KAN, on having done so during this debate). I feel therefore that, when we can identify major beneficiaries from public expenditure and these beneficiaries can afford to make a contribution, we should require a contribution, even when we are enjoying a surplus of revenue from existing taxes. There are many future calls on that surplus. I feel strongly therefore that any expenditure of public funds on promotion of tourism over and above a given level of subvention should come from a special levy.

Mr GORDON has described the hotel industry as a small section of the tourist industry. I hope the hotel proprietors have not taken offence, for it is, I believe, a very substantial and important part. It is also a readily identifiable part of tourist expenditure and one incurred most directly and inevitably by a large majority of tourists. He also referred to the tax as discriminatory. My honourable Friend, Mr Ross, has shown that if it is discriminatory (and in any case most taxes are), it discriminates against tourists—as would Mr GORDON's own suggestion of a sales tax on tourists. But I doubt if this latter is a serious suggestion, as, even if one can ignore the difficulties our tax administrators would experience in collecting it, the administrative burden imposed on the retail trade would surely put it out of court.

It remains my view therefore that a tax on hotel accommodation is an appropriate means of financing a substantial part of the further increase of expenditure on promotion of tourism. The necessary Bill has been drafted and has been sent to the Tourist Association and the hotel associations for their views on its provisions.

If I understand him correctly, I think my honourable Friend Mr GORDON has gone somewhat astray in his account of the workings of the Commonwealth Preference Ordinance. No sudden and arbitrary change in the application of the law has been made. The situation is not fantastic.

In recounting its history I must go back some years. Prior to 1957 the basis of calculation of Commonwealth content as laid down in the Ordinance was merely its value, undefined, whereas value for duty purposes was defined as the c.i.f. value on arrival in the Colony, after deduction of the value of the tyres and of any spare wheels or other spare parts. In practice it was assumed without further inquiry that a car coming out of a factory in a Commonwealth country qualified automatically, and there was therefore no need to try to interpret the undefined word "value". Then there were some instances of preference being claimed for cars assembled in Hong Kong from parts of miscellaneous origin. Doubts arose as to the meaning of "value" in the calculation of Commonwealth content, but only on the limited question whether the items excluded for duty purposes should be included for content purposes or not. These cases were so marginal that these minor matters were of importance. We therefore decided to take the, at least superficially, logical step of defining valuation for determination of Commonwealth content in the same way as valuation for duty, that is, c.i.f. value excluding tyres, spare wheels and spare parts. This was done in the 1957 amendments to the Ordinance.

I should make it clear at this stage that, contrary to what my honourable Friend appears to imply, while the Ordinance refers only to labour in the Commonwealth, we have never read this narrowly, then or now, as referring only to labour used directly in the manufacture of a car. Although we did not in fact use the detailed methods laid down in H.M. Customs Notice 27A, to which my honourable Friend referred, we have always recognized that there is, in the widest sense, Commonwealth labour in Commonwealth raw and semi-finished materials, and similar items.

The 1957 change in definition was not intended to change the effect of the law as it affected cars manufactured in Commonwealth countries. Although it is clear that, if the word "value" in the pre-1957 Ordinance meant ex-factory value, not c.i.f. value (and this point never came to an issue), the change to a c.i.f. basis would reduce the percentage Commonwealth content if freight and insurance were treated as non-Commonwealth (a question which raises other problems), it was still

assumed, as it had always been assumed, that cars from Commonwealth factories would qualify automatically. Indeed, we received a mild protest from the American Government to the effect that we had widened the preference criteria in contravention of the G.A.T.T. no new preference rule.

They have in fact continued to qualify without difficulty, where the whole, or virtually the whole, process of manufacture is carried out in a Commonwealth factory. But about two years ago a case arose of a car assembled in Australia largely from imported parts. As it was known that little but assembly was involved, inquiries were made to determine whether or not the 50% criterion could be met. This led to closer inquiries into the Commonwealth content of certain cars from Canadian factories which were known to be assembled substantially from American parts; although no real difficulty arose until the 1965 models began to appear and certain changes in the cost structure became evident.

It was not possible to determine Commonwealth content from manufacturer's invoices and it was necessary therefore to call for certificates of Commonwealth content issued by the governments of the Commonwealth countries concerned. Then, another problem arose because some of these cars were now found to reach the 50% requirement only if one took into account a number of optional extras such as radios and air-conditioners. The Commissioner has, I understand, taken a very liberal view of this practice; perhaps a more liberal view than I myself might have taken.

There were eleven models involved in these inquiries and all but two Canadian and two Australian models have now been cleared.

It is possible that some or all of these four remaining models would qualify on content if we adopted an ex-factory basis rather than our present c.i.f. one but that is not certain. But I must make another point here. A car does not qualify for preference merely because its Commonwealth content exceeds 50%. The law is that unless it qualifies by content the authority may not deem it to be of Commonwealth manufacture. If it does qualify by content, he may still deem it not to be manufactured in the Commonwealth if the processes carried out do not, in his opinion, constitute manufacture. Each case must be looked at on its merits. There is ample and respectable precedent for this in the practice of H. M. Customs.

The c.i.f. basis of assessing content is, I admit, unorthodox and awkward in practice and we are proposing to amend the law to put it on roughly the basis of H.M. Customs Notice 27A to the extent that we can do so without breach of our international obligations. We shall need advice on this.

My Honourable member suggests that, until the law is amended, the application of the existing law should revert to what it was before what he calls "the arbitrary and sudden change in interpretation". I believe, as I have shown, that he has misunderstood the nature of this change. It is due, possibly, in part to the definition of the previously undefined term "value" incorporated in the Ordinance for the first time in 1957, but this depends on the proper interpretation of the undefined term, a matter never put to test; but largely to the realization that certain cars accepted previously as of Commonwealth manufacture were in fact, to a lesser or greater extent, merely assembled in the Commonwealth and could not be regarded as automatically qualifying. I know that my honourable Friend considers that we should ignore such mere technicalities, as he is wont to call them, but it is not possible, I fear, for the authority to apply the law except as it stands; and furthermore it is not certain that, even when the law is changed as is proposed, the cars at present in dispute will qualify for preference.

Mr GORDON asked for certain very detailed information of a type not suitable for inclusion in a speech on the present resolution. If, in the light of my reply, he still would like to have these details, arrangements will be made to make them available to him.

Sir, my honourable Friend, Mr Y. K. KAN, has spoken on bus royalties and my honourable Friend Mr GORDON on royalties in general with some specific reference to bus companies. I must confess that I find myself in some sympathy with Mr KAN's point of view, although much less so with Mr GORDON's.

I agree with Mr KAN that the bus royalties to-day have an element of tax in them, although I think this element is smaller than he has suggested. This is partly because I do not wholly agree with his calculation of the value of the offsetting subsidy represented by lower licence fees and fuel tax; partly because it can be argued, somewhat theoretically perhaps, that part of the royalty should be regarded as representing a special profit which arises from the grant of a monopoly, by virtue of the generally lower costs made possible thereby, and which is therefore properly for appropriation to general revenue. I do not agree, on the other hand, with the implication in certain of Mr GORDON's remarks that royalties are, at least partially, a tax on the companies; this is not so unless it can be shown that their net return on capital invested is unreasonably low; and there are provisions in the Ordinance for rectifying this.

But, while I agree that there is a tax element in royalties, I am not so sure that it is correct to call the tax discriminatory, except in so far as practically every tax, except perhaps a poll tax, is discriminatory. It is a word people are apt to use when they disapprove of a particular tax. There is really no reason in principle why public transport should

not be the subject of a tax like anything else. I am not even sure that the incidence of taxation on bus passengers is greater than that on the private motorist. This depends on the basis of comparison and much argument is possible about it.

Our past thinking on royalties has tended to be, I think, that we could fix indefinitely a schedule of charges which would give the operators a probably rising, but not excessive, level of profit in which the general public could share through the royalty arrangements. A net profit basis was generally preferred. In this connexion, I should make it clear that the Kowloon Motor Bus Company was given a choice, and itself chose, the gross receipts, in preference to the net profits, basis. Our abnormally rapid growth of recent years and rising costs have substantially undermined the assumptions on which this policy was based and I agree with Mr GORDON that greater flexibility in royalty arrangements is now desirable; although I should stress that this means, as a corollary, closer supervision of profits too.

It is very difficult, however, to change royalty arrangements once they are enshrined in the law, or in a contract, because of the rights created thereby. This incidentally explains some of our odder royalty arrangements like the Tramway one. Fortunately in the case of the bus companies it was already clear by 1959, when the present franchises were being negotiated, that a more flexible relationship between profits, charges and royalties was desirable and the Ordinance makes some provision for this.

The general intention was that if the need arose to allow the company a greater net return, this could be done by reduction of royalty rather than increase in charges. Mr KAN now suggests that the current excess royalty might be used to provide additional capital equipment, that is, improved rather than cheaper services. Mr GORDON suggests, from a slightly different point of view, that the profits allowed to the company should be sufficient to finance its expansion in addition to giving the shareholders a fair return.

It has always seemed to me that the case for private enterprise utilities is to some extent prejudiced if it is held that they cannot raise adequate risk capital to finance expansion but must raise capital by means of what is tantamount to a tax on the consumer, even if it is for the long-term benefit of consumers in general.

We have, however, recognized in the case of the China Light and Power Company Limited that our growth rate is at present so abnormal that this unorthodox method of private finance can be allowed within limits and subject to control, and it may well be reasonable to recognize it in the case of the bus companies also. As Mr KAN has said, if we do, we must also restrict the company's return from the assets financed

in this manner. Here again me analogy or Light suggests itself and we may be able to adapt the arrangements agreed with that company to the case of the bus companies.

I have heard it suggested that, instead of using the proceeds of the royalty to give better or cheaper bus services, we should use them to subsidize some alternative form of transport, such as an underground railway, which might otherwise be too expensive. In the light of Mr KAN'S admirably orthodox views on the proper pricing of public transport, I imagine that he does not support this idea.

I applaud Mr KAN'S courage in suggesting an alternative source of revenue to replace the royalties he proposes to deprive me of; although I cannot say yet whether I would wish to take up his offer. I would like to make one remark about his proposition, however. The words he used in presenting it might be taken to imply that the tax on diesel and petrol fuel is a tax on road users to pay for the cost of building and maintaining roads. It is not. It is and always has been general revenue tax on the consumption of hydrocarbon oils for whatever purpose they are used and is not in any specific way related to road use or road costs. I make this point because it is an important one when one is considering, as I do from time to time, and will have to do again soon if we adopt the road programme outlined by my honourable Friend the Director of Public Works, when, that is, one is considering the appropriate level of vehicle licence fees and similar charges in relation to the cost of road improvements. Fuel tax does not come into the equation.

I think that my honourable Friend Mr F. S. LI, takes a rather alarmist view of our banking system; one that is not, in my opinion justified by the facts. We have already published the results of the special survey made after our troubles following Chinese New Year which show that the system's basic strength has hardly been affected by them; and we have announced the special steps we are taking to make liquid funds available from our reserves to the extent necessary (and the extent is fairly limited) to avoid any rapid contraction of credit in the course of any re-adjustment that may be necessary in the case of individual banks. We are also engaged in a review of the provisions of the Banking Ordinance but I doubt if there will be very much we will consider it necessary to change. The points made by my honourable Friend will be borne in mind, although some of them are already covered by the Ordinance, for example, capitalization and borrowing by proprietors or directors. Basically the force of the Ordinance lies not so much in its quantitative rules, important as they are, as in the power of inspection which can also take qualitative aspects into account. The Commissioner of Banking is at present building up his staff for this purpose and will in the near future be in a position to begin a regular round of routine inspections. Allied to inspection is the need

for proficient auditing of bank accounts. I particularly welcome my honourable Friend's remarks about this as Mr TOMKINS' original suggestions on this subject were considerably modified in consequence of views expressed by his professional colleagues.

Special consideration will also be given to the question whether any special rules should be applied to savings accounts. The suggestion by my honourable Friend Mr GORDON that we should have some form of national savings is interesting but I think it will have to await the time when Government needs to borrow, as it would, with due respect to what he says, be difficult in practice not to withdraw from our banking system funds so raised.

My honourable Friend, Mr F. S. LI, has asked a specific question about reserve stocks of banknotes. These are regulated by arrangements agreed between the note-issuing banks, this Government, and Her Majesty's Government in London. The existing arrangements are being reviewed.

My honourable Friends, Messrs Y. K. KAN and F. S. LI, have made some critical remarks, and asked some questions about the Sand Monopoly.

I trust that, when Mr KAN said that he had not been able to find out how it came about that a contract was awarded in the first place to the present contractor, Yau Wing, he did not intend to imply, as his words appear to imply, that he had asked for the information and had been denied it. As far as I am aware, he has never sought it.

The phrase Sand Monopoly can be misleading. It is Government, not the contractor, that has a monopoly. The Monopoly was set up in 1934 under the Sand Ordinance of that year. In introducing the Bill, the then Attorney General described it as follows: —

“The purpose of the Ordinance is not to secure revenue, though it is expected that the Monopoly will bring in a small return, but to safeguard the Colony's sand supplies which have of late become much depleted. The establishment of a monopoly and the employment of specially marked junks will facilitate detection of sand thieves.”

The Monopoly's purposes have remained unchanged, with the added aim of ensuring an adequate supply at all times for the construction industry, in the face of its extremely rapid growth of recent years. It has achieved its purposes.

As I have said, the contractor does not have a contractual monopoly, no “exclusive right” to use Mr KAN's phrase. Under the contract Government undertakes to take a minimum quantity and the

contract to supply a maximum quantity. There is no contractual reason why Government should not make purchases from other suppliers as well. Offers have been received from time to time, although none for over two years, but they have not been competitive.

Equally the Government Monopoly itself does not exercise a complete monopoly of the market and imports may be licensed subject to certain conditions; although they will not normally be permitted in circumstances where they might prejudice the disposal of the sand Government is committed by contract to purchase. Indeed, in 1956, when the Colony's stocks appeared to be seriously depleted, we raised the Monopoly's selling price from \$8 to \$10 a cubic yard specifically to encourage commercial imports but only negligible quantities came in at that time. Some 8,000 cubic yards were imported privately in 1961 against licences for much larger quantities.

To return to the Monopoly's contracts, I presume that my honourable Friends do not expect me to give a detailed account here to-day of the history of the Sand Monopoly contracts since the war, but I will go over it briefly as it affects the present contractor. He was awarded his first contract by tender in 1954, his second in 1955, also by tender, at a slightly higher rate. During the course of this latter contract it became clear that we could no longer rely on taking sand from the Colony's beaches in the traditional junk. Annual sales had risen from 116,000 cubic yards in 1948 to 500,000 cubic yards in 1955. It had become necessary to win sand from the sea-bed by the use of dredgers and pumps and transport it in larger, stronger, lighters. The contractor offered to acquire the necessary additional equipment at once and to open up new areas at his own expense, in return for a year's extension at existing rates. This was agreed.

It had also become clear that annual contracts were inadequate for the capital investment now involved. A two-year contract for 1957-58 was awarded to Yau Wing, again by tender, at rates which were again higher. Next a three-year contract covering 1959 to 1961 was awarded to Yau Wing, once again by tender, at slightly increased rates for some services. Both tenders were awarded on the advice of Executive Council.

During 1960, with the continued increase in the consumption of sand, now nearing a million cubic yards a year, it became clear that a survey of the Colony's sand reserves was a matter of urgency. Government did not have the necessary equipment. The contractor offered to carry out the survey with his own equipment free of charge, under the direction of the Director of Public Works, in return for a three year extension of his contract at the same rates. This offer was accepted on the advice of Executive Council and the contract renewed for the three years 1962 to 1964 at the same rates.

Although the survey revealed substantial new deposits, which were tappable by the use of additional modern equipment, it became clear that, if demand remained at its current high level and, even more so, if it continued to grow as it showed signs of doing, it would be necessary to import large quantities of sand if the Colony's own reserves were not to be run down rapidly.

At this time the contractor was approached by the Kwangtung Metals and Minerals Export Company with a suggestion that the Colony should make a bulk purchase of sand from China. Agreement was reached on the purchase of 2.2 million cubic yards from Sha Yu Chung off the shores of Mirs Bay, the total cost being \$8.50 a cubic yard. This was made up of \$1 for the Chinese authorities and \$6.75 for the contractor (being five cents less than his existing rate for the most distant source within the Colony, a distance shorter than from the new source in China), plus 50 cents extra as inducement pay for labour required to work at a distance outside Hong Kong territory. This contract received the approval of the Finance Committee of this Council.

It was fortunate that we were able to make arrangements for these additional bulk supplies for demand, which had risen to 1,283,000 cubic yards in 1962, jumped to 1,626,000 in 1963 and again to 1,801,000 in 1964.

When considering this contract, Finance Committee expressed some concern at the fact that the contract had been so long in the hands of one firm and suggested that consideration should be given to some arrangement that would bring it to an end or put the award once again on a competitive tender rather than a negotiated basis. The most serious consideration was given during 1963 to this problem but in the event at the beginning of 1964 Government came to the conclusion that in the circumstances it must recommend the award of a negotiated contract. This course was finally adopted on the advice of Executive Council and with the approval of the Finance Committee of this Council. The contract is for five years to 1969, not for ten years as Mr KAN has said he thinks it is. It is at a rate for Chinese sand 75 cents higher than the previous rate, 50 cents of the increase being for account of the Chinese authorities. Rates for Colony sand remained unchanged.

The circumstances leading to this decision are already fully known to those honourable Members of this Council who were members of the Finance Committee in March last year, but I shall repeat them to-day. First, the contractor must have at his disposal modern equipment of a capital value estimated, when new, at between \$24 million and \$30 million. Secondly, it is clear that we should in present circumstances take at least 90% of our requirements from China, if

China will supply. Thirdly, demand remains at a very high level and it is more important than ever that there should be no interruption in supplies to the construction industry.

It is possible that, given adequate time for preparation (and we examined the problem and reached the point of decision in plenty of time) another firm could acquire, and would be capable of operating efficiently, adequate dredging equipment and lighterage in spite of its high capital cost. There is some room for doubt, however. Then, we are not the only parties to the present arrangement. Yau Wing are known to be acceptable to the Chinese authorities for the conduct of operations in Chinese territory and the present arrangements have been working well and, I believe, to the satisfaction of both parties. There would seem therefore to be potential dangers in changing them. We could not expect the Chinese authorities to accept automatically just any firm we might choose to select by tender to operate in China.

We considered alternatively the possibility of Government undertaking the actual collection of sand itself, instead of operating through a contractor. Apart from the capital investment involved, I have doubts whether Government could carry out the job as cheaply, even if it might do so as efficiently.

Another possible course would be to abandon the Sand Monopoly altogether, open the market freely to commercial imports and confine Government's role to policing the Colony's own deposits in order to conserve them. I doubt if this would be a very efficient method; there would be considerable storage problems and policing would be difficult. Furthermore, we know that the Chinese authorities prefer to deal through a single channel and we might merely exchange the present monopoly over which we have control for one over which, however, reasonably it might operate, we would have no control.

The final conclusion that we should negotiate a further contract was not one which we reached with any particular satisfaction because it is evident that there are objections of principle to negotiated contracts; but we believe that, in all the present circumstances, it is in practice the best course in the interests of the Colony.

Mr KAN has deplored the fact, as he puts it, that "we should have allowed ourselves to be placed in a position where the whole of our building industry, indeed even our entire public works programmes, virtually has to rely on this one person to supply their basic need."

We cannot accept the implications of this statement. It is indeed largely in order to ensure the supply of this basic need that we have adopted the course we have. In any case, during the course of any contract, however awarded, we have to rely on "that one" contractor. I presume, at least, that my honourable Friend does not suggest a

multiplicity of small contractors all getting in each other's way. Nor would it be realistic to suppose that we could arrange to have a number of potential competitors standing by at all times, each with \$30 million worth of equipment lying idle in anticipation of replacing the present contractor should he fail to carry out his obligations, or in the hope of a possible future contract. The truth is that the present situation arises largely from the fact that the business of sand collection has now grown so large, so professional and so highly capitalized that the Sand Monopoly contract is now almost analogous with a public utility; and it has become almost as difficult to change the sand contractor as it is to change, for example, a bus company every year or so. Furthermore we have taken steps to protect ourselves against default, in that we have the right under the contract to take over the contractor's equipment, should he fail us.

I think that a further consideration in the present case must be that the contractor has in fact over the years shown a high degree, not only of efficiency, but also of enterprise and foresight. These do not, of course, in themselves justify a negotiated contract rather than competitive tender, but they do, I suggest, help to make this one rather less distasteful. We will continue to study the problem with a view to a decision on future policy well before the termination of the present contract in 1969.

My honourable Friend Mr F. S. LI has asked two questions, what profit the contractor makes, and what profit, if any, Government makes, We do not know what profit the contractor makes but his rates to-day for Colony sand are unchanged from those he quoted in competitive tender in 1958. His rates for Chinese sand, after making allowance for inducement pay to labour working in China, are 3% over his 1958 quotation from the Colony's most distant source—which is nearer than the present Chinese source. What other similar service can claim to have kept costs down so effectively? I would also point out that, with his present capital investment, the contractor depends on the sand contract; Government is not without negotiating power in these circumstances.

As to Government's profit, the present price gives a profit of about 5%; this is very much less than in recent years, when, contrary to the original intention I have quoted, we deliberately made a substantial profit. May I stress once again, before I leave this subject, that the present increase in price is due principally to our decision to rely mainly on Chinese supplies in order to conserve our own. Chinese supplies, by reason of distance and the payment which must be made to the Chinese authorities, are more expensive than the most expensive local source, and much more expensive than the average local source. The increase is not due to payment of a higher rate to the contractor.

Although I shall not be speaking again about housing and housing policy, there are two points arising from the speech of my honourable Friend, Mr WATSON, that I would like to clarify further. My reference to the Housing Authority's choice of the Wah Fu estate site for development was, I am afraid, a little elliptical. I was referring to my understanding that it is largely because this very extensive site, which has pre-empted so large a part of the available funds, will take so long to become productive that there may be something of a hiatus in the Authority's planning—although I hope it is going to be possible to remedy this by bringing forward another scheme. My information as to whether the Authority had or had not a choice of sites differs from that of my honourable Friend but it would seem otiose to labour the point further.

Secondly, when I said that the Authority was not restricted to Government as a source of funds, I was not, I can assure my honourable Friend, implying that the Authority had been remiss in not raising money elsewhere. My intention was the modest one of not wishing to appear to claim that the Authority have any obligation to consult me before drawing up plans of expenditure or that I had any right to interfere with these. I am only too conscious of the difficulty of raising loans, particularly with a repayment period of the length normally considered appropriate for public housing. It is the probable inevitability of raising by taxation a substantial proportion of the funds required for housing that makes me so concerned about the implications of our subsidy policy. I am glad, however, to learn that my honourable Friend considers 7% to be a reasonable rate of interest for housing.

Before concluding, there is one late piece of information that I think I might give, although it is not traditional to do so. The revised estimates for 1964-65 forecast a surplus of \$8 million. Recent returns of revenue and expenditure now suggest that the surplus will be of the order of \$50 million or perhaps slightly more. (*Applause*).

MR J. C. MCDOUALL:—Your Excellency, the Honourable the Director of Medical and Health Services, in dealing with the medical side of the Tung Wah Group of Hospitals, has identified the Tung Wah Hospital Ordinance as a source of many difficulties which he and the Board of Directors have to overcome. I would like to add that, as a result of my monthly meetings with the Board on their own grounds (that is, in the Hospitals themselves), I can confirm how serious those difficulties can be from any point of view. Indeed, Hong Kong people have good reason to thank the Directors of the Tung Wah Hospital, and the Director of Medical and Health Services, for the way in which they co-operate in making steady improvements, against heavy odds caused not only by the outmoded Ordinance but by misconceived attacks in

the past on the Directors themselves. (Lest there be any misunderstanding, may I make it clear that I am not referring to the vigorous comments by my friend the Honourable Dhun RUTTONJEE, who showed—and who has since asked me to emphasize—that he had no intention of attacking the Directors, but was condemning a system that disquieted him).

The Tung Wah Group of Hospitals do not of course undertake only medical work. The corporation also runs its own schools for 11,000 Hong Kong children, maintains Chinese temples of tourist, antiquarian and religious importance, and administers a number of special arrangements for the dead, as well as doing other charitable work. I, too, was therefore very glad to learn that Your Excellency is considering the appointment of a Working Party, to advise on changes which might be made to the present Ordinance. Any resultant amendments will then, I hope, be so phrased as to enable the Directors to serve more effectively the needs and interests of Hong Kong people who as patients, as parents, as worshippers, and as ordinary citizens, year after year have been supporting their Tung Wah Hospitals in such an outstanding way. My friend the Director of Medical and Health Services informs me that he had this in mind too when he said, yesterday, that he would be the last to suggest any change that would affect the standing of the Tung Wah Group of Hospitals or its Board of Directors in the eyes of the community.

My friend the Honourable C. Y. KWAN spoke cogently on the existing unsatisfactory law with regard to the distribution of estates of persons of Chinese race who die intestate in Hong Kong. This is a problem on which the Honourable Attorney General might more appropriately comment, were it not for a factor to which Mr C. Y. KWAN himself alluded. If I may put it in homely language, it is not practicable to try to legislate for who is to inherit what from whom whilst doubts remain as to who is married to whom. And the attempted removal of those doubts plunges us all into the complicated and controversial arguments about forms of Chinese marriage. The Honourable C. Y. KWAN also referred to archaic laws operative in Hong Kong and governing the distribution of estates of intestate persons not of Chinese race. The third report of the Hong Kong Law Reform Committee contained recommendations on this, but those recommendations meant attempting separate legislation for persons to be defined as of non-Chinese race, and again some of the problems in connexion with Chinese Marriages arose. Government therefore decided that further action should be deferred, until it was possible to see whether a single piece of legislation could be drafted to deal with intestacy in Hong Kong generally and without racial distinctions. If honourable Members now suspect a bottle-neck somewhere, they are right. It is I. I have as good reason as most to appreciate the potential legal, administrative and social chaos towards which we have been sliding over the past

thirty-five years. But always there have been other problems for which yet more urgent and yet more immediate attention was demanded, and the unravelling of the peculiarly knotty problems connected with marriages has had to go on by fits and by starts. However for my part I can at last promise that I am now again able to give special priority, if necessary for at least the next six weeks, to this work alone; and I trust that, with the advice and guidance which the Attorney General and I will seek from the Chinese honourable Members of this Council, it will shortly be possible to submit for Your Excellency-in-Council's consideration a firm set of what I hope will prove to be realistic recommendations. But it would not be fair to my honourable Chinese Friends if I did not give them some warning that the condensed working paper that I have been preparing for them will probably have to run to some 35 or 40 pages.

The Honourable K. A. WATSON drew attention to the lack of any legislation to protect important prehistoric material from being dug up and taken away from Hong Kong, and he referred to a draft Antiquities Bill which was prepared in 1962. Since then practical and field considerations have made it necessary for us to re-examine certain provisions at length, before firm drafting instructions could be given. Government shares, however, Mr WATSON's anxieties and hopes that a Bill, which is now in an advanced stage, can be submitted to this Council in the near future.

At the opening of this debate Your Excellency revealed steps taken to make it easier for the Honourable Unofficial Members of Councils to receive and to inquire into any complaints about Government's executive work, in a way comparable in part to an official Ombudsman's duties. Unfortunately the Chinese term used in the press for Ombudsman conveyed an incorrect meaning to the majority of Hong Kong people. A happier term has now been devised by my Department, and I am glad to hear from my honourable and scholarly Friend Dr P. C. Woo that he felt that that term was appropriate also to the description he gave of an Ombudsman's duties. In his address the Honourable P. C. Woo advised against rushing into any full Ombudsman system in Hong Kong, and appeared to wonder whether it would really be necessary. I understand that he had in mind not only the services which he and his public-spirited colleagues have always been ready to offer, but other successful and much-used official channels of communication long since created by Government. For, with 98% of our fellow-citizens Chinese, and with nine out of ten of them claiming at the last census not to be able even to speak English, there has always been a special need to guard against misunderstandings which are such a fruitful source of later complaints. Moreover Chinese people generally tend to avoid, if possible, having to be involved with government officers; and this reluctance increases when they do not themselves know the particular officer to whom complaints or inquiries should be

addressed. Traditionally, non-English speaking Chinese people have therefore always turned to the Secretariat for Chinese Affairs for friendly help in such cases; and with increased numbers of Chinese officers in the senior S.C.A. posts, they have been doing so even more. But this is only one side of the picture. Causes of misunderstandings and the resultant complaints are more often than not removed at source—and, what is more, a greater degree of mutual confidence and cooperation between Government and the public is built up—if Hong Kong people are whenever possible approached and treated from the start not in the mass, but as responsible individuals. Hence one of the official duties laid on the S.C.A. has been to provide the main channel of *direct* communication between Government and the Chinese people of Hong Kong, and to give all the help it can in this way to other Departments seeking wider channels of communication. A few examples of the results include the generally smooth running of clearance schemes to make way for Resettlement and other housing (but which disrupt the lives and livelihoods of many); Hong Kong's orderly and co-operative response to the 1963-64 water crisis; the success of cholera immunization campaigns; and people's acceptance of the necessary closure of a number of clinics under the Medical Clinics Ordinance. These have all been due in part to intensive efforts by the Liaison Staff of the S.C.A., working closely with other Departments and ensuring early consultation with and the active co-operation of all the natural leaders amongst the communities concerned. Keeping open such channels of communication forestalls misunderstandings, and at the same time helps ensure that any people still aggrieved have access to an official whom they know and have had an opportunity to learn to trust personally. These services are complementary to those offered voluntarily by the Honourable Unofficial Members of Councils with the Chinese Members of whom the Secretary for Chinese Affairs has always enjoyed a special relationship. And I am particularly glad of the extra assistance now made available to Unofficial Members, which will help strengthen existing links between them and officers in the Secretariat for Chinese Affairs. One result may be that there will be no reason to have to resort to the additional paraphernalia of a full-time and official Ombudsman.

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

THE ATTORNEY GENERAL:—Your Excellency, my honourable Friends, Mr C. Y. KWAN and Mr P. C. Woo, advocated certain measures of law reform, and, if I may say so, they have echoed my own sentiments and done a public service by drawing attention to this matter. Before going on to the examples cited by my honourable Friends, I should like to say something in general about law reform.

Generally speaking law reform is understood to mean bringing legislation up to date. In a more restrictive sense it means modernizing the procedures and administration of the law without amending its substantive part. But in practice it is seldom possible to keep the two separate, and many years ago Sir Henry MAINE coined the phrase about substantive law being secreted in the interstices of procedure. So, in fact, any alteration in practice and procedure almost inevitably results in changes in the substantive law. Of those examples given by my honourable Friends—the Companies Ordinance and the law relating to distribution of estates on intestacy are in this category of law reform. On the other hand, change in the law concerning hire purchase is not really law reform at all, because it is concerned with the introduction of totally new legislation into Hong Kong.

Some law reform is so exclusively concerned with matters of jurisdiction, practice and procedure that we refer to it as “lawyers law”. In this category comes reform of the law relating to the limitation of actions; drafting of this complicated measure has already been completed so far as my Chambers are concerned, and the Bill is to be considered by the Governor in Council in the near future. Another example is the Code of Civil Procedure. Instructions to draft amendments were received in 1963. But since no priority could be afforded to this major task little progress has been made. However it will get done when a law reform section is established in my Chambers. I hope that my honourable Friend Mr Woo noticed that I say when and not if, because the decision to allocate Crown Counsel full time to law reform has already been taken, and indeed authority was given me to recruit for this particular function.

However I must warn honourable Members that my draftsmen have had to take on extra work in connexion with the current job of producing the new Revised Edition of our laws. When that is behind us—a year from now I trust—we will tackle law reform, having meanwhile decided which items will take preference. Of course new legislation such as hire purchase legislation, if this is decided on, will be dealt with under current legislative drafting, according to the priority given it by Government.

However it should not be thought that for want of a law reform section no law reform has been carried out in Hong Kong. Despite the demands for new legislation such as the Television Ordinance of last year, the Control of Rent Increases legislation and the Medical Clinics Ordinance of the previous year, measures of law reform continue to come on to our statute book; often perhaps unnoticed. In 1962 the enactment of the District Court (Civil Jurisdiction and Procedure) Ordinance was a major piece of law reform. The Banking Ordinance of last year was an example of law reform introducing changes in the substantive law. Last year also the Legal Practitioners

Ordinance was replaced, while the Variation of Trusts Ordinance 1964 was another piece of law reform. In amending the law relating to the crime of false pretences last year a reform was effected which is ahead of the English legislation. The Arbitration Ordinance of 1963 was a law reform measure, and in that year three items of reform were introduced into the Companies Ordinance: these were powers of inspection, power to vary objects of companies and power to issue shares without distinctive numbers. Further reform of the Companies Ordinance, in respect of which a Committee was appointed in 1962 is a task of great magnitude and complexity. As new Companies legislation, in which the 1962 Jenkins Report is being taken fully into account, is in the course of preparation in the United Kingdom, it is thought that there is advantage in Hong Kong awaiting the enactment of the U.K. legislation. In the last few months a member of my Chambers sat on a Working Party which took a look at our legislation to see if it enabled our courts to deal properly with juveniles convicted of crimes involving violence. And finally I would add that the law on gambling is under review and this may result in a law reform measure.

Having spoken generally about law reform I should perhaps say a few words concerning some of the examples given by my honourable Friends, Mr P. C. Woo and Mr C. Y. KWAN. The question of increasing the jurisdiction of the District Court in civil cases is under active consideration in consultation with the Chief Justice, the Law Society and the Bar Association and I hope a decision will be reached and announced in the near future.

As honourable Members may recall I stated publicly, at the Opening of this year's Criminal Assizes, that Government had formulated proposals with regard to a scheme for legal aid in civil cases. This scheme is at present under consideration by the Law Society and Bar Association. I think it will be necessary for us to feel our way with this new scheme, both with regard to the cost to general revenue and to the calls that it will make on the time of members of the profession; and we can then consider whether legal aid can be extended, as was suggested, to criminal cases in the Magistrates Courts.

My honourable Friend Mr C. Y. KWAN has mentioned the unfortunate situation in which a mortgagee may find himself where his security consists partly of land in Hong Kong and partly of land in the New Territories. It appears that in certain circumstances this mortgagee may find that the piece of land in Hong Kong is security only for that amount of the money loaned in respect of which he paid stamp duty notwithstanding that he had paid registration fees, at the same rate, in respect of the rest of the money loaned. I am informed that drafting instructions will shortly be issued for amendments to be made to the Stamp Duty Ordinance and the Land Office (N.T.) Fees Rules, and we will see whether this anomaly and the other points raised by my honourable Friend about these Rules can be attended to at the same time.

Consolidation of our law relating to landlord and tenant has been suggested. The object of consolidation is to introduce a systematic form for scattered pieces of legislation on one topic and at the same time to simplify that legislation. Although it would be desirable to combine into one Ordinance the four which at present deal with different aspects of the law relating to landlord and tenant in Hong Kong, I doubt whether this can be afforded any priority. We should perhaps consider ourselves fortunate that we do not have to deal with the eight main Acts which govern this subject in England, part of a long line of Acts which were stigmatized twenty years ago in the Court of Appeal as "this chaotic series of Acts". However, although I cannot promise my honourable Friend consolidation of the legislation affecting landlord and tenant I can inform him that work on a Bill substantially amending the Landlord and Tenant Ordinance, Chapter 255 is well advanced and which if enacted will do much towards simplifying the procedures under that Ordinance. As to the present level of "permitted rents", I am sure my honourable Friend Mr P. C. Woo is as familiar as anyone with the post-war history of this complex and controversial question. He will recall, I expect, the proposals put forward in 1956 and their subsequent fate. Sir, this is a matter on which it is necessary to proceed with great circumspection and I can only assure my honourable Friend that Government has always been and still is willing to receive and give serious consideration to any specific representations which he or any other of our Unofficial colleagues may wish to put forward on this subject.

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

HIS EXCELLENCY THE GOVERNOR:—I will now suspend the sitting of Council until twenty minutes to four o'clock.

Council resumes at 3.40 p. m.

THE COLONIAL SECRETARY:—Your Excellency, this is the fourth occasion on which I have spoken at the conclusion of a Budget Debate. On this, no less than on previous occasions, I would have preferred to round off the debate by speaking on some general theme which illustrated or embraced the principal topics discussed in the course of the session. But to do so has proved just as impossible this year as in previous years, for the matters raised have ranged over too wide and varied a field. There is no theme here, except perhaps the theme of Hong Kong's perpetual and restless motion, and the determination of its people to meet and to overcome all difficulties.

So, abandoning the search for a theme, I shall address myself without further ado to those matters put by my unofficial colleagues which have not so far been dealt with by my official ones. In surveying the remarkably varied miscellany of subjects on which it falls to me to speak, I might perhaps be excused for feeling some sense of dismay and for being reminded of the child in one of Walt Disney's nightmare fantasies who ran bewildered through the haunted wood pursued by echoing voices shouting—on this occasion—Ombudsman, Polystyrene, Jockey Club, Family Planning, Secretariat, Low-Cost Housing, Juvenile Delinquency, staff for this and staff for that, and Multi-storey Car Parks.

Sir, I turn first to Mr RUTTONJEE's remarks on the structure and organization of Government, since this is clearly a subject of foremost importance. In speaking as he did, my honourable Friend has performed a most useful service by reminding us of the need to keep the machinery of Government under constant review—as indeed we do—and by providing suggestions as to how this might be done. Nevertheless, while I readily admit that the Secretariat is under continuous pressure in handling the complex matters with which it has to deal—unfortunately little that is easy comes to the Secretariat—I really cannot agree with the picture he has drawn of an antiquated machine kept in motion only by the strenuous efforts of a few overburdened civil servants. Nor, incidentally, is it correct that no head of department can approach you, Sir, except through the Secretariat. How you are approached is entirely a matter for Your Excellency. It is true, naturally, that in the normal conduct of business heads of departments do not seek to approach the Governor direct except, for instance, on matters concerning your own personal engagements with a department. But every head of department is free to approach you direct. Sir, in exceptional circumstances or on some matter of such vital urgency that Your Excellency needs to be informed at once and at first hand. A person standing at the apex of any complex system of public administration, whether Prime Minister, President or Governor, would quickly be overwhelmed if those in charge of departments under him were to communicate with him personally and directly at all times. A Prime Minister has his Cabinet offices and a Governor requires a Secretariat through which official business is channelled and processed to the point of decision by Your Excellency, unless, as frequently happens, the decision can be taken at a lower level.

Nor, I think, is it fair to say that “little basic progress had been made in adapting Hong Kong's Government system to its vastly changed and still changing circumstances”. Within the framework provided by our constitution, changes are continually occurring. New departments are formed, and existing ones expand. We have developed considerably the system of advisory committees, and many new ones

have come into existence since the war. The Secretariat, too, in structure and size has altered beyond recognition during this period.

Nevertheless, Your Excellency will wish, I am sure, to give very close thought to my honourable Friend's suggestion that we appoint a Commission to advise on a major re-organization of the structure of Government. Before we commit ourselves to this course, however, we would be wise, I think, to do some careful thinking about the scope for change and the benefits which re-organization on any feasible scale is likely to produce. The government structure of any territory is determined, in part at least, by its own constitution. In Hong Kong the Executive and Legislative Councils play a paramount part in the business of Government. The work of those bodies is continuously expanding, and they are served by the Secretariat, a very substantial part of whose duties is concerned with the functioning of these two Councils.

Here I might turn aside to refer to my honourable Friend Mr KAN's remark that insufficient use is made of the Finance Committee of this Council and of its two Sub-Committees. The principal function of these bodies is to advise the Legislature on proposals for public expenditure put to them—speaking in a strictly constitutional sense—by Your Excellency, although proposals arise initially in many ways, often from one of our advisory bodies or from suggestions in this Council. In any event such proposals are marshalled and presented by the Secretariat, as in Britain by the Treasury. This work is continuous throughout the year and continuously expanding. But if, as Mr KAN suggested, each department's proposals for expenditure went direct to the Finance Committee, with or without further official scrutiny or support, this would not only derogate from Your Excellency's constitutional powers, but would quickly lead, I think, to a situation of considerable confusion.

As to whether the Secretariat takes too much on itself, perhaps I should first make it clear that the great majority of departmental business is carried out by heads of departments, under broad policy directives or statutory authority, without reference to the Secretariat. But there will always be certain matters which must be decided by the sources of authority, that is: the Governor, the Governor in Council and the Legislative Council with its Standing Committees. I refer in particular to such matters as the general direction of our economic, political and social policies, the allocation of finance and land, and the control and co-ordination of staff matters. It is the Secretariat which has to present these matters for decision, ensuring that difficult proposals are not mutually incompatible or inadvertently at variance with previous decisions. What is the best link between the sources of authority and the executive departments? The link at present is provided by the Secretariat. Mr RUTTONJEE has suggested that there

might be seven or eight Secretariats, each responsible for a group of departments, and each presumably serving the Executive Council and Finance Committee. But these groups would not be self-contained entities. There would be problems of priorities in land, finance, buildings and staff common to all which would require co-ordination before the appropriate authority could consider them. Honourable Members would, I am sure, dislike it very much if the business put before them lacked this co-ordination. Inevitably, I think, the need would soon arise to re-invent a sort of super-Secretariat to co-ordinate the various plans and projects emanating from these departmental groups. I do not myself feel that this would be conducive to efficiency.

Moreover, the establishment of a number of Secretariats would, in my view, tend to weaken rather than strengthen the authority of a head of department especially if his proposals had to pass through two such bodies before obtaining final authority.

Am I then suggesting that there is no need, or no room, for improvement in our present system? I most certainly am not. I am very conscious—I am sure we all are—that the Secretariat is frequently unable to process matters with the speed which ideally would be desirable. This is a reflection, in part, of the dramatically rapid growth of Hong Kong, bringing with it a continually accelerating pressure of public business. Hong Kong is not peculiar in this respect, although the pressure may be more intense and spectacular here than in many other places. Moreover the problems which the Secretariat is called upon to consider are frequently intractable and admit of no quick and easy solution. Differing views and opinions have to be evaluated and reconciled with care; and frequently more haste would only result, in the end, in less speed. This is so throughout the world. The ever-quickening pace of development, and the complexity and gravity of modern problems, calling often for decisions which only can be taken at the highest level, throw a heavy burden on those at the top of public affairs, whether they be Prime Ministers or Governors or, in a rather humbler sphere, Colonial Secretaries or Financial Secretaries. Again Hong Kong is not peculiar in this respect. It is one of the facts of modern life. There is no evading it, neither is there any obvious panacea.

So far as the Secretariat is concerned, we must, of course, be continuously on the look-out for ways of speeding and stream-lining the flow of work. We must regularly review the work-load, and where necessary the number, of senior staff, so as to ensure that the span of duties of each officer is not so wide that he is unable to concentrate on the processing of one important and urgent question of policy without delaying another, equally urgent and important one. But simultaneously with this, and complementary to it, we need continuously to be on the

Look-out for ways of delegating responsibility and authority to heads of departments. We have made much progress in this direction in recent years. In matters of staff appointment and control, and in the financial field too, departments have taken over important responsibilities from the Secretariat. At the risk of creating what my Friend Mr FUNG Hon-chu calls “a jungle of disparities”, I would favour considering further and perhaps more radical delegation, provided we appreciate that greater freedom at departmental level may mean less control and co-ordination by the Executive Council, the Finance Committee and the Public Works Sub-Committee.

Mr RUTTONJEE also referred to a membership system and recommended linking the Unofficials with this system in some way. Here again we need to be clear as to our aims. The membership system is not in itself a particularly satisfactory one, but in some places it has been useful as a transitional step in a period of major constitutional change. As an alternative there may well be something in my honourable Friend's idea of very senior officials taking groups of subjects and assuming responsibility for the formulation and presentation of policy in these matters at the highest level. But, if we are to bring unofficials into such a system, responsibility as between official and unofficial must, I think, be clearly defined. There is certainly much advantage in unofficials concentrating their attention and interest on individual subjects, as they have been tending to do, and I hope they will continue to do; but in the last resort responsibility is indivisible. For example, there can be only one responsible Director, or alternatively Member or Minister, of Education, or Social Welfare, or whatever it is. You cannot have two, one official and the other unofficial; one full-time and one part-time; one executive and one advisory. Such a system cannot, I suggest, work effectively. Nor, I feel, is it desirable that those Committees or Boards which are an essential adjunct to a departments' main span of work should be chaired by any other than the person who carries the responsibility for the department in question. My honourable Friend has described these bodies as “spheres of *official* influence”, but surely this is not so, for the Boards he quoted are very largely composed of unofficials. Possibly unofficial chairmen can be most effectively deployed on boards advising on subjects of major public interest and concern which fall outside the exclusive province of a single Government department: gambling, for instance, or housing or public transport.

Might I add, before leaving Mr RUTTONJEE'S proposals, that although I have not found myself able to agree with him to any great extent, it is helpful to have these topics aired. It provides an opportunity to correct misunderstandings and generates ideas and suggestions for improvement.

A related subject, on which the Secretary for Chinese Affairs has already spoken, is the Ombudsman. He has adduced additional arguments to support Mr. Woo's contention that we should consider carefully before introducing this system, at least in its usual accepted form. Nevertheless a Government servant now on leave in England is making a study of the question, and meanwhile the staff provided at the offices of the Unofficial Members of the Executive and Legislative Councils, to which Your Excellency referred, should enable my colleagues to perform some of the accepted functions of the Ombudsman. May I suggest perhaps they might consider preparing a report annually on the disposition of the complaints that have been made to them, for I think the public would be interested. In further answer to the charge that Government is reluctant to set up any sort of institution to probe executive actions. I might perhaps mention that a few years ago we encouraged the Advisory Committee on Corruption to establish, with a great deal of publicity, a sub-committee to receive complaints on departmental delays and maladministration. After a brief initial activity, fewer and fewer complaints were received and the sub-committee, for lack of business, has virtually ceased to exist.

While still on the subject of Government organization, I turn to Mr FUNG Hon-chu's complaints about the complexity of the salary structure of the public service and its disparities. I must confess that his remarks surprise me. It has frequently been said that the last Salaries Commission, which abolished many allowances and differentials, oversimplified the structure and made it somewhat inflexible, with the result that it became difficult to make a change in one part of the system without repercussions in others. However, the forthcoming Salaries Commission will be examining the principles underlying the main differentials which now exist: children's allowances, for instance, education allowances, women's pay and so forth.

The point, however, which clearly most concerns Mr FUNG is the advancement of local staff in the public service. This is already one of the cardinal principles of our staff policy, as can be seen from a glance at the Report on the Public Service which I tabled here 4 weeks ago. For many years now it has been our policy to appoint local men and women whenever qualified candidates can be found, and to recruit overseas only when qualified local persons are not available. Overseas recruitment is still necessary to certain posts, but only when the Public Services Commission is satisfied that the qualifications and experience stipulated for the post are essential and that (here are no qualified and suitable local applicants. Even then it would be the normal practice to recruit overseas officers on contract to bridge the gap until qualified local candidates are forthcoming, recruitment on pensionable terms normally being used only when there is no prospect of local candidates coming forward in sufficient numbers within five years or so.

All this is clearly stated in the Report on the Public Service. The Report also describes the effect of this policy over the years. For example, as to the more senior posts to which Mr FUNG referred, it will be seen that in 1952 there were 117 local officers filling 19.8% of these posts. By 1965 the number had increased to 901 or 46.5%.

But it is not sufficient simply to have a policy unless, as my honourable Friend rightly points out, we deliberately create the conditions in which it can be put successfully into effect. Positive steps, therefore, are being taken, and have been taken for some time, to provide the training which will enable local officers to obtain the qualifications required for posts at present or previously held by overseas officers. These steps, and their effects, are also fully described in the Report on the Public Service.

These measures naturally take time to bear full fruit, and cannot, as Mr FUNG himself has said, be pushed too fast. Promotions to the highest posts must, in all fairness, be equally open to all who have sought a permanent career in the public service, from wherever they may have come; they must be determined impartially on the basis of merit, experience, qualifications and seniority. I do not believe that my honourable Friends, who have the efficiency and morale of the service at heart, would favour any other policy.

Mr FUNG asks, in effect, whether we are inclined to turn to overseas recruitment too readily to fill posts for which there appears to be a shortage of qualified local candidates. He argues that if we offered some, at least, of the overseas terms of service to local applicants more might be induced to come forward and we would still save money on the cost of an overseas appointment. Now, this sounds plausible on the surface, but the idea bristles with difficulties, not the least of which is the creation of a new set of the very disparities which Mr FUNG dislikes. For we could not surely offer these improved terms of service only to those grades in which there was a dearth of local applicants. We would have to extend them to all comparable grades as well, even where there was no particular difficulty in local recruitment. To do otherwise would only create bitter dissatisfaction. The end result would be a formidable increase in the cost of the public service and the creation of a wide divergence between terms of employment inside and outside the public service. Broadly, our policy must surely continue to be the maintenance of a level of salaries comparable to salary levels in the Colony generally. We recognize that in certain professions Government salaries are insufficient attractive to arouse the interest of local applicants, and the Salaries Commission is being specifically invited to consider this problem.

The Commission will, of course, be concerned principally with a general review of wages and salaries, including the wages of the Urban Services cleansing staff to which Mr WATSON referred in the wider context of street cleansing problems. Meanwhile, it might not be out of place to remind ourselves that wages for this section of the public service were increased by between 11% - 14% in April, 1963, and by a further 15% in December last year—a total increase ranging from 28-31% in two years.

Here I might deal with Mr KAN's request for a statement on the failure to recruit staff recommended by his Committee for the financial analysis of public transport operations. The post in question, that of a Cost Control Accountant was established in November 1963. The Public Services Commission advised recruitment in London. Advertisement in British daily newspapers and professional journals in March and July of last year produced only five candidates, none with the required qualifications and experience. A third advertisement has now been issued, differently worded and with press coverage extended to other parts of the world in the belief that there may be suitably qualified people willing to come forward. I hope that further interviews to be held before the end of this month will lead to an appointment.

Sir, both Mr GORDON and Mr WATSON spoke on car parks in rather caustic terms. In the actual provision of such buildings our record is nothing like as bad as my honourable Friends' remarks might lead people to think. We now have in operation 4 multi-storey car parks with a total capacity of 2,287 spaces, and 10 ground level car parks for a total 2,308 cars. Another 600 spaces will be provided by Government in the Ocean Terminal, making a grand total of 5,195 spaces at a total cost (excluding land) of \$14 million, or \$88 million including land. There are in addition some 5,400 on-street free spaces and 3,200 metered spaces. This makes a total of 13,795 spaces in the urban areas, which represents 20% of the total number of private cars registered.

Private enterprise has so far shown little interest in this field, perhaps not surprisingly when Government carpark fees are so low. No private developer could hope to make ends meet if he charged only \$60 a month. Proposals, therefore, for additional car parks, whether provided by Government or by private enterprise, are closely linked with the question of raising parking fees to a realistic and economic level.

I appreciate my honourable Friends' impatience over the hiatus in the inclusion of new parks in the Public Works Programme. Apart from the difficulty of finding sites, the delay is due principally to not having concluded our review of policy. This should be completed very soon, and if the proposals which emerge from it are accepted, we should be able to resume progress in the planning and construction of more

carparks. But when we do, it seems fairly clear that it will be on the basis of the motorist paying a good deal more to park his car.

Mr GORDON has taken us to task over polystyrene. I agree with a certain amount of what he says, but at the risk of repetition a rather longer explanation is called for. Polystyrene poses very real dangers in the peculiar circumstances of Hong Kong. It is admittedly not self-combustible, and to that extent is less dangerous than other substances controlled under the Dangerous Goods Ordinance. Nevertheless it is easily combustible and if appreciable quantities are present when a fire breaks out, it not only accelerates the spread of the fire, but also causes the thick choking smoke to which Mr GORDON referred. It is perhaps not generally known that in the past 3 years some 50 lives have been lost in fires involving plastics. Elsewhere the storage of polystyrene may not create any special problems, but in Hong Kong where industrial, storage and domestic accommodation may be at close quarters and where the density of population bears no comparison with that in Western communities we have conditions which require us, in the interest of public safety, to be especially vigilant.

That is why polystyrene was included amongst the “readily combustible substances” in Category 8 of the Dangerous Goods (General) Regulations, which came into effect in April last year. This means that a licence must be obtained if it is desired to store quantities in excess of 200 b. of moulding powder, or 500 lb. of manufactured articles in any one place. In response to representations made by the three Plastics Associations to which my honourable Friend has referred, the Dangerous Goods Standing Committee reviewed the question and concluded that the industry’s difficulties could be met to the extent of removing polystyrene from the ambit of dangerous goods regulations on condition that it could be adequately controlled under other legislation. There can be no question of abandoning control over polystyrene, but rather of devising a control which strikes a balance between public safety and the sectional interests of industry.

This has not proved to be easy, but I understand that we are nearing agreement on the drafting instructions for a new ordinance and regulations which will prescribe for the control of the storage of certain combustibles, including polystyrene, in bulk. We certainly appreciate the urgency of finding the right solution and the matter will be pursued with energy. In the meantime applications for licences under the present legislation must continue to be made in order that the Fire Services may be aware at all times of places where polystyrene is stored and of the extent of the fire hazard and of the existence of factors complicating fire and rescue operations. Meanwhile, the Director assures me that there has been no increase in storage charges or insurance rates because of the present classification of polystyrene in Category 8.

Sir, on Social Welfare the main speaker was my honourable Friend Mr TSE, and he made a number of points, the first being the provision of homes for the aged.

Chinese families traditionally feel a strong obligation to care for their old or handicapped members, but housing conditions and other changes are, I must admit, making it increasingly difficult for them in practice. There has been a steady increase in these charitable homes in the last few years; and there are at present about 2,000 places in nine Homes with which the Social Welfare Department is in touch and two more are planning to provide another 700 places. This seems a particularly appropriate field for Chinese religious and other organizations to give practical expression to their desire to help the helpless and Government will always readily consider requests for grant of land on special terms or for financial support, where needed, from an organization which puts forward a sound plan for building and running a Home for old people.

No one will disagree with my honourable Friend that the day care of young children, whose mothers go out to work and cannot find or afford means of looking after them, is a difficult social problem in Hong Kong today. A good deal is already being done. There are now about 10,000 places in day nurseries and play centres run by voluntary agencies, as compared with 5,000 last year and 3,000 two years ago; the Social Welfare Department has been helping voluntary agencies in three ways, by assisting them to find premises; by providing some degree of financial support; and by training their staff. We are also considering how to interest industrialists in opening day nurseries near their factories for the benefit of the workers, since this is as much an industrial problem as a social welfare one.

I have no doubt that many more young children could benefit from day nurseries although, of course, there are many equally, if not more, pressing needs. Meanwhile the Social Welfare Department will continue to give advice and help on premises, staff training, and equipment; and, in some cases, limited financial support may be possible.

On juvenile delinquency, which was also mentioned by Mr TSE, I feel it important to see the matter in perspective. A report has recently been prepared, and will soon be published, which gives some interesting facts and figures about juvenile crime and examines the present law on this subject. Although this is a matter about which one can never afford to be complacent, the position is not as bad as it is sometimes made out to be, and it would, I think, be appropriate to repeat Your Excellency's own remarks: "Let us remember how few it is who misbehave while how great is the majority of bright eager youngsters who grace the coming generation". I can assure honourable Members that we shall continue to pay close attention to this problem, including its causes.

Mr TSE referred to Family Planning, as did Mr GORDON, and this gives me another opportunity to re-affirm official support for the valuable work done by the Family Planning Association. If there is any possibility,—and I gather it is unlikely—of next year's subvention being insufficient for the Association's work, I am sure Mr GORDON can count on Finance Committee lending a sympathetic ear.

Since the last budget debate departments have been consulting together to see in what other ways—beyond the provision of subsidy— it is possible for Government to help the Association. This has already produced some useful results. For example, the Association is now able to use certain Medical and Health Department clinics not, as previously, only when they were not in use by the Department, but at the same time, thus enabling people attending Government clinics for other purposes to be brought directly into contact with family planning. Again, efforts are being made to obtain films for use or adaptation by the Association. The Information Services Department is helping with the presentation of the Association's work to the public and, subject to other calls, the Department is willing to lend its film van to the F.P.A. Radio Hong Kong, from time to time, has given coverage to features on family planning not only in its local but in a wider context, and has recently been involved directly in the planning of a joint campaign with Commercial Radio in support of the work of Family Planning. I might also mention the very successful course for field workers of the F.P.A. held during February by the Social Welfare Department's Training Unit. Finally, in response to a recent invitation a Government observer is being nominated in addition to the F.P.A. delegates, to attend an international conference in Seoul.

As to the general extent of our financial assistance to voluntary agencies, subventions this next year will total over six million dollars distributed among 44 agencies; this is about 64 per cent more than five years ago. Applications by voluntary welfare agencies, on which the Social Welfare Advisory Committee advise, have been very substantially met in recent years; indeed as Your Excellency suggested in your review, it is rather the lack of staff, management capacity, and premises, which tend to restrict the amount of recurrent financial support which voluntary welfare agencies can satisfactorily use. A great deal of effort has been devoted to encouraging the development of training and of staff standards among the voluntary welfare agencies, with whom the Social Welfare Department has close liaison; the Hong Kong Council of Social Service is at present showing marked initiative in co-ordinating and developing work in the voluntary field. After the Statement of Aims and Policy for Social Welfare has been debated here the intention is to proceed without delay to planning in more specific fields. Subject to this Council's approval we shall have the proceeds of the Government Lotteries to stimulate capital projects and I imagine Finance Committee

will not be unreceptive to proposals for further financial support of voluntary agencies taking part in planned and co-ordinated development of our social welfare services.

This leads me to Mr Y. K. KAN's criticism of the manner in which funds for charitable purposes from the Jockey Club are determined and distributed. I do not know if Mr KAN's colleagues share his views. Nor am I aware of any great public dissatisfaction with the way in which, since the war, very large sums of money from the Jockey Club, totalling I believe some \$95 million, have been disbursed. The process is not quite so haphazard as Mr KAN implies. The Chairman of the Stewards regularly informs you. Sir, of the amount expected to be available each year. This is always a very substantial sum, amounting last year to \$10 million. He asks how Government would like to see these funds allocated and asks for Your Excellency's advice on the Stewards' own proposals. A co-ordinated list of projects, many of which will already be in the Public Works Programme, together with Government's views on the Jockey Club's own proposals, are then, subject to Your Excellency's approval, communicated to the Chairman and Stewards who make their final decisions. It will be apparent from all this that there is consultation with Government, that funds are regularly forthcoming on a very large scale and that the public has derived great benefit from them.

Doubtless these arrangements could be improved, possibly in the direction of some form of co-ordination with the allocation of funds arising from other sources. But I am not aware of any widespread feeling that the distribution of the Jockey Club's charitable grants is seriously unsatisfactory. If my honourable Friends believe there is I know they will let us have their views. I am sure the Stewards of the Club themselves would be as anxious as anyone else to remove any grounds for criticism, and that you, Sir, would lend your support to the idea of discussions with the Stewards with a view to improving the procedures.

My final subject is housing. Some of my honourable Friends stressed the importance of continuing to give financial support to the work of the low-cost housing agencies. They felt that the lowest-income groups should not have the sole claim upon the public funds available for subsidized housing schemes.

I myself share these views and consider that Government's own position may have been somewhat obscured by recent public discussions of the Housing Authority's future building programme. While it was necessary on that occasion to clarify the extent to which Government was already financially committed to supporting the Authority's future plans, it was not then, and it is not now, our intention to refuse further loans to the Authority or to the Housing Society if we can see our way

clear to do so. At the same time the expenditure involved in implementing the recent White Paper on Resettlement and Government Low-cost Housing is so huge that it would have been both unwise and unfair for Government not to have issued a warning that there might simply not be enough to go round. As I said in the Housing debate, it is not a matter of robbing Peter to pay Paul. It is a question of deciding to give to Paul rather than to Peter, if we haven't enough to give each of them what they need. Nevertheless I am hopeful that when my Friend the Financial Secretary shortly considers the current five-year forecast of revenue and expenditure, we shall still be able to squeeze out some more funds, to help the Authority and the Society to proceed with the very worthwhile work upon which they are engaged.

Your Excellency's review of the past year very appropriately dwelt on the housing situation and forecast the setting up of an Advisory Board to co-ordinate future housing policy. I am glad to be able to report Sir, your decision, taken on the advice of the Executive Council, to appoint such a Board whose full terms of reference will be published today. Briefly the Board will be required to keep under review, and to report annually on, progress in all types of housing construction, to assess present and future housing needs, not excluding ancillary social and employment facilities, and the balance between types of housing; and to advise on co-ordination in executing housing policies.

The Board will consist of an unofficial Chairman, with 4 other unofficial members with housing experience and 6 Heads of Departments or senior officials concerned with Housing matters. I am also glad to be able to announce that my honourable Friend Mr WATSON, despite his many other commitments, has been able to agree to become the first Chairman of the Board. We shall now go ahead with the remaining appointments and the provision of staff.

I am sure Council will wish this new and important Committee every success on work which will continue to be of the greatest significance to Hong Kong for many years to come.

Before I sit down, Sir, and as this is the last occasion on which I shall address Council, I wonder if I might take the opportunity of paying a personal tribute both to my colleagues in Government and to the Unofficials. As to the former, both Your Excellency and Mr RUTTONJEE have spoken of their work. All I wish to add here is my own personal gratitude for their loyalty and support in the various departments in which I have served and, more particularly and more recently, in the Secretariat. I can say without hesitation that the performance of their duties is of a very high order—by any standards. As to my unofficial colleagues, Budget time is not, perhaps, the season for paying compliments, but that can't be helped—there will be no

other occasion. For my part I cannot stress too much my regard for the qualities which they bring to the service of Hong Kong. They seek no publicity, and people have little idea of the extent of their quiet and unremitting toil; of their shrewd and watchful care of the public interest; and, above all, of their readiness to work very hard for no reward. All this has been a source of much inspiration and encouragement to me personally, and I am more than grateful for the valuable assistance I have obtained from them over the years.

Sir, I now move that the resolution be adopted. (*Applause*).

The question was put and agreed to.

RESOLUTION REGARDING THE ESTIMATES OF REVENUE AND EXPENDITURE FOR 1965-66

THE FINANCIAL SECRETARY moved the following resolution:—

Resolved that the Estimates of Revenue and Expenditure for 1965-66 as amended by the Report of the Select Committee be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

BANKRUPTCY (AMENDMENT) BILL 1965

THE ATTORNEY GENERAL moved the First reading of a Bill intituled “An Ordinance to amend the Bankruptcy Ordinance.”

He said:—Your Excellency, the one main clause in this Bill seeks to introduce eight new sections into the principal Ordinance; and the special provisions contained in them would be available in bankruptcy proceedings where the circumstances of the bankruptcy render the normal procedures impracticable.

In particular this amending legislation is concerned with cases of bankruptcy where there are so many creditors that it would be virtually impossible for them to hold the statutory meetings for the purpose of taking the necessary decisions required at various stages of the bankruptcy. The case of the Ming Tak Bank is the immediate cause of this Bill, but of course its provisions are of general application. The proposed new sections empower the court to make a variety of orders

for the purpose of keeping the creditors informed of the progress of the bankruptcy and for ascertaining their wishes generally and in particular on any proposal for a composition put forward by the debtor. Similarly the court would assume responsibility for appointing and controlling a trustee of the bankrupt's property and for appointing a committee of inspection.

I should perhaps stress that these special provisions are not intended as a substitute for the existing provisions but as an alternative to them in any case where the court considers that the interest of the creditors requires their adoption. Indeed before they can be used in any particular bankruptcy the court has to make a regulating order which it can do, as I have said, only after considering the interests of the creditors.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

The object of this Bill is to make special provision for the proceedings in bankruptcy of a debtor having a very large number of creditors. In such circumstances it would be difficult to follow the normal procedure for holding meetings of creditors. Four of the eight sections which the Bill seeks to introduce into the Bankruptcy Ordinance are intended to enable a court to make orders for alternative procedures.

2. The proposed new section 100A will permit a court to make a regulating order at any time after the receiving order has been made. This regulating order would serve as notice of the fact that the court might thereafter make any or all of the orders provided for in the ensuing six proposed new sections. These orders include the dispensing with the first meeting of creditors and alternative procedures for ascertaining their wishes as to any composition (section 100B), the mandatory adjudication of a bankrupt who does not submit a composition approved by the court (section 100C), the appointment of a trustee and a committee of inspection (sections 100D and 100E), and procedures for keeping creditors informed of the progress of the bankruptcy proceedings (section 100F). The proposed new section 100H would deem a bank's accounts to be sufficient proof of debts by the depositors.

COMPANIES (AMENDMENT) BILL 1965

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Companies Ordinance."

He said: —Sir, I have just spoken on the introduction of the Bankruptcy (Amendment) Bill 1965 and all I need say here is that the same problems which can arise in bankruptcy proceedings can also arise in the winding-up of a company. It was thought appropriate therefore to seek to introduce into the Companies Ordinance sections designed to achieve the same result as those being introduced into the Bankruptcy Ordinance.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

The object of this Bill is to make special provisions for the winding up of a company which has a very large number of creditors. In such circumstances it would be difficult to follow the normal procedure for holding creditors’ meetings. Four of the five sections which the Bill seeks to introduce into the Companies Ordinance are intended to enable a court to make orders for alternative procedures.

2. The proposed new section 212A would permit a court to make a regulating order at any time after a winding up petition has been presented. This regulating order would serve as notice of the fact that the court might thereafter make any or all of the orders provided for in the ensuing three proposed new sections. These orders include procedures for keeping creditors and contributories informed of the progress of the liquidation and for ascertaining their wishes without holding meetings (section 212C), the appointment of a liquidator and committee of inspection (section 212B), and the holding of a ballot for determining whether creditors wish to accept any scheme of arrangement put forward by the company (section 212D). The proposed new section 212E would deem a bank’s accounts to be sufficient proof of debts by the depositors.

APPROPRIATION (1965-66) BILL 1965

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled “An Ordinance to apply a sum not exceeding one thousand seven hundred and eleven million, four hundred and eight thousand and forty dollars to the Public Service of the financial year ending the 31st day of March, 1966.”

He said: —The purpose of this Bill, Sir, is to provide formal legislative sanction for the Estimates of Expenditure which have been approved this afternoon.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

THE FINANCIAL SECRETARY:—This Sir, will be the last meeting of Council before the closing of the financial year and to provide the necessary authority for making payments from 1st April, it is essential that this Bill should pass through all stages today. If, Sir, you are of that opinion, I beg to move suspension of Standing Orders for this purpose.

HIS EXCELLENCY THE GOVERNOR: —I am of that opinion.

THE FINANCIAL SECRETARY: —Sir, I move the suspension of Standing Orders to the extent necessary to allow the Appropriation (1965-66) Bill before Council to be taken through all stages today.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

THE FINANCIAL SECRETARY moved the Second reading of the Bill.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 and 2, the Schedule and the Preamble were agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Appropriation (1965-66) Bill 1965 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

WORKMEN'S COMPENSATION (AMENDMENT) BILL 1965

MR P. C. M. SEDGWICK moved the First reading of a Bill intituled "An Ordinance further to amend the Workmen's Compensation Ordinance 1953."

He said:—Sir, the purpose of this short Bill is to increase the maximum compensation payable under the Workmen's Compensation Ordinance in respect of death or permanent total incapacity resulting from an accident to a worker arising in the course of his employment. The Ordinance at present provides that compensation for death shall be thirty six months earnings or \$10,000 whichever is the less. This means that although the dependants of workers who were earning less than \$278 at the time of their death receive thirty six months earnings in full, the dependants of those earning \$278 or more receive less than thirty six months earnings as compensation. The higher the monthly earnings, the greater is the reduction effected by the ceiling of \$10,000. A similar position arises in regard to compensation payable for permanent total incapacity. Since the Ordinance was brought into force, workers' wages and living standards have risen considerably and cases are now not infrequent where the ceilings operate to reduce the amount of compensation payable. The Labour Advisory Board has been into this matter and has recommended that the ceiling for compensation in the event of death should be raised from \$10,000 to \$18,000 and that for compensation in the event of permanent total incapacity should be raised from \$14,000 to \$24,000.

Insurance is not compulsory under the Ordinance but employers who do insure their workers may be interested to know that the Hong Kong Accident Insurance Association which represents all firms in Hong Kong undertaking Workmen's Compensation insurance, has been informed of this proposal and has agreed as a trial measure to cover the cost of increased liability at the existing rates of premium. The Association has however warned that it is possible that after the full effects of the increased liability have been assessed, the existing premium rates, at least for some trades, may have to be raised, although it hopes that this will not be necessary.

The Bill before Council will, if enacted, bring the new ceilings of \$18,000 and \$24,000 respectively into force with effect from 1st May 1965, in respect of all accidents occurring on or after that date.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

The purpose of this Bill is to seek amendment of the Workmen's Compensation Ordinance 1953 in order to raise the maximum compensation payable under the provisions of the Ordinance, in the case of death from ten thousand dollars to eighteen thousand dollars and

in the case of permanent total incapacity from fourteen thousand dollars to twenty-four thousand dollars. The new maxima will apply in respect of death or incapacity resulting from personal injury by an accident happening on or after the specified date. The reason for this measure is to be found in the steady rise in the standard of living and wages of workers since 1953, which has rendered the existing maximum compensation payable under the Ordinance no longer adequate.

MERCHANT SHIPPING (AMENDMENT) BILL 1965

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance further to amend the Merchant Shipping Ordinance 1953."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Causes 1 to 36 were agreed to.

Clause 37.

THE ATTORNEY GENERAL: —Sir, I rise to move that clause 37 be amended as set forth in the paper before honourable Members.

Proposed Amendment

Clause

37 Leave out paragraph (*d*) and substitute therefor the following—

“(*d*) by the deletion of subsection (7) and the substitution therefor of the following—

“(7) Any person who by any unlawful act, or in any manner whatsoever without reasonable excuse, endangers or causes to be endangered the safety of any person conveyed in or being in or upon any vessel or in the sea shall be liable to a fine of four thousand dollars and imprisonment for six months.”

Clause 37, as amended, was agreed to.

Clauses 38 to 68 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Merchant Shipping (Amendment) Bill 1965 had passed through Committee with one amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

HAWKER CONTROL FORCE (AMENDMENT) BILL 1965

MR K. S. KINGHORN moved the Second reading of a Bill intituled "An Ordinance to amend the Hawker Control Force Ordinance 1960."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 to 6 were agreed to.

Council then resumed.

MR K. S. KINGHORN reported that the Hawker Control Force (Amendment) Bill 1965 had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

ADDRESS BY THE GOVERNOR

Before we adjourn, gentlemen, I feel sure this Council would wish me to say a few words of farewell to the Colonial Secretary, Mr TEESDALE, whose last meeting this is. I will not do so at length; Mr TEESDALE'S services and qualities are too well known to all of us here to need any recapitulation by me. Hong Kong is fortunate in having had many gifted and devoted public servants who have given their working lives to the Colony's service, and who have at all times put the interests of Hong Kong and its people before all else. Mr TEESDALE has most certainly been one such: in his 27 years of service

here before, during and after the war, in many capacities and in every degree of responsibility, he has made a more than ample contribution to the Colony's stability and successful development: and he has borne the burden of the onerous office of Colonial Secretary for the last two years with success and distinction. His humour, courtesy and integrity have made friends of us all; and we shall greatly miss him and his wife, to whom I would ask him also to convey the respects and good wishes of this Council. And now. Sir, may I ask you to accept our thanks for your services to Hong Kong, and our good wishes to you and your family in whatever the future may hold in store for you?

MR DHUN J. RUTTONJEE:—Your Excellency, as the Senior Unofficial Member of Legislative Council, it is my privilege to associate my colleagues and myself with the remarks you have just made. It is, indeed, with genuine regret that we say “goodbye” to Mr TEESDALE. I am fortunate in having been associated with him for more than a decade and am proud to be able to say that Hong Kong has not had a finer or more conscientious officer. He leaves his imprint on the pages of the records of some of Hong Kong's finest achievements, and to him we are deeply indebted. Mr TEESDALE will long be remembered by the people of Hong Kong whom he has served so loyally and so well and we wish him and his good lady many happy years of retirement. (*Applause*).

THE COLONIAL SECRETARY:—Sir, I would like to thank you most warmly for your very generous remarks and also those of Mr RUTTONJEE. They are very much appreciated.

ADJOURNMENT

HIS EXCELLENCY THE GOVERNOR:—That concludes the business for today, gentlemen. Council stands adjourned and the next meeting of this Council will be held on the 14th April.