

OFFICIAL REPORT OF PROCEEDINGS
Meetings of 15th and 16th March 1967
15th March

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE CORSBIE TRENCH, KCMG, MC
THE HONOURABLE THE COLONIAL SECRETARY
MR MICHAEL DAVID IRVING GASS, CMG
THE HONOURABLE THE ATTORNEY GENERAL
MR DENYS TUDOR EMIL ROBERTS, OBE, QC
THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS
MR DAVID RONALD HOLMES, CBE, MC, ED
THE HONOURABLE THE FINANCIAL SECRETARY
MR JOHN JAMES COWPERTHWAITTE, CMG, OBE
THE HONOURABLE ALEC MICHAEL JOHN WRIGHT, CMG
DIRECTOR OF PUBLIC WORKS
DR THE HONOURABLE TENG PIN-HUI, CMG OBE
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE WILLIAM DAVID GREGG
DIRECTOR OF EDUCATION
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC
COMMISSIONER OF LABOUR
THE HONOURABLE ALASTAIR TODD
DIRECTOR OF SOCIAL WELFARE
THE HONOURABLE TERENCE DARE SORBY
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE GEOFFREY MARSH TINGLE
DIRECTOR OF URBAN SERVICES
THE HONOURABLE KENNETH STRATHMORE KINGHORN
DISTRICT COMMISSIONER, NEW TERRITORIES
THE HONOURABLE DHUN JEHANGIR RUTTONJEE, CBE
THE HONOURABLE KAN YUET-KEUNG, OBE
THE HONOURABLE LI FOOK-SHU, OBE
THE HONOURABLE FUNG HON-CHU, OBE
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
THE HONOURABLE SZETO WAI
THE HONOURABLE WILFRED WONG SIEN-BING, OBE
THE HONOURABLE ELLEN LI SHU-PUI, OBE
THE HONOURABLE JAMES DICKSON LEACH, OBE

IN ATTENDANCE

THE DEPUTY CLERK OF COUNCILS
MR DONALD BARTON

MINUTES

The minutes of the meeting of the Council held on 1st March 1967 were confirmed.

PAPERS

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

<i>Subject</i>	<i>LIN No</i>
Subsidiary Legislation: —	
Telecommunication Ordinance.	
Telecommunication (Amendment) Regulations 1967	22
Tax Reserve Certificates Ordinance.	
Tax Reserve Certificates (Fourth Series) (Amendment)	
Rules 1967	25
Matrimonial Causes Ordinance 1967.	
Divorce Rules (Revocation) Rules 1967	26
Public Health and Urban Services Ordinance.	
Public Health and Urban Services Ordinance	
(Amendment of Fourth Schedule) Order 1967.....	27
Revised Edition of the Laws Ordinance 1965.	
Revised Edition of the Laws (Correction of Error)	
Order 1967	28
Sessional Papers 1967:—	
No 12—Annual Report by the Government Printer for	
the year 1964-65.	
No 13—Annual Report by the Director of Immigration	
for the year 1965-66.	
Select Committee Report:—	
Report of the Select Committee on the Draft Estimates of	
Revenue and Expenditure for 1967-68.	

LOTTERIES FUND

THE FINANCIAL SECRETARY moved the following resolution:—

Resolved, that pursuant to a resolution passed by the Legislative Council on the 30th day of June 1965, the sum of \$2,398,893 shall be appropriated from general revenue and transferred to the credit of the Lotteries Fund.

He said:—On the 30th June 1965,* this Council created the Lotteries Fund by Resolution and appropriated to that Fund an amount of \$7.4 million from general revenue. This sum represented the net proceeds of the Government Lotteries which had been held from 1962-1964, less certain special expenditure incurred in that period on welfare projects which were properly a charge on the Fund.

On the 10th March 1966,† Council similarly appropriated by Resolution from general revenue to the credit of the Fund a further sum of \$2 million, being the adjusted net proceeds of the 1965 Lotteries.

The net proceeds of the 1966 Lotteries amount to just under \$2.4 million and the Resolution before Council seeks to authorize the transfer of this amount from general revenue to the Fund.

An amendment to the Government Lotteries Ordinance to enable all financial transactions in connexion with Lotteries to be made to and from the Fund without having recourse to a Resolution of this Council is now in draft form and, it is hoped, will be submitted for enactment early in the next financial year.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

PUBLIC HEALTH AND URBAN SERVICES ORDINANCE

MR G.M TINGLE moved the following resolution:—

Resolved, pursuant to section 144 of the Public Health and Urban Services Ordinance, that the Milk (Amendment) By-laws 1967, made by the Urban Council on the 7th day of March 1967 under section 56 of that Ordinance, be approved.

He said:—Your Excellency, in moving this resolution I will only say in amplification of the explanatory note appended to the Milk (Amendment) By-laws 1967, that the object of By-law 2, which amends the definition of “reconstituted milk” in the principal By-laws, is to permit the sale to the general public of fresh, unconcentrated, frozen milk which has been imported in ready-for-sale hygienic containers. Such milk on thawing returns to a condition indistinguishable from its original state, and does not warrant the description “reconstituted”.

By-laws 3 and 4 of the amending By-laws simply remove from the principal By-laws certain labelling requirements. These have been transferred to the Food and Drugs (Composition and Labelling) Regulations.

* 1965 Hansard, pages 408-410.

† 1966 Hansard, page 97.

The Milk (Amendment) By-laws 1967 were made by the Urban Council on 7th March 1967, and are now before honourable Members for approval.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

LARCENY (AMENDMENT) BILL 1967

THE ATTORNEY GENERAL moved the First reading of:—"A Bill to amend further the Larceny Ordinance."

He said:—One of the offences against section 50 of the Larceny Ordinance is obtaining credit, money or goods by means of a cheque which is refused payment by a bank upon presentation when due if the drawer of the cheque knew, or is presumed by the operation of this section to have known, that the cheque would not be honoured when presented for payment.

In prosecutions for an offence under this section, a serious practical problem has arisen in proving to the satisfaction of the court that payment of the cheque was refused when it was presented. Banks usually merely indicate that payment of a cheque has been refused either by making a stamp or mark on the cheque in words indicating that payment has been refused, or by drawing up a document to the same effect in some standard form. However, according to the present rules of evidence, these stamps, marks or documents cannot be accepted by the courts as sufficient proof that the cheque in question has been dishonoured. Therefore, where it must be proved that payment on a cheque has been refused by a bank, it is necessary to call an officer from that bank to give evidence that the cheque was dishonoured on presentation. This may, particularly when a cheque was drawn on a bank outside the Colony, involve substantial expense to the prosecution and inconvenience to the bank concerned, and sometimes these considerations have prevented prosecutions for false pretences and fraud either being launched or being successfully concluded.

Clause 2 of the Bill proposes, therefore, to provide that anything appearing upon cheques, bills of exchange and any document relating thereto purporting to be made by the bank on which they are drawn and indicating that payment has been refused on that cheque shall be *prima facie* evidence of such refusal. This would obviate the necessity of calling an officer of the bank to give that evidence.

Subsection (4) of the proposed new section 50A provides that a copy of any such marked or stamped cheque or any document relating thereto which is to be used in evidence at the trial should be served upon the accused at least fourteen days before the commencement of his trial.

Clause 3 of the Bill amends the Schedule to the principal Ordinance to provide that a person charged with demanding with menaces may be convicted of the offence of false pretences and fraud, and vice versa.

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 : —

It is an offence under section 50 of the Larceny Ordinance to obtain money or goods by means of a cheque which is refused payment on presentation when due. Where the cheque is presented for payment outside the Colony, it is often impracticable for the prosecution to adduce the evidence that is required under the existing law to prove that payment of the cheque was refused.

When a bank refuses payment of a cheque, either some indication thereof is marked on the cheque or a memorandum to that effect is made out by the bank. It is proposed that a cheque bearing such an indication or such a memorandum shall be *prima facie* evidence that payment of the cheque was refused.

To make this new provision effective, it is necessary to provide that a memorandum purporting to be made out by a bank and indicating a failure to meet the cheque shall be admitted in evidence without further proof, to avoid the need to call an officer of the bank.

These new provisions are intended primarily to deal with cheques drawn on foreign banks, but are not limited in their application and accordingly they will apply to any cheque drawn on a bank in the Colony.

The opportunity is taken to amend the Schedule to the Larceny Ordinance so as to provide that a person charged with demanding with menaces may be convicted of false pretences and fraud, and vice versa. Experience has shown that this is a desirable amendment.

ASIATIC EMIGRATION (AMENDMENT) BILL 1967

MR R.M. HETHERINGTON moved the First reading of:—“A Bill to amend the Asiatic Emigration Ordinance.”

He said:—Sir, the purpose of this Bill is simply to eliminate unnecessary duplication of work by officers of the Labour Department administering, on behalf of the Director of Social Welfare, certain provisions of the Asiatic Emigration Ordinance. These officers will be relieved of statutory requirements under this Ordinance to sign passage tickets and photographs of those emigrant workers who are now adequately protected by the provisions of the Contracts for Overseas Employment Ordinance* which came into force on 1st November 1965.

Clause 3 relating to the proclamation of a day when the amending legislation will come into operation is rendered necessary by the provisions of an English Act applicable to Hong Kong, the Chinese Passengers Act 1855.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

This Bill is designed to eliminate the duplication of work required under both the Asiatic Emigration Ordinance and the Contracts for Overseas Employment Ordinance.

In view of the greater protection afforded to emigrant workers by the Contracts for Overseas Employment Ordinance it is considered that the requirements of the Asiatic Emigration Ordinance relating to the signing of passage tickets and photographs of emigrant workers by the Director of Social Welfare or his appointee are now no longer necessary.

PROBATION OF OFFENDERS (AMENDMENT) BILL 1967

MR A. TODD moved the First reading of:—“A Bill to amend further the Probation of Offenders Ordinance.”

He said:—Your Excellency, section 11 of the Probation of Offenders Ordinance enables the Governor by order to approve premises in which persons placed on probation may be required to live. Until recently the only premises approved under this provision were probation homes provided for juveniles, that is to say, for those under 16 years of age. For this age group the requirement lies chiefly in

* 1965 Hansard, pages 9-12 and 41.

the provision of a reasonably secure environment coupled with training of both a vocational and a social character. Last October it became possible to widen the effective use of probation for the young offender, when a Probation Hostel was opened at Kwun Tong for young men of approximately 16 to 21 years of age, all of whom are capable of working, and for whom steady employment and a sound and secure social environment are the most important considerations.

The purpose of the hostel is to help these young men, by the closer supervision which a residential hostel can provide, to appreciate adult responsibilities. This, of course, includes many things such as proper use of their leisure time, the establishment of regular habits of work and so on. In this process it is very important they should be enabled to realize that it is a part of the responsibility of an adult to use his own ability to provide for his own needs. There is every reason why they should be helped to understand that if they are earning a reasonable wage the community is under no obligation to support them free of charge. For this reason it is proposed that while they are in the hostel they should be required to make a contribution to the cost of their maintenance there. Clause 2 of the Bill before Council adds a new section 11A to the principal Ordinance, the effect of which is to, provide authority for charges to be raised for the maintenance of a probationer living in an approved institution who is in regular paid employment.

I should like to state very clearly that, although the clause provides that the charge is to be fixed with the approval of the FINANCIAL SECRETARY, its purpose is in no way connected with my honourable Friend's onerous responsibility for raising revenue, but is solely to educate the young offender in the need to provide for himself out of whatever he may earn. If a probationer is unable to meet the charge, or can meet it only in part, because he is out of work or his earnings are inadequate, he will be given assistance from funds available to probation officers. In other words the existence of a charge for maintenance will not be allowed to operate in such a way as to prevent any probationer considered suitable by the courts from receiving the benefits of the hostel training.

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: —

Some probationers who reside in an approved institution are permitted to accept employment outside the institution. It is

considered that, as such probationers receive wages, the superintendent of the institution should be empowered to charge them for food and accommodation at the institution. The object of this Bill is to ensure that such a charge may be made when appropriate.

AUXILIARY FORCES PAY AND ALLOWANCES BILL 1967

THE COLONIAL SECRETARY moved the Second reading of: —“A Bill to consolidate and amend various provisions relating to the pay and pensions of members of the auxiliary forces and to provide a pay code and allowances for such members.”

THE ATTORNEY GENERAL 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 17 and the Schedule were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Auxiliary Forces Pay and Allowances Bill 1967 had passed through Committee without amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

ESSENTIAL SERVICES CORPS (AMENDMENT) BILL 1967

THE COLONIAL SECRETARY moved the Second reading of: —“A Bill to amend the Essential Services Corps Ordinance.”

THE ATTORNEY GENERAL 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 4 were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Essential Services Corps (Amendment) Bill 1967 had passed through Committee without amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

HONG KONG AUXILIARY POLICE FORCE (AMENDMENT)

BILL 1967

THE COLONIAL SECRETARY moved the Second reading of: —“A Bill to amend the Hong Kong Auxiliary Police Force Ordinance.”

THE ATTORNEY GENERAL 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 11 were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Hong Kong Auxiliary Police Force (Amendment) Bill 1967 had passed through Committee without amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

ROYAL HONG KONG DEFENCE FORCE (AMENDMENT)

BILL 1967

THE COLONIAL SECRETARY moved the Second reading of:—“A Bill to amend the Royal Hong Kong Defence Force Ordinance.”

THE ATTORNEY GENERAL 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 13 were agreed to.

Clause 14.

THE COLONIAL SECRETARY:—Sir, I beg to move that clause 14 be amended as set forth in the paper before honourable Members.

Clause 14 permits officers on the Retired List of the Royal Naval Reserve and Women's Naval Reserve at the time of the of their units on the 1st April 1967, to retain their rank and to wear the uniform of that rank within the Commonwealth on State occasions and on such other occasions of ceremony as the Governor may determine. The proposed amendment seeks to delete the words “of ceremony”, so as to avoid any difficulties of definition and to allow the Governor greater discretion as to the occasions on which such uniform may be worn.

Proposed Amendment.

Clause

14 In paragraph(*b*), leave out the words
“of ceremony”

Clause 14, as amended, was agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Royal Hong Kong Defence Force (Amendment) Bill 1967 had passed through Committee with one amendment and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

PROBATE AND ADMINISTRATION (AMENDMENT)

BILL 1967

THE ATTORNEY GENERAL moved the Second reading of:—“A Bill to amend further the Probate and Administration Ordinance.”

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 5 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Probate and Administration (Amendment) Bill 1967 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.

HOLIDAYS (AMENDMENT) BILL 1967

THE SECRETARY FOR CHINESE AFFAIRS moved the Second reading of:—"A Bill to amend further the Holidays Ordinance."

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 7 were agreed to.

Council then resumed.

THE SECRETARY FOR CHINESE AFFAIRS reported that the Holidays (Amendment) Bill 1967 had passed through Committee without amendment and moved (he Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Third time and passed.

**RESOLUTION REGARDING THE REPORT OF THE ELECT
COMMITTEE ON THE ESTIMATES FOR 1967-68**

THE COLONIAL SECRETARY moved the following resolution:—

Resolved that the Report of the Select Committee, to which was referred the draft Estimates of Revenue and Expenditure for 1967-68, be adopted.

THE FINANCIAL SECRETARY seconded.

MR DHUN J. RUTTONJEE:—Your Excellency, may I, Sir, congratulate you once more on another impressive annual review. Clearly, we had our great problems and difficulties, but equally clearly, Hong Kong, in its own inimitable (I might almost say usual) way, has bounced back to record even more notable achievements.

But if I may, very briefly, strike a discordant note: I for one was *very* disappointed that no mention was made of a subject for these past few years, which has been very close to my heart. I refer, Sir, to my plea + of two years ago when I said that the time had then come for a complete review of Government's structure and organization. In making this plea, I put forward some personal ideas of my own as to how Government's organization might be improved, and I suggested that possibly the best way to go about the matter would be to set up a Commission, appointed urgently, to consider this vital matter which is of such great importance to us all.

In reply, the then Colonial Secretary, Mr, TEESDALE referred to the subject as being of "Foremost importance"* and further commented that Your Excellency would no doubt wish to give very close thought to my suggestion that a Commission should be appointed.

Last year, I again referred to the matter, inquiring what consideration had been given to my proposals. In answer, the present Colonial Secretary Mr GASS (referring to his predecessor's undertaking), said that he regretted that he had no specific conclusions to report at that stage. Although he promised that this important subject would not be lost sight of, he said he wanted time to consider the matter as, and I quote, "fundamental changes must inevitably be slow". Personally I have serious doubts as to the validity of this sweeping statement, particularly in the circumstances of Hong Kong—there have been some pretty swift fundamental changes in much else of our society these past few years. However it is not my object or intention to debate this point at this stage and in this place.

Now, two years later, I would like to pose the question yet again, Sir, and ask what progress has been made in this matter. In this

+ 1965 Hansard, pages 99-102.

* 1965 Hansard, pages 232.

complex society that is Hong Kong, with pressures and problems continuously mounting, we must surely be urgently and deeply concerned that all action necessary is taken to ensure that Hong Kong's Governmental system is adapted to meet the needs of this modern day and age, and the further pressures to which it will undoubtedly be subjected in the future.

I have been informed by my honourable Friend, the Director of Medical and Health Services, that by the middle of the year, there may be between 80 and 90 vacancies for Medical Officers in his Department. As a member of the Medical Development Plan Standing Committee set up by your Excellency to study the programme for expansion of the medical services in this Colony, I must express my deep concern that unless practical steps are taken to increase the pool of available doctors to man the existing and proposed institutions, we may have to curtail our medical facilities in the very near future.

Until such time as the Hong Kong University can train a sufficient number of doctors to fulfil the needs of this thriving community, we must look for recruitments from all available sources. Overseas recruitment is expensive and in this age of specialization, it may even be difficult to get general duty officers to accept appointments in Hong Kong. I believe that local graduates have no objection to being posted to clinical units in hospitals but difficulty has been experienced in filling the less attractive posts in the Public Health Service, such as maternity and child health, Urban and Rural Health, Port Health, and even in out-patient Clinics. To meet the shortage of doctors, I urge my honourable Friend to consider two suggestions.

I understand that there are in the Colony many Chinese doctors with registrable qualifications, but born outside Hong Kong or China, who, because they have decided to settle in the Colony, would be prepared to waive their claim for expatriate status and would accept appointment as local officers. Rigid adherence to the ruling that persons not domiciled in Hong Kong could only be engaged on expatriate terms limits this field of recruitment unnecessarily.

My second suggestion to attract more qualified doctors into the Service is to offer doctors with registrable qualifications contracts for periods of three years—at the end of which, a gratuity will be paid. I feel that local candidates for posts in the professional grades should be given the same privilege of working in Government on contract terms as overseas officers. This method of recruitment will not only be of benefit in the medical officers' grade but will prove attractive to other professionally qualified persons, such as lawyers, engineers, architects, etc., I need hardly emphasize that even if local candidates are given the same contract terms as are given to expatriates, the costs would still be less, because passages and other benefits attached to expatriate appointments increase the amounts spent for each expatriate officer.

You will be aware, Sir, that this latter proposal is in line with what I have often advocated—that we should do all things practicable to localize our Government service. As you will recall—last year* I suggested that such localization should not necessarily be at the lower levels of the Service, but could and should be extended to the more senior: I repeat, there is no reason why we should not consider bringing in experienced and able doctors, lawyers, administrators and so on into the higher posts of Government.

Turning to nursing, I understand that the Working Party which my honourable Friend, the Director of Medical and Health Services appointed to look into the Colony's system of nursing training and education following the publication of the Platt Report in the United Kingdom, has just made its final report. I have a personal interest in nursing, for, besides being an adviser to the Hong Kong Nurses' Association, I come under the care of one nurse or another when I become ill, either in a doctor's clinic or in a hospital bed, just like the rest of the population. I have been lucky, for the durations of my various periods of indisposition have been short, but for others, especially for those utterly dependent upon the care of nurses, the quality of this care, and the sufficiency of it or otherwise, must affect them greatly. It is fitting that due importance be attached to the kind of training given to those learning to nurse, so that they should at least have the benefit of starting right.

However, it is equally important to make sure that the nursing service provided is well organized and efficiently administered. In scientific management, when quality is to be upgraded, it is always urged that the leaders at the top be first convinced of the necessity to improve, for unless they are convinced, they will obstruct efforts to improve from the ranks, if only as a reflex action in self protection. No doubt, many diehards will defend the status quo, for few can tolerate the implication that they have been behind times. But I do hope that my honourable Friend will scrutinize the recommendations of this Working Party, and lend his weight to push through reforms for improvement, so that when we are ill, we will have a hope of receiving nursing care that is not only adequate but is also of high quality, no matter in which hospital or clinic we are treated.

Over the past decade we have seen a most satisfactory drop in the death rate from tuberculosis. Whilst in 1951, at the height of the scourge, the mortality of tuberculosis was 208 per 100,000 of the population, with 1 in 5 deaths being attributed to that dreaded disease, the figures are now 40 per 100,000 of the population and 1 in 12.5 deaths respectively. In 1951 one in every three tuberculosis deaths occurred in children under five years of age, but now the proportion is less than 1 in 35. Average age at death was 25½ years and now is 53. Although there is no room for complacency since tuberculosis still

* 1966 Hansard, page 100.

remains our number one public health menace. The Hong Kong Anti-Tuberculosis Association has recently felt that it is appropriate now to start making use of the experience gained in thoracic surgery and to commence diverting a part of their attention to cater for the increasing need of cardiac patients whose conditions are amenable to operative correction. They have changed their name to the Hong Kong Anti-TB* and Thoracic Diseases Association in order to widen their field of activities and are in the process of establishing a cardiac unit for open heart surgery at the Grantham Hospital in conjunction with the Hong Kong University and Medical and Health Department.

In the field of rehabilitation, both for the physically and mentally handicapped, a commendable start has been made by the establishment of special day and residential schools, rehabilitation centres, paraplegic units, and the provision of special hostels in housing estates. Utmost support must be given to these projects if only for the simple reason that humanity requires that we look after the weak and helpless. To those who think that this is a waste of time a most humbling lesson can be learnt if they will only visit one of these centres. Disease or accident strike without regard for race or creed. A community owes it to itself to provide adequate facilities to help develop to their utmost the remaining faculties of the stricken, for none of us knows who will be the victim tomorrow.

I have on occasions spoken before in this Chamber on the proposed Cross-Harbour tunnel and I do not propose to repeat the arguments I have made before. There seems to me no reason why private enterprise should not profit by the building of a tunnel but I am by no means convinced that it is needed either socially, industrially or economically, apart from being convenient for crossing the harbour. If public funds are to be used in a project of this magnitude, then should not consideration be given to something that would surely, in the long run, be of far greater advantage to the Colony? I refer to the opening up of Lantau. If Lantau becomes accessible to the Mainland by road its rapid development would be more rapidly expedited. Is it not ridiculous that in a place where the greatest shortage is that of land, there are at the moment on that island—the same number of people as now live in a few hundred square yards of Wan Chai—and need I remind members that it is three times as large as Hong Kong island. Before any undertaking is given that Government will support the tunnel, I would ask that an estimate in outline be given to this Council for the cost of a bridge linking Lantau to Ma Wan and Castle Peak. When that figure is known, the social, industrial and economic advantages of providing easy access to Lantau can be compared to those that would accrue from a tunnel. Sir, I would deprecate any attempt to use the funds available to Government as a bait to attract

* 1967 Hansard, page 16-17 & 44-45.

more capital. We are custodians of the public's money—not underwriters for economical enterprises.

Why is it that we always tend to think of our magnificent harbour as being a barrier to communications—should we not, profitably, think of it more as an asset, allowing increased vehicular ferry routes, say five or even six? This would mean that we would be dispersing our traffic problem, instead of deliberately concentrating it into areas each side of the harbour, these being already among the busiest in our busy urban areas.

Finally Sir, I would like to say a few words for our Government and I would like to begin with a quotation, “every country has the government it deserves”. We in Hong Kong have worked hard since the war and we have been well rewarded for our labours since this Colony is a place we all can be proud of and our story is one of success. We have deserved a good and efficient Government and have certainly got what we deserved. We are served by dedicated and selfless men and women who seek only the reward of a job well done. Their life is one of service to us, the community, and they are often maligned or their motives misunderstood since it is very easy to belabour the Government and to forget that our own sectional or individual interests are not always those of the community as a whole. The lips of our obedient servants are, of necessity, sealed and they do not speak for themselves, only for the community. On behalf of my Colleagues and community as a whole Sir, I would like to express our gratitude for the able, efficient and hardworking administration which you direct. As long as our public servants continue in the tradition they have established, I am sure that the prediction made many hundreds of years ago by an ancestor of the Tang Clan, and engraved on a tombstone near Tsuen Wan, that “A million lights shall glow”, will prove true in every part of this Colony and not only in the area to which it relates.

Sir, I support the motion before the Council.

MR KAN YUET-KEUNG:—Sir, the “cheerful” Budget presented by the Financial Secretary and his proposals for certain tax concessions, welcome though they are, do not, I regret to say, remove my objections to the additional defence contributions which we have committed to the United Kingdom Government and which this Council is now asked to vote for the necessary funds. For this reason I shall vote against the Resolution now before Council.

I fully realise that those who took part in the negotiations did not find it an easy matter to resolve and did some hard bargaining. I make no criticism against them personally. Where I differ from them is in

the conclusions we reached. They believed that the offer we made to the United Kingdom Government of an additional \$40 million a year for the next four years is in the best interests of both Britain and Hong Kong. I maintain it is not in the best interest of either Britain or Hong Kong. This amount represents a mere drop in the bucket from Britain's view point in solving her balance of payment difficulties. From Hong Kong's view point, if the money were to be used for the further development of our social services, the resultant benefit, both to us and indirectly to Britain, would be far greater; for it must be in Britain's interest as well as our own that this Colony continues to enjoy social stability.

It is true that during the past decade we have made great strides in promoting the welfare of our people, in housing, education, medical health and social welfare, and both the Government and the people of Hong Kong can justly take pride in our efforts and achievement in these fields. However, the most sanguine among us will not, I think, deny that much more remains to be done and we need every cent that we can make available to do it. We are spending on our social welfare only \$21 million or 1.1% of our total government expenditure. Our annual gift to Britain is 4 times this amount. I say this is a serious error in perspective.

It is said that we shall be paying no more in the next four years than what we will have paid out in these last two years. This is of little solace. For one thing I doubt whether we should have agreed to make some of the payments we were making in the last two years. These consist of payment for the former Naval Dockyard land (\$112.4 million) and the reprovisioning of the Military Barracks (\$89.3 million) —total \$200 million. I do not accept that we should pay a high ransom to the military for land which they no longer need and which rightfully belongs to Hong Kong.

That we are paying no more in (he next four years than what we will have paid out in these last two years is also of little relevance when you consider priorities. I do not think it is in our best interests to divert a total of \$320 million over the next 4 years from other more urgent requirements.

However, what is even more disturbing is the uncertainty that we shall be paying no more in the next four years than what we will have paid out in these last two years. A year or two ago we volunteered a sum of £6 million or \$96 million towards the Services Building Programme on (he assurance that no further contribution toward defence would be expected of us. Yet we are now asked to volunteer further contributions.

Another reason for my opposition to the present arrangement is that although we were never asked to commit ourselves for any definite

period we took upon ourselves to be committed for four years. In these four years, according to Government's forecast we will be facing a \$660 million deficit. Meanwhile Britain may have got out of her present financial difficulties.

The Financial Times of July 20th, 1966 dealt with Britain's estimated overseas defence expenditure for 1966-67. Out of a total of £605 million £16 million was spent on Hong Kong, as against £74 million on Malaysia and Singapore who I am informed pay nothing for it.

On the other hand out of Britain's overseas aid said to be £250 million annually, we receive nothing, for we are regarded as wealthy.

We have, I submit, played our part adequately towards Britain by paying year after year already substantial contributions to defence, and year after year by maintaining substantial sterling balances in London.

Sir, I must, as a matter of principle, record my dissent from the additional defence contributions proposed by voting against the Motion now before Council. I can, I think, move for an amendment to the Motion, but under 'the circumstances this will be a mere waste of time.

MR LI FOOK-SHU:—Your Excellency, I should like once again to congratulate my honourable Friend, the Financial Secretary, for the able way in which he has presented his Budget and the skill with which he has marshalled his arguments in defence of his proposals. He has aptly described his Budget as being a “more cheerful” one, and it is a matter of considerable relief to all of us to learn that no new taxes are to be imposed this year. This happy outcome is all the more welcome when we remember the last year's setbacks due to the combined effects of economic recession over some sections of our industry, of natural calamity and of civil disturbance. This is all to the good, and I should like to congratulate my honourable Friend on sparing us the alarm and unsettlement which new taxation inevitably brings. I therefore have pleasure in supporting the motion which he has proposed. But before doing so I should like to make a few general comments on the financial position revealed to us by this afternoon's Budget and on the prospects lying ahead of us revealed by my honourable Friend's comments on the Five-Year Forecast of Revenue and Expenditure.

I want to confine myself mainly to the questions of Government expenditure and financing which are the topics we are primarily concerned with this afternoon. First let me say a word or two about the new proposals in regard to tax remission or reduction. I welcome with some reservations the complete abandonment of radio licensing. My honourable Friend gave a number of arguments in support of this radical

change, but clearly the main reason was the difficulty of collection. No other principle is really involved. I think many will wish that all taxes were equally difficult to collect. I imagine that he was deterred from the alternative of a once-for-all purchase-tax on radios by the fact that they are a popular item among bargain-hunting tourists and equally popular among our own people. I agree that Radio Hong Kong serves a wider purpose than that of mere entertainment. However, I remember that in dealing with water charges two years ago, my honourable Friend laid down the principle that in Government-provided services of this kind the policy was to break even in the matter of recovering costs and not to aim at making any profit. I should like to ask my honourable Friend whether he still holds to this principle or whether we are to conclude now that he has changed his views on the principle of payment for Government-provided services? It seems to me that the proposed remission is an admission of defeat in the struggle to collect the licence fees and that his remarks are intended to provide a smoke-screen for his retreat. However, I agree that the introduction of the portable transistor radio has made it almost impossible to collect the licence fees and has left my honourable Friend little option but to adopt the course he has to. He might even go further and consider if Radio Hong Kong offers any vital service that could not be equally well carried out through commercial networks.

I strongly support the abolition of 2% stamp duty on the conveyances of property under \$20,000 in value and halving it in the case of properties between \$20,000 and \$40,000. This may not affect many people immediately, but is a welcome step in the encouragement of private developers to provide housing within the means of ordinary people which may well lead to an increase in the number of owner-occupiers. I therefore regard this as a step in the right direction.

I support the proposal to reduce the Estate Duty from 40% to 25%, but again with some reservations. I should like to ask my honourable Friend the Financial Secretary why he thinks that ideally the rate of Estate Duty should be the same as that for the Salaries and Profits Tax. In one case the tax is paid by the person who earns the amount on which the tax is assessed, and in the other by the person who has not earned it. May I also ask how many estates were taxed at the maximum rate last year, and what sum was collected in respect of them? As my honourable Friend knows, I have urged for some time that we should place greater reliance on direct taxation. Estate duty is normally regarded as an equitable form of direct tax and I was glad to hear my honourable Friend admit that he regarded it as “an essentially fair tax when considered in the light of our system of direct taxation, its non-progressive structure, the absence of a capital gains tax and so on.” Here again, I think he was led to make this concession by other considerations. On this matter, I agree with him that his proposal is to be regarded as primarily an economic one aimed at

encouraging the retention of capital in Hong Kong which should bring benefits to all by its effect on the expansion of industry.

I should like to pass one more general comment on this subject of tax remissions. I think we should be very guarded in our approach to this subject. I feel we should not hand out any gifts in the form of tax remission until important and vital objectives in the field of Education, Social Welfare and Public Health have been achieved.

Next I should like to say a word or two about the economic conditions in Hong Kong generally. This is very relevant because if our economy is buoyant then Government's task of raising a revenue is much easier. Here, I am glad to say, we have firm evidence of continuing prosperity. If we can judge by last year's figures, our overseas trade is increasing at the phenomenal rate of some 14% annually. In addition, a remarkable and welcome feature is the revival of our re-exports which rose in 1966 to 22% over the corresponding figure for 1965. This shows that the development of industry has not proceeded at the expense of commerce but that the commercial expertise which has been developed in Hong Kong during a period of well over a century is still a significant element in our economy. Our tourist industry topped the half million mark last year. Bank deposits reached by the end of the year a record total of \$8,405 million. In one important respect alone, namely in building and land development, there has been less than average progress. The problems facing my honourable Friend the Financial Secretary in the sector of public finance must be seen and judged against this general back-ground of overall rising prosperity over the community as a whole. He will be the first, no doubt, to acknowledge that it has made his task much easier than it might otherwise have been.

We are faced with annually mounting public expenditure, much of which is unavoidable despite my honourable Friend's valiant efforts to stem the outflow. Last year, he exhorted us all to regard that year as one of consolidation. But last year the natural population increase was nearly 80,000 and if we add permitted and unpermitted immigration, we have to cater for an annual increase in our population of not far less than 100,000. We cannot therefore halt the need of more schools, more social welfare schemes, more hospitals and clinics all of which need trained personnel to serve in them. We need more housing, more community and public services and more recreational facilities. And as society becomes more highly organized there has to be an expansion of the Government service.

The problem is how is this expansion to be financed? I assume that it is not the intention of my honourable Friend the Financial Secretary to double the water charges every few years as he did two years ago, although I admit he did then promise to make no increase up to 1970. My contention, Sir, is that we have reached the state in

which we shall have to rely to a greater degree on direct taxation. This is not only fair, since it places the burden on those best able to bear it, but is the most efficacious method of raising a revenue. I note that my honourable Friend has not proceeded with any scheme of revision of direct taxation with the object of securing a broader basis of incidence by means of a full income tax. He will, no doubt, remember my advocacy of this means twelve months ago.* I was interested to hear him state in his reply to the Budget debate last year that he had modified his views slightly from those I had quoted, views which he described as possibly characterizing his more innocent days.+ However, assuming that he is justified in his confession of being less innocent to-day than he was five years ago, I think we should all be interested to learn the reasons which have led him to revise his views on the subject of a full income tax, and particularly whether this has resulted from a change of principles or from administrative expediency or just from more comfortable acquiescence in the status quo.

My honourable Friend in his reply to the Budget debate last year argued that a substantial proportion of our citizens did in fact come within the direct tax-paying group though he added that this was low in proportion to other countries, a rider which surely weakened the force of his own arguments. Last year he attempted to balance his Budget by raising the standard rate of direct taxation from 12½% to 15%. I should like to ask him for how many years does he anticipate that it will remain at that rate and if he foresees the need of making periodical increases in the standard rate at least for the foreseeable future. My honourable Friend appears to rely upon the steady increase of revenue from existing sources, but can he assure us that he can rely on this increase keeping step with the increasing costs to which we are in large measure already committed? Or does he regard the prospect ahead of us as one of steadily increasing taxation?

My honourable Friend has been assisted by increased yields of taxes over those he estimated a year ago, and clearly the rather sombre view of the revenue prospect which he took last year has not materialized. He has assured us that all the Estimates have been severely pruned by Heads of Departments in the cause of economy. I notice that he has secured substantial savings in the Public Works Department, the revised estimate of Public Works Non-recurrent being \$497 million compared with an original estimate of \$593 million, a reduction of nearly \$100 million. Some \$47 million of this amount is stated by my honourable Friend to be due to over-optimistic estimating in regard to buildings. This seems to be an excessive reduction. For example, I noted from the Estimates that there were wide discrepancies between the estimated and the revised estimated expenditure under this general category of "Buildings" in respect of low-cost housing and resettle-

* 1966 Hansard, pages 122-125.

+ 1966 Hansard, pages 209-210.

ment Estates. In regard to the latter, my honourable Friend has referred to site-formation difficulties though he did not explain why these difficulties had not been foreseen. These projects, concerned with the housing of our people, seem to me to be vitally urgent social tasks which should not be delayed. Since during the last year, it cannot be said that the resources of our building industry were stretched to the utmost, as it was a period of building recession, I wonder whether this curtailment or delay in urgent housing commitments was really justified. While the resultant windfall in revenue helps to redress the balance between income and expenditure and, if justified, is to be welcomed, I wonder if it is wise to curtail major Public Works projects which have been considered essential, for example the cutting down of the allocation of funds for the Castle Peak satellite town scheme from \$200 million to \$50 million. I am not at all sure that in reducing the expenditure on some of these projects, we are getting true economies and not merely postponing the day of reckoning.

While I am on the subject of the estimates of expenditure, and reverting again to the pruning process of all items of expenditure by Heads of Departments, I am wondering if the Establishment Branch of the Colonial Secretariat has been sufficiently ruthless in applying the axe to the Establishment estimate. In this present financial year, 1966-67, the cost of the Civil Service in salaries and pensions alone is estimated at \$619 million or about 58% of the estimated total recurrent expenditure. These figures demand, Sir, that we continually keep under review the recruitment and cost of the Civil Service. In particular I should like to ask my honourable Friend if Government would consider employing less expatriates in the higher administrative and professional grades of the Government service. I agree that the number of expatriates in these grades is falling measured as a percentage of the total. But in absolute terms the number of expatriates employed in senior positions is steadily increasing and not decreasing. For example, though the percentage of administrative and professional posts filled by expatriate officers decreased from 59.6% in 1961 to 53.9% in 1966 the actual number of administrative officers employed increased over this period from 69 to 74 and of engineers from 56 to 80. The reasons given for the recruitment of expatriates are that qualifications for certain specialized posts are not obtainable locally and local qualified candidates are frequently attracted by the higher rewards obtainable outside the Government service. I should like to ask my honourable Friend if he thinks the number of Government training scholarships is sufficient to meet the demand measured by the number of suitable candidates for them. Can my honourable Friend say why more local university graduates or local graduates from overseas universities are not recruited for the Government service and whether local graduates have been found unsatisfactory in the past? Could I ask for some more detailed explanation as to why local graduates are not recruited to the extent

that we might expect from the declared Government policies on this very important matter?

My honourable Friend the Financial Secretary has stated that once again the Five-Year Forecast of Revenue and Expenditure covering the years 1966/67 -1970/71 has been attempted. He has estimated that there will be a total deficit of \$661 million over that period which would eat considerably into our reserves, presently estimated at \$1,175 million. Yet twelve months ago, the deficit for the five years from that date was put at \$1,592 million. Even allowing for increased taxation last year and tax remission this year, this is a considerable discrepancy which creates some doubts about the value of the 5-year forecasts. My honourable Friend has himself had some doubts in the past about their value. He admitted in 1964 that they were subject* to a wide margin of error, and last year likened this annual process to gazing at a very cloudy crystal ball.+ Each year he has called it an exercise, and it seems to me an exercise of the five-finger variety and far removed from what is expected of the practised performer. The value of the exercise depends entirely on the assumptions of what the trends in expenditure and income will be and how they would be affected by important policy decisions. The exercise is valuable only within certain limits and I suggest mainly for the comparison of recurrent estimates of revenue and expenditure. While I think it is true that some forms of capital expenditure bring about corresponding increases in recurrent expenditure, this is hardly true of large capital projects like the Plover Cove scheme or resettlement estates which are, or are intended to be, self-financing. If as my honourable Friend appears to think, the Five-Year Forecast cannot be made with a satisfactory degree of accuracy, then I question if the exercise is worth while. I have noticed some discrepancies regarding the estimates for the current year 1966-67 as given in the Green Book compared with the corresponding figures given in the Five-Year Forecast. If the latter starts off incorrectly, then the final Five-Year Forecast cannot be of much value.

With regard to the movement of capital in and out of Hong Kong, I wonder if anything can be done to make it more difficult to purchase shares in companies abroad. At the moment it is as easy to buy shares of companies in the United States and Japan as it is of those in Hong Kong. But the investor in local companies has to pay Government stamp duty on every transaction, whereas purchasers of shares in companies outside Hong Kong are exempt because the financial transactions in these cases are regarded as having taken place outside the Colony. Brokers in local shares are therefore less advantageously placed than brokers in foreign shares. Yet the latter are actively engaged in taking capital out of the Colony. I suggest that all brokers

* 1964 Hansard, page 52.

+ 1966 Hansard, page 71.

dealing in foreign securities or certificates outside Hong Kong might be called upon to register and pay a high registration fee.

There is one other point regarding the export of capital from Hong Kong which I should like to mention this afternoon. Three years ago at the Budget debate when I raised the question of the outflow of capital from Hong Kong, my honourable Friend defended the freedom with which currencies of virtually every nation could be bought and sold here in the open currency market. His defence of this *laissez-faire* policy was that the system benefited Hong Kong because as a result of this liberal attitude. Hong Kong was a net importer of capital. May I ask the Honourable the Financial Secretary if he could give us the assurance that this is still true to-day? I should further like to ask if he will give us the sources of information on which he bases his answer. I feel that many of the financial statistics of essential importance in the determining of a sound financial policy are missing. The exchange transactions of the authorized Banks must be known as they are carried through at official parities and are subject to Government control. The non-authorized Banks are permitted to deal in foreign exchange on the open market at market prices. I should like to ask if there are any statistics available regarding the total sums involved in these open market operations. If these sums are unknown, how can we determine whether money flows into Hong Kong or flows out from Hong Kong? And how far can we gauge their effect on our over-all balance of payments position?

The question of borrowing to meet our enormous commitments has been brought up not only by my Friend but by others. Last December we had a visit from two members of the World Bank to enquire into our credit-worthiness and possibly looking for business. I have so far not seen any report on their findings but I have no doubt they regarded us as credit-worthy. I do not see why we should not use the facilities of this Bank for some of our large projects, and particularly those which are supposed to be self-financing. Such a development would ease my Friend's difficulties and at the same time save the pockets of present-day tax-payers. My honourable Friend has consistently argued against borrowing, mainly on account of interest charges. He said last year that he doubted if any agency would lend money for the 40 years which was the period set for the amortization of land under Government's resettlement programme and also under the housing plans of the Hong Kong Housing Authority. Whether the World Bank would lend money for that length of time, I do not know. But would there be any objection to a series of short-term loans if the Bank were willing and if the terms were right? In fact, short-term loans might be preferable to long-term arrangements if interest rates generally fell as they may well do.

My honourable Friend has each year shown some anxiety about maintaining our reserves. The wisdom of his policy was clearly demonstrated in 1965 when the run on a small number of banks imposed a severe test on the availability of our reserves in a period of crisis. I think all of us will agree with him that our reserves should be held abroad and in a reasonably liquid form. Whether all our reserves should be held in sterling in London is open to some doubt. The pound sterling has recently been under great pressure, though now because of a severe tightening of the British belt, the worst seems to be over. I would like to ask my honourable Friend whether he has taken any steps to protect our reserves in the event of a devaluation of the pound. I should also like to ask if it is Government's intention to retain the existing link between the Hong Kong dollar and sterling should the pound be devalued. There is a further question I would like to ask. In the 1958 Budget debate* Sir Alexander GRANTHAM who was then Governor, assured us that we had virtually complete financial autonomy. If Britain were forced to devalue the pound, I should like to ask if this Council would have the freedom to maintain the present value of the Hong Kong dollar in relation to other currencies. I am sure that any statement on this very important matter from my honourable Friend would be received with the greatest interest.

My honourable Friend on a number of occasions in his Budget speeches over the last five years has given us his views regarding the application to Hong Kong of theories of public finance. He said in 1962 that he was old-fashioned enough to believe that money fructifies in the pockets of individuals. Last year he said that the theories of J. M. KEYNES were not applicable here, and that deficit financing was not valid in Hong Kong's special conditions. He also in fact left us in little doubt about the absolute orthodoxy in classical economic terms of his financial policies. I believe he is right though I think that we may be forced to accept more state intervention in the economic life of this Colony in the interest of the welfare of the majority of our citizens. We are already embarked on the road towards subjecting our public utilities to some form of control. We already control a large sector of housing, particularly lower and middle class housing. We already control land policies and land development. Professor Henry SMITH in his Economic Study of Hong Kong called "John Bull's Other Island" has drawn attention to the degree to which state control in Hong Kong has affected our basic tradition of free enterprise. Free enterprise has served us well in the past and I agree with my honourable Friend that we should adopt financial policies which will establish those conditions in which it can best function for as long as, and only as long as, free enterprise continues to serve us well.

With these few remarks, Sir, I beg to support the motion.

* 1958 Hansard, pages 46-47.

HIS EXCELLENCY THE GOVERNOR:—It is now thirteen minutes to four. Honourable Members may welcome a short break and I will suspend the sitting of Council until 4 o'clock.

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HIS EXCELLENCY THE GOVERNOR:—Council will resume.

MR FUNG HON-CHU:—Your Excellency, while it is gratifying that the financial state of the Colony is now much more healthy than anyone of us would have dared to hope at this time last year, I feel nevertheless that greater emphasis should be placed on making the public business more businesslike. I say this and indeed my honourable Friend Mr LI has just said the same thing because expenditure on salaries and pensions now account for about half of the recurrent expenditure of Government and I doubt if the percentage can rise above the present level in future without detrimental effect on other aspects of public activity.

A growing public service is of course a reflection on the growth in public business but I am wondering whether Government, like the prudent businessman, is doing everything it can to keep costs down. In a public service numbering over 70,000, it is inevitable that there will be some wastage in manpower and some harbouring of inefficient and ineffective officers. I hope all Government departments are paying active and continuing attention to the improvement of working methods and procedures and to the weeding out of deadwood. This is a subject which other honourable Members of this Council have touched upon in past years and on which assurances have been given. It would be useful if some facts and figures can be supplied. For example, how many officers have been dismissed or retired early from the public service for inefficiency over, say, the last five years? How many new procedures have been introduced or old ones reorganized which have led to a direct reduction in staff requirements in carrying out the same work? How many offices have been abolished because their work is no longer of value or importance?

In any large scale organization such efforts to increase efficiency are important because poor working systems and incompetent staff have a way of infecting the whole organization with inefficiency. There are frequent public complaints about delays in securing licences and documents, in approving plans, in securing registration for one purpose or another. When Government plays so important a part in our daily activities, the cost of inefficiency must be multiplied many times the salaries we pay to incompetent civil servants. Indeed, I doubt if the cost can ever be calculated.

The efforts to dispense with the services of incompetent staff from Government must go hand in hand with efforts to make the most of the skills and talents that we have within our community. I understand that there are shortages in certain grades of Government service and that recruitment is difficult. I understand also that some attempts have also been made to fill vacant posts by recruitment on contract from overseas. But have attempts also been made to employ local people on contract? I am sure there are people in our midst who, while not wishing to have full careers in the public service, will be glad to serve for a limited period.

Another step which can help to increase efficiency is to give reward where reward is due. In private enterprise the brilliant man can always achieve rapid advancement but in civil service this does not appear to be the case. The game of dead men's shoes seems to be the order of the day and I think it is this belief that is keeping many good people out of the civil service. I seriously doubt if we can afford to keep on doing this. Our problems are becoming more and more complicated and it seems to me to be only sensible that we should allow 'the gifted greater opportunities for rising rapidly to the positions of greatest responsibility. Moreover, long periods of doing work below their capabilities can only make outstanding people frustrated and lose interest in their work. If I am mistaken, Sir, and if opportunities do arise for brilliant people to rise quickly in the civil service, it would serve as an encouragement to our young people to have some figures to show how many officers have been given exceptional and accelerated promotion during the last few years for being outstanding in the public service.

I wish to make one further suggestion for the improvement in the conduct of public 'business which touches upon the work of this Council. I am sure that both your Excellency and the public expect from Unofficial Members sound and constructive suggestions and criticisms on matters of public policy. But this is not always easy to do. The business of government is becoming increasingly far-reaching and complicated and useful ideas often have to come only after adequate research, study and analysis of the subject matter. My Official Colleagues enjoy a distinct advantage in this respect. They have large staff at their disposal to do the background work and to digest and summarize information. They have good reference material and records to fall back on. They have access to all types of specialist advice and opinion. The poor Unofficial only has himself to rely upon.

In this circumstances, I suggest that Government give serious consideration to providing each Unofficial Member with an administrative aide or assistant to help him discharge his duties. Such an aide might best be a responsible civil servant who is familiar with the general workings of Government and who can secure information speedily.

It would also help if his normal work is in some field which coincides with the special interest of the Unofficial Member to which he is assigned. For example, if an Unofficial Member is especially interested in land problems, it may be possible to assign him someone who works in the Crown Lands Office or the Lands Branch of the Colonial Secretariat. Similarly with education, public health, social welfare, etc.

It is not necessary for such an administrative aide to be at the full-time disposal of the Unofficial Member. But he should be available when needed to do some research on an idea, to set out the history of a particular Government practice or to answer questions on matters which might be too unimportant for an Unofficial Member to trouble the head of department or one of his Official Colleagues. There will no doubt be a number of problems to overcome before such an arrangement can work, but I think it is worth a try. It would certainly be unfair to expect Unofficial Members to be as well-informed and as penetrating in the analysis of public problems as their Official Colleague's if they are given no help to do their jobs. The public might well get the idea otherwise that Government expects Unofficial to do no homework and to merely act as rubber stamps.

Now, I would like to touch on the subject of The Tung Wah Group of Hospitals. The principle that patients who can afford to pay should be asked to pay is theoretically sound but is hardly applicable to Tung Wah Hospitals because the people have come to regard the Group as charitable hospitals over the past 97 years and because the implementation of this principle might breed discontent among the populace. As long as the medical facilities need to be greatly improved and as long as national health service is still beyond our reach, it is untimely and unwise to apply this principle to this institution.

Indeed, there are already paying wards in the hospitals and those who can afford to pay are known to have gladly done so. I have grave doubts if out-patients and patients in the free wards of Tung Wah are of the same social class as those attending Government clinics and clinics operated by associations and trade bodies. I submit that those receiving treatment at the out-patients department and the free wards are among the poorest of our people. We must beware of hidden hardships. It is not so much the fact of a fee of one or two dollars that matters, but the fact that, for the poor, sickness itself is already a financial misfortune. If they have jobs, they are likely to be paid by the day. To have to wait in a long queue already deprives them of a day's income and a fee would thus be an added hardship.

Statistics for the period from 1st January 1966 to 31st December of the same year give the total number of out-patients of the three hospitals as 631,011. Assuming that the rate of charges is \$1 or even \$2 a patient, the income from this source would not be much, and if

the proposal is to charge on a selective basis, then the revenue therefrom could be even less. After all, by what standard is one to judge whether a patient could afford to pay the normal charges? By what yardstick is a patient's financial capacity measured? The very suggestion to charge the poor, who form the majority of patients of these three hospitals, will have extremely grave repercussions, not the least being the possibility of losing the support of the public. Annually Government spends millions on providing social welfare services, including resettlement and low-cost housing and education, thus raising the living standard of the people as a benevolent Government should. Therefore, if only to retain the goodwill of the people, Government should continue to waive any charge. Money spent on The Tung Wah Group is a sound investment—the outlay is less than commensurate with the gratifying results obtained.

Here, I would like to make some observations on the subvention to The Tung Wah Group for the current fiscal year in the sum of 27 odd million dollars for the three hospitals, two infirmaries and one convalescence hospital. Statistics of last year from the Group show that there are 3,321 beds, 631,011 out-patients, 48,640 in-patients and births numbering 20,312, not to mention approximately 6,000 major and 11,000 minor operations performed in the three hospitals. With this subvention of \$27 odd million spread over so many projects, it can be seen that the amount each would receive is not much. On an average the cost of maintenance per bed is approximately \$8,150 only for in-patients. Upon a closer analysis, it is found that the amount to be allocated for medicines for the three hospitals amounts to only a little over \$2 million, while those for hospital ward instruments including laboratory supplies and special equipments come to no more than \$232,000 and \$216,000 respectively. I would like to have the assurance of my honourable Friend, the Director of Medical and Health Services that enough funds are allocated for the Group's needs.

I am told that in recent years, almost without exception. Government subventions to The Tung Wah Hospitals do not measure up to the minimum figure requested by the Board of Directors. Even requests for funds by the specialists for essential and urgently needed equipment and drugs are cut. I have reason to believe that this allegation is true; and unless Government has no intention to raise the standard of The Tung Wah Group of Hospitals to the same level of the Government hospitals, and unless Government intends to turn these hospitals into chronic hospitals, it should be more generous in its annual subventions to enable the three hospitals to meet present-day requirements. The more support Government gives to Tung Wah Group of Hospitals, the more they will help to ease the pressure on Government hospitals. Also, a healthy competition between Government hospitals and the Group will bring about a raising of the standard of medicine and patient care, to the benefit of the community as a whole.

We are grateful to the specialists attached to The Tung Wah Hospital for the valuable services they have rendered. It is much to be regretted that due to the limitations placed upon them by the medical committee of Tung Wah Group and lack of funds for the required equipments, drugs, doctors and nurses, they are handicapped and are thus prevented from giving of their best. If satisfactory improvement can be made in regard to the provision of the required equipments and drugs for these hospitals, and the specialists are given a free hand to run their respective units independently as in the Government hospitals, not only will it benefit the patients, but it will also enable these specialists to gain better knowledge in their respective fields, with possible valuable contribution to medical science.

The recent establishment of a casualty department in the Kwong Wah Hospital has resulted in easing the congestion in the Queen Elizabeth Hospital in Kowloon.

It does not appear that any provision has been made in the Budget for an additional casualty department on the island to ease the congestion of the Queen Mary Hospital. I understand that plans are in hand to build a new Government hospital in the Eastern District which will include a casualty department, but as this will take some time to materialise, Government would do well to set up a casualty department immediately at the Tung Wah Eastern Hospital. Indeed, such an additional casualty department on the Island is long overdue.

As an additional service to benefit the poor, I would also suggest that the Directors of Tung Wah Group of Hospitals consider setting up a non-profit funeral home on each side of the harbour. This service will go a long way towards filling a most vital need, as it is well known that the poor can hardly afford the high rates charged by private enterprise. Government should encourage such a project by granting them free land in the right locality.

I do not wish to speculate on the findings of the Tung Wah Hospital Working Party but feel strongly that the present constitution which provides that the hospitals be run chiefly as free hospitals should not undergo any change. The recent implementation of centralisation for the Group has its merits from the point of view of administration. But whether or not it will work, when applied to patient care, is open to question. In recent months the number of the nursing staff of Tung Wah and Tung Wah Eastern has been reduced in favour of Kwong Wah. I hope that Government is not thinking of concentrating on Kwong Wah Hospital as a General hospital and relegating the other two into Chronic hospitals. As the Group is already operating a number of infirmaries and as there is still a shortage of beds for acute cases in the colony, the working party should bear this in mind, if it is true that such a change is contemplated. They should also ensure that the

powers of the directors are commensurate with their title, thus enabling them to have a maximum measure of free hand to administer the whole organization. Short of this, we cannot expect them to give of their best. It is essential that their voice should be increasingly heard.

Sir, education in Hong Kong in recent years has been, generally speaking, progressing at a satisfactory pace, but regrettably this cannot be said of technical education which still leaves much to be desired.

Government took the right step in converting Government secondary modern schools into secondary technical schools, offering school certificate courses with a technical bias. However, the response was disappointing as they have not been able to attract students in the numbers that they should have. As a result, these schools developed into ordinary grammar schools, which as we all know, is not what they were originally intended to be. This may be traced to a few causes such as (A) a reluctance on the part of industrialists to accept students trained in these technical schools; (B) an ingrained prejudice against manual labour which some parents consider would lower the standing of their children in the community.

We must do all we can to remove these handicaps. The industrialists' reluctance to accept students turned out by Technical Schools stems largely from the usefulness, or more correctly, the lack of usefulness of the products of these schools. If the product meets the needs of the market, there is no reluctance to use it. The Hong Kong Technical College is a good example of this principle. My understanding is that the graduates of the College have no difficulty in finding employment and most of them are spoken for even before they graduate.

As to the prejudice against manual labour, parents must be made to realise that each child has his own natural preference and ability and if he has an aptitude for things mechanical, he should be encouraged to use his hands and his education should have a technical bias. How this education of parents can be achieved, I would not venture to say but I think it is part of the responsibility of the industrial organizations to make parents understand that blue collar jobs are honourable and community respected and that they can lead to as much personal and financial satisfaction as white collar jobs.

It is also possible that because of the lack of continuity from technical schools to The Hongkong Technical College, the students are discouraged from joining the former. By continuity, I mean the standard of Technical Schools should be raised to provide a greater technical bias so that these graduates could be given first preference to enter the Technical College without an entrance examination. It is important that there are opportunities for advanced training for those who aspire to be technicians. Their numbers must be considerable, as very few, if any at all, would wish to spend their time in a technical

school only to find that after graduation they are treated as no more than ordinary manual labourers. Government might also offer inducements in an effort to get more youths join the Technical Schools. The further lowering of school fees and the granting of scholarships are some of the ideas that come readily to one's mind.

At a higher level, we must plan urgently for technologists to meet the needs of our technically more advanced industries, industries which our industrialists are being forced to enter as a result of the ever increasing pressure of other newly industrialising countries. These countries have lower labour costs than we have and we can, therefore, no longer rely on the industries which require relatively simple skills, for these are the industries which our new competitors excel in. I know that many of our industrialists are having to recruit university educated men from overseas, 'because our two Universities are unable to meet their requirements. The Chinese University is not technologically biased, and the number of graduates being produced from the Hong Kong University is too small to meet the needs of Government, Education, Commerce and Industry combined. Inevitably industry suffers in this four-pronged demand for engineering graduates, as Government usually gets the cream, with the next pickings going to education and commerce. It is understandable that they accept employment where the immediate financial rewards are the greatest. For an industrialist, the graduate is of value to him only after several years of practical training and experience, and his pay is commensurate with his usefulness. This is a situation not peculiar to Hong Kong but common in most of the developed countries. Once an engineer has gained the experience industry needs, the financial rewards are usually very much more satisfying than in teaching and commerce within the same period of time after graduation, not to speak of the professional pride and satisfaction which working in a productive capacity engenders.

Many developed countries have recognized the need for more practical engineers by creating Colleges of Technology, and I believe it would be appropriate for us to give serious consideration to changing the status of the Hong Kong Technical College and making it a College of Technology with power to confer degrees in technology. Not only would this measure fill a definite need in industry, but it would also serve to attract men of the right calibre to this calling, as none can doubt the wonder a degree can do in changing the attitude of our young people towards manual labour, thereby removing the prejudice against those who toil with their hands. In Hong Kong's circumstances, there is much more to be said for this upgrading, as the dislike for manual labour here is much more marked and deep rooted than elsewhere. I recognize that this will create a whole host of other problems, and there will be the need to improve very considerably the quality, and increase the number of schools producing middle level technicians for industry, but because there will be problems is no reason for evading

the issue, and we must give full consideration to what is a logical development. No doubt the Education Department will be able to come up with ways and means. Our prosperity for the present and future hinges much on how well we tackle these problems.

I see that the Budget has provided for a recurrent expenditure of a little over \$4 million for Radio Hong Kong for the coming fiscal year. When we add to this the capital outlay for the new building, the new transmitter and the resultant increase in recurrent expenditure in the years to come, the cost to the public of maintaining this Government institution could well be very formidable. Prudence dictates that we take a good hard look at the existing Policy and ask ourselves whether we should not turn Radio Hong Kong into a revenue producing organization within the Government.

The mere fact that it is a Government institution does not invalidate the arguments that can be advanced for this proposal. The overriding consideration must be whether public interest will be better served by allowing it to produce revenue. One simple way to produce revenue is, of course, to accept advertisements. There will be a number of problems to overcome, such as the type of advertisement which can be acceptable, ways of avoiding the impression that any product advertised has been endorsed by Government, etc. But I think none of these problems are insuperable.

The object of Radio Hong Kong is to inform, to educate and to act as a bridge between Government and people. To achieve this, it should have a good quality entertainment content to draw and hold the listener. With due respect, I cannot honestly say that it has succeeded in entertaining the public to any great extent. The revenue from advertisements, even if it will not make it self-supporting, will perhaps enable Government to be more generous in spending money on talent which it could not otherwise afford, thereby raising the standard of the programme and making it more popular. This in turn will enable Radio Hong Kong to be a more effective channel of communication between the Government and the people.

I wish to touch briefly on the question of *ex officio* representation for the Exporters' Association on the Trade Development Council. It is somewhat embarrassing for me, Sir, to raise this matter, because my firm is on the General Committee of the Exporters' Association. But I would be failing in my wider duty if I were to remain silent on this account.

As the Exporters' Association was formed with the blessing of the Department of Commerce and Industry to promote exports of Hong Kong manufactured goods and to establish correct business standards for the trade. Its policy is in keeping with that of the Government, namely, to create a favourable image of Hong Kong products abroad.

Since its inception in 1955, it has achieved a position where at least 25% of the total Hong Kong exports are handled by its member firms. This percentage, although considerable, does not represent the sum total of the Association's efforts, because member companies has developed quality and educated manufacturers to correct business methods which have benefitted Hong Kong's exports to a much larger extent and have enhanced Hong Kong's image abroad.

This is the type of organization to which Government should give every encouragement and all due recognition. It is some what surprising, therefore, that there is no *ex officio* representation of the Association on the Trade Development Council. It is of course no doubt possible for exporters to be represented incidentally through belonging to some other trade organization or through having an exporter appointed in a personal capacity. But this is quite different from representation for the Association in its own right and I would urge Government to re-examine this issue, and amend the Ordinance to allow for the seating of at least one member of the Exporters' Association on the Development Council on *ex officio* basis.

Sir, your usual comprehensive and lucid resume of the Colony's past achievements together with your expression of its hopes and aspirations for the coming year have no doubt reassured those who have imagined that more taxes were in store. Our congratulations for the happy state of affairs must, therefore, go to you. Sir, as the inspiring captain who has directed our ship of state on the right course, guiding it through treacherous waters without running into hidden rocks.

Today we all in this council as well as the whole population of Hong Kong have cause for rejoicing in the splendid performance of my able honourable Friend, the Financial Secretary. It is largely due to his sagacity and experience that Hong Kong today is not only spared fresh taxation in one form or another but will also benefit from the abolition of duties and fees amounting to approximately 11 and a half million dollars on certain items.

We have every reason to believe that Hong Kong economy will continue to grow and the deficit shown in our estimate would likely turn into a surplus by the end of the current fiscal year. I have now the pleasure to support the motion before Council.

MR P. Y. TANG:—Your Excellency, it is heartening to hear of your considered judgment that we have shaken off the ill-effects of past excesses in banking and real estate, and may now look forward with confidence to further progress in the development of industry and commerce in the year 1967.

It is doubly reassuring that my honourable Friend the Financial Secretary has produced facts and figures to prove that the immediate prospect in 1967 is bright. The matter of Budget imbalance has for the present ceased to be a problem.

Speaking from the standpoint of industry, I have no doubt that the lifting of pressure, if only for the time being, in the fiscal area is a constructive factor helpful to industry.

But we note that the present improvement in the Budget situation cannot be regarded as the beginning of a normal trend. It has come about largely from the forced postponement of major non-recurrent expenditures in this year and the next. It is also uncertain whether the total deficit in the next few years could be reduced by \$430 million as it was once assumed it could. Then there is the problem of how to deal with some very expensive construction projects which have not entered into present reckoning.

All these factors make it likely that the total deficit in the next five years might turn out to be much larger than the forecast figure of 661 million dollars. One would therefore have reason to suppose that the relief from pressure as evidenced in the present Budget may be only temporary.

In any case, for Hong Kong industry to grow and prosper without serious interruption, it is just not enough that the financial climate alone continues to be healthy and helpful.

Besides its concern and the need for a healthy financial background, Hong Kong industry has some distinct requirements and problems of its own. Unless they are tackled and resolved, industry may find itself drifting into a state of stagnation.

The foremost of the problems facing the industry is that there will presently be a testing of its capacity to keep abreast of the times in efficiency and technology. It is generally appreciated that the phase of winning easy laurels has all but gone by. Hong Kong industry could either press forward for further gains, or begin to stagnate as a result of its inability to fully capitalize on the latest technology and know-how.

The point is the competitive edge of our manufactures, for Hong Kong industry as a whole, has begun to be gradually blunted. Although external trade figures fait another new high last year, there are plenty of indications that the increase in the volume of trade has been accompanied by a shrinkage of profit margins.

It is significant that, according to a recent survey of wage levels of prominent exporting countries as made by an overseas industrial organization. Hong Kong leads all Far Eastern countries except Japan

in respect of hourly earnings of industrial workers. Hong Kong is also ahead of Portugal and several South American countries. The average rate of Hong Kong wages is double of that of Taiwan and three times that of South Korea, to name only two of the outstanding competitors of Hong Kong. This clearly reflects the rapid rise of Hong Kong's wage rates amounting to one hundred per cent in less than ten years.

That Hong Kong's industrial wages have moved ahead of the levels of so many other countries is of course a fact highly gratifying to all who strive for an improved standard of living of Hong Kong workers. But it is essential that the gain which has been secured should be safeguarded. I would submit that the way to do this is no other than to make sustained efforts to keep industry itself healthy and prosperous. In other words, to keep it competitive.

Next, there is another direction in which Hong Kong industry is faced with a handicap. The fact is, Hong Kong's existing industrial plants have been placed in a position of disadvantage by the inducements being offered to outside investors by Hong Kong's neighbouring countries. Whenever such new ventures are established, they are naturally equipped with the most up-to-date machinery. As this process goes on, the competitive position of Hong Kong's existing plants becomes continually down-graded.

But there is also a development in the European area which is even more immediately disturbing. I refer to the final and complete removal of custom duties within the European Free Trade Association.

Hong Kong is confronted with the inevitable consequence of this event. It now has to compete in the United Kingdom with the other six members of EFTA on terms which are changed greatly for the worse. While these six have acquired the right of free entry into the UK market, Hong Kong's preference has by the same token vanished *vis-a-vis* these six.

Even worse, to qualify for preferential treatment by establishing the required Commonwealth content, Hong Kong industry has the further disadvantage of having to comply with various restrictive regulations which are of no concern to the six.

Such being the case, it may be said that Hong Kong in exporting to UK and competing with EFTA members is practically faced with a reverse preference.

Needless to say, the handicap is in the case of the cotton textile industry competing with Portugal, one of the EFTA members, where there is no quota restrictions placed, compounded by the fact I have mentioned earlier that Portugal has a lower labour cost than Hong Kong and has above all a lower cost of Angora raw cotton which is indirectly subsidized.

To my knowledge, a number of Hong Kong industries to which preferential treatment is vital to their viability, have already felt the EFTA pinch.

It is therefore earnestly hoped that government, out of solicitude for the welfare of the Crown Colony which has on its part always displayed its sense of loyalty and solidarity, to U.K. by deeds as well as words, would take up with the home government the question of how a timely remedy could be provided.

It is fortunate that we now have a breathing spell during the coming financial year. And while things look cheerful, as at present, and while the favourable financial climate still exists, it is all the more important that this God-sent opportunity be grasped and turned into good account.

I would suggest that a number of timely measures be taken to avert the danger of industry lapsing into stagnation.

In this context, it would seem advisable that government should explore the possibility of providing special and positive incentives to start a forward move on the next phase of Hong Kong's industrial expansion. I would suggest. Sir, that government could offer the necessary encouragement to *existing* plants to introduce maximum technological improvements and automation by raising the rates of depreciation on machinery and plant. At present the initial allowance is fixed at 20%, with a schedule of different rates of annual depreciation applicable to various categories of industrial equipment. In order to bring about quick modernization of existing plants, I suggest a special supplementary initial write-off of 10% be authorized. The annual rates for different categories may possibly be raised by an across-the-board 5%.

Then, in recognition of the need of diversification, the suggested measure would be particularly useful for the stimulation of new industrial ventures.

Here we find that in the matter of bidding for new investors, no less than in the manufacturing and marketing of new products, we are in fact competing with the same group of neighbouring countries. We are aware that Taiwan, Malaysia and Singapore offer special and varied inducements to outside investors ranging from tax remission, land grants and rapid depreciation to export subsidies. To mention an extreme case, the allowance for initial depreciation on machinery in Singapore is as high as 100% for certain types.

Although it is obviously unnecessary in the case of Hong Kong to adopt measures of such sweeping character, the moderately higher rates of depreciation as suggested would serve to stimulate new undertakings as well as the modernization and re-equipping of existing plants.

In this connexion, I would the ability of industry gaining access to sophisticated technical processes and know-how, whether through acquisition, joint adventure, licensing or making other special arrangements with overseas holders. If Hong Kong industry is to compete on world markets with new lines of sophisticated products, the availability of advanced technique and know-how is utterly essential. For this reason, I hope government would see a special justification for providing incentives to render possible the establishment of new industries of this character.

Next to the incentive in the form of faster depreciation, I would suggest that moves be made to avert the recurrence of Budget deficits. By doing this, any apprehension on the part of potential investors over the possible increase of tax rates would be removed.

I have noted earlier that the seeming balance of income and expenditure this year and next year has resulted from a combination of extraordinary circumstances, and that it cannot be regarded as normal and regular.

In order to devise a way to normalize the budgetary balance, I would suggest that some selected non-recurrent capital projects be earmarked for long-term financing with funds from an external source. It is highly gratifying that my honourable Friend the Financial Secretary has displayed obvious interest in referring to the expected report by the investigators of the World Bank who visited Hong Kong last year. It is to be hoped that the survey will become fruitful, and possibly lead to the realization of a new policy based on loan-financing.

An alternative approach—or it could be a complementary one—is to induce local banks to bring a substantial part of their overseas balances back to Hong Kong by creating an opportunity to have them safely and profitably invested locally. The investment could take the form of Treasury Bills periodically made available to the local banks. If they carry a fair return and are replaceable by new issues, they could prove attractive enough to encourage the repatriation hoped for. An authoritative estimate has it that the amount of Hong Kong banks overseas balances over and above what is needed to cover reserve requirements against deposits is in the order of a billion and half Hong Kong dollars.

Government may find it advantageous and worthwhile to draw on part of this huge amount of funds, as much as would be needed to cover the deficits of coming years when the various work programmes become finalized. This would render unnecessary the liquidation of government reserves invested overseas. And no financial loss to the Treasury would result from this as the rate of interest payable on Treasury Bills should prove to be, on average, lower than the yield from the government's overseas investments.

While on the subject of providing incentives for launching new industrial ventures in Hong Kong, I should hope to refer to a feature of our land arrangements, namely, the method of disposal of land for industrial use. At present, there are two main methods used by government for disposing of Crown land, that is auction and land exchange. Both are long drawn-out affairs, and both contain an element of uncertainty as to the eventual price. A foreign investor planning to set up a new enterprise here is faced with the choice between going into competition by auction, or arranging a private purchase of agricultural land, for exchange by what to him must seem an utterly meaningless formula. In consequence he may be well discouraged from establishing his intended enterprise in the Colony. What he wants is to be reliably told that he can buy a given area for X dollars on X terms. I do not believe that we can afford to put these difficulties in the way of foreign investment in Hong Kong industry, and in spite of the obvious administrative difficulties of changing from one system to another, I would suggest that thought be given to initiating an urgent review of the present policy.

Now I would offer a suggestion which I believe would help the general policy of inspiring confidence of potential investors. I would suggest that industry's contribution to the expenses of trade development be collected by means of a flat-rate stamp duty on trade declarations graduated in two classes. The difference between the proceeds of the stamp duty and the cost of financing trade development is to be made up by a payment from the Treasury.

The suggested method of financing is based on two assumptions: One. Since a prosperous external trade is Hong Kong's lifeline, it is the ultimate source from which the funds for the public and private sectors' spending are derived. The preponderant benefit of the work of trade development is conferred on the community as a whole. Therefore the major portion of this outlay should be paid from general revenue.

Two. All participants in external trade must recognize that they derive some direct or indirect benefit from trade development, and so should contribute to this expense if it is collected equitably, in simple procedure, and without affecting adversely the future course of industrial development.

It may be recalled that the method as to how the work of trade development should be financed was debated at the time of the enactment of the Ordinance in question. Three of my honourable Colleagues who spoke at the time *either* considered the contribution from government as too small, *or* thought it should be met entirely from general revenue, *or* stated that the representatives of the commercial and industrial agencies continued to believe that it should be so met. The support

to the Bill was in all three cases given in the hope that the measure would be merely a stop-gap.

If the soundness of the principle underlying the *ad valorem* levy is open to question, as I shall attempt to show later on that it is, then it seems we need not hesitate to start immediate re-thinking.

The reasons calling to question the resort to the *ad valorem* levy, I should think, are the following.

First of all, regardless of the rate being very low, it is in principle a brand-new tax on imports and exports, and, as such, is incompatible with the traditional and cherished status of Hong Kong as a free port.

It hurts confidence by causing apprehension that it may become a convenient vehicle of raising revenue to meet fresh demands which are likely to increase rapidly in coming years.

It would hardly help to say that the authority of this Council will be required to permit any rate increase. The legislature in any country has this authority, and yet changing circumstances could be of such compelling character that it was usually found to be the line of least resistance to keep on raising the rate of some tax which was found to be still low in rate and potentially productive in yield.

The levy being chargeable on imported raw materials, and again on the same materials in finished form for export is an obvious case of double taxation. The twice-collected tax must prove particularly burdensome in cases where the value of the imported materials is extremely high as compared with the cost of processing done locally, as in the case in the manufacture of semi-conductor. Even though the rate of the levy is low, the deterrent effect on the launching of new industrial ventures of this type in Hong Kong will be serious.

Furthermore, the levy creates a temptation to under-declare valuations, and, to the extent that the valuations have to be checked up to deter malpractices, its administration calls for expanded staffs and inflated expenditure.

It is moreover misleading to regard the levy as a minor charge connected with the mechanics of commerce, and paid for the services of processing the returns, as the cost of service rendered in processing a 100,000 dollar declaration obviously cannot be one hundred times that of processing a thousand dollar declaration.

It also operates inequitably and harshly with respect to large industrial units which have their established market and clientele.

Finally, it tends to discourage foreign firms from setting up processing plants here to take advantage of local workers' skill and industriousness.

To such firms the work of trade development must appear irrelevant.

To meet these objections and at the same time to provide the means for carrying out the all-important function of external trade development, it is suggested that the flat-rate stamp duty on trade declarations be restored, but be collected on a modified basis.

It is suggested that the collection of the restored stamp duty be based on the approximate and rather conservative figure of a million declarations a year, seeing that in 1965 there were already 960,000 declarations. If the number of declarations below \$4,000 is assumed to be around 45% of the total number, and those above that figure to be 55%, again using the actual ratio of 1965, then a flat charge of \$3 for the former and \$5 for the latter category in the form of a stamp duty would yield about four million dollars. This would involve a slight increase of one dollar per declaration for the low bracket and three dollars per declaration for the upper as compared with the single flat rate of two dollars on all declarations collected hitherto. I should think that on grounds I have just stated the industrial and trade community should be happy to pay the slight increase as now proposed.

The total annual expenditure required to finance trade development is slightly over 12 million dollars and, relatively speaking, not so large as to make a change in the proportion of public and trade development contributions something that would really upset the budgetary structure.

A raise from the present annual appropriation by government for trade development of 5 million dollars to say 7½ million dollars would mean an annual net increase of 2½ million dollars. But as Hong Kong's external trade expands, so will the number of declarations be steadily on the increase. The annual receipts from the stamp duty would therefore be expected to exceed the estimate of 4 million dollars. Annual appropriations from general revenue would be correspondingly reduced, and the net increase in absorption over the initial 5 million would actually be less than 2½ million dollars a year.

In this perspective I hope, Sir, that you would grant that the suggested restoration of the flat-rate stamp duty would not really dislocate the broad budgetary arrangements. On the other hand, it would serve to dispel some serious misgiving and do away with much dissatisfaction.

It is a comforting thought that Hong Kong has now set up practically every type of institutional agencies which most other countries regard as useful means for the development of trade and industry. Among these, the Office of Trade Development stands out in the forefront.

In view of the scope of responsibilities of this Office and the magnitude of its upkeep, one may suppose that the public will not fail to watch the activities of this body with deep interest. It may be taken for granted that the public will look forward hopefully to the satisfaction of knowing that the funds annually allotted to this purpose are indeed well spent.

I hope, Sir, that the foregoing suggestions contain ideas which, if implemented, may contribute to the strengthening of general confidence and maintain the present pace of Hong Kong's industrial progress. I cannot but express my earnest belief that we have reached the stage of industrial growth when we must search for all practical incentives to keep existing industry from drifting into stagnation. We must provide these incentives with the further aim of stimulating the launching of new industrial enterprises, so that the scope of Hong Kong industry may be further broadened and diversified.

As these suggestions are based on long-range policy considerations, and do not necessarily require action that affects the estimates of the next financial year, I trust it would be quite consistent to ask for an immediate enquiry into their merits and at the same time to signify my support for the estimates as now tabled.

I have pleasure, Sir, to give support to the motion before the Council.

MR TSE YU-CHUEN:—Your Excellency, I rise to add a few observations concerning the expenditure estimates for the next fiscal year. Considering that many sound and valuable views and recommendations have been put forth by the Honourable Financial Secretary and other honourable Members, I propose to confine my speech to four points calling for our urgent attention. Sir, they are relating first to the enlargement of the existing home for the aged and disabled, (2) rehabilitation of unwed mothers and care of their babies as a humanity measure, (3) social security measure on “Aims and Policy for Social Welfare in Hong Kong”, (4) to issue identity cards to those having employment as a way for peaceful livelihood and stability of the community. Of course they all would need government assistance, having let us bear in mind, a strong beneficial influence on the social advancement of this Colony. I now propose to deal with them briefly point by point in the order I just outlined.

The present population in Hong Kong may possibly reach about four million. Of this number, over forty per cent may be described as the common or nondescript class, while in the largest category are those who depend on salaries and wages to maintain livelihood. About

these salary earners, the young and able-bodied depend on manual labour to make a living, but such state of affair would be over when old age creeps in and erodes their earning capability. Old people are in an unfavourable position, because they are easily susceptible to all kinds of illness such as paralysis, heart and lung troubles, cancer and other incurable diseases. Unfortunately those who are caught up with such ailments will very likely be deprived of freedom of agility and will become decrepit old people. With dusk and a dreary road before them, these people afflicted with poverty and illness are presenting a truly tragic spectacle before our eyes. Although some of these doddering and disabled people may have sons and daughters, the latter have to attend to their daily grind without much time to take care of their ailing parents. As medical treatment does not hold out much hope for these aged and disease-stricken people, hospitals cannot of necessity provide them indefinite accommodation and allow beds to be occupied by them to the exclusion of other cases. Thus these broken down people, who are helplessly waiting only for and dreading their doom, deserve our sympathy and beg us to do something to ameliorate their plight in the twilight of their days. As a matter of fact such persons require not so much therapy as lodging and care. According to estimates of experts, only one doctor with a help of staff of nurses having undergone suitable training can look after over a hundred aged and infirm inmates. So far Government and the charitable institutions have confined their pursuits to setting up clinics and hospitals and have not yet turned their attention to this enormous and difficult problem in social welfare. It is necessary and even urgent for Government to enlarge the existing home in order to accommodate more inmates and to launch a campaign to encourage public spirited and civic bodies and all other interested in social welfare to pool their resources collectively to put this project to fruition for the benefit of the old and languishing people. This will be another step forward in the progress of social well being of this Colony.

As society is more and more in the realm of prosperity, more and more young women have broken out of the world of inhibition. In Hong Kong, where the urge for lucre and temptation thrive, young and unmarried women approaching motherhood are presenting a serious problem to the community. Some of these unfortunate women have vanity swept off their feet and lost their virginity, others are misled by ignorance or sacrifice themselves at the altar of false love. Still others become engulfed through joining the oldest profession. Regardless of how these unmarried women blunder into motherhood, the seriousness of their situation may well be envisaged by their loss of control, panic, confusion and despondency. In despair and desperation, they take the risk of abortion or commit suicide—truly a tragedy. Such cases upset the good order of society and violate the code of morality. This moral degeneration has struck deep. My proposal is that Government should intervene by drawing the attention of educational institutions and

welfare societies to devise plans to cope with the situation. At the same time steps should be taken to provide care and safety for these young pregnant spinsters and their offspring. Apart from assigning this task to suitable Government Departments concerned, we should encourage voluntary charitable organizations to collaborate for the safe delivery of the babies and to devise means of suitable livelihood for the unmarried mothers. This problem in social welfare should receive prompt and early consideration and action.

I would like to remind the Members of discussions which took place in the community about two years ago and the debate which was held in this Council on 12th and 13th May 1965, on the White Paper on "Aim and Policy for Social Welfare in Hong Kong". The matter of Social Security was raised by several groups and in particular the voluntary welfare organizations through the Hong Kong Council of Social Welfare recommended that:

"Studies be initiated immediately as to types, procedures, costs, benefits, etc. of Social Security which would be applicable to Hong Kong".

During debate in this Council, Social Security was mentioned by several Members. It was recognized that it was not financially feasible to enter in a comprehensive programme of Social Security but rather than dismiss the problem, my honourable Friend, Mr WATSON said: "We should not be afraid to investigate, to find out the cost, weigh this against the benefits to the community, and then consider the effect on the revenue and expenditure account". He went on to support my honourable Friend, Mr GORDON'S suggestion of making a beginning on Old Age Pensions. Mr GORDON said: "Welfare programmes cannot be shelved indefinitely and the Social Welfare Department should be encouraged to devote a part of its resources to investigating the feasibility of various social security measures. I would advocate starting with a study of a contributory scheme for providing pensions for the aged. Quite apart from the humanitarian aspect, at present we have a young population and the sooner we investigate this particular measure, the easier and cheaper will be its implementation". In replying on the second day of the debate, the Honourable Financial Secretary said: "There are, of course, certain types of social security which do not involve the danger of massive expenditure before adequate contributory funds have been built up. One of these has been specifically commended by my honourable Friend, Mr GORDON, that is, the provision of pensions for the aged. There are not the same objections to such a scheme, provided the people are prepared to pay the price for them and the practical difficulties can be overcome. We are therefore prepared to devote some serious study to the practicability of schemes of this kind". I understand that a working party was set up to consider this. At this time, Your Excellency, I would like to ask that the Legislative Council be

informed what progress has been made by the working party, when can we expect a report and whether we will have an opportunity to discuss the report with a view to providing special assistance for the older people in Hong Kong. I would also like to raise another matter from the same debate of 1965. It had been recommended by the Hong Kong Council of Social Service that for certain categories of need the Social Welfare Department should provide cash assistance over and above dry rations. This was not included in the Aims and Policy as finally adopted but in his remarks the Acting Colonial Secretary said: "I appreciate that cash grants might at times meet individual needs more satisfactorily, and this suggestion will be further examined". My question is whether this examination has been carried, what was the result and is there any provision in the present Budget to provide cash grants to relief recipients?

Hong Kong has achieved the distinction as the show window of democracy in the Far East. Because of the lure of democracy and freedom, people from all parts of the Orient and especially from the provinces and cities along the coast of Mainland China have flocked to the City of Victoria. Thus during the past ten years or more, the population is further increased by escapees to this Colony. This steady stream has given no sign of any break. In 1954 Hong Kong proclaimed a restriction of immigration to prevent over-crowding. While efforts have since been made to stop the inflow, there is no lack of persons being smuggled in. As there are many devices and byways to reach Hong Kong, interception has been most difficult. A way to prevent illegal entry is the scrutiny of applications for identity cards. While this system has been in force for some years, the labours cannot be said to be fruitful. It is estimated the number of persons, who clandestinely entered Hong Kong through various routes and methods and have remained here without applying for registration and identity cards, is not small. These people are sometimes described as "black characters in black abodes", but among them a good number have found proper employment as a means of existence. They would have fallen foul of the law had they asked for identity cards. Therefore, they have given up the privilege of obtaining identity cards as a way of undisturbed existence. As time goes on the number of such persons has been on the increase. In such circumstances the maintenance of good order in Hong Kong and prevention of crimes would be very difficult. To straighten out the situation, it is appropriate for Government to step up preventive measures against unauthorized admittance so as to put an end to this traffic. Simultaneously a time limit should be set for those, who have entered and have proper employment for a living, to have the opportunity to apply for registration provided they have the guarantee of their employers or persons of position. If they have not committed any crime within a reasonable time after registration, they

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157 should be given identity cards so that they may become lawful residents.
158 This is in the interest of social stability and humanity.

159 Having concluded my suggestions and observations and looking
160 forward to their early implementation, Sir, I have much pleasure in
161 supporting the motion before Council.

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163 THE COLONIAL SECRETARY:—I beg to move that the debate on this
164 motion be now adjourned and I suggest it is resumed at 2.30 tomorrow
165 afternoon.

166 THE FINANCIAL SECRETARY seconded.

167 HIS EXCELLENCY THE GOVERNOR:—Council will be adjourned until
168 2.30 tomorrow afternoon.

169 * * *

170 **16th March 1967**

171 HIS EXCELLENCY THE GOVERNOR:—Council is resumed. The
172 question is that the Report of the Select Committee on the Estimates be
173 adopted. May we now continue.

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175 MR K. A. WATSON:—Your Excellency, coming into town this
176 morning I heard on the radio a little tune that went:

177 “I know it's true, I know it's right,

178 It's in the paper, in black and white.”

179 And it reminded me of the contents of a newspaper I read after leaving
180 this Chamber last night, which had assumed that I had already given this
181 speech. The Editor had obviously done his bit to close some sort of gap.
182 Now what with this, and references in the morning papers to “open
183 secrets” and “well-informed sources,” I wonder if it is really necessary for
184 me to stand up and give my speech.

185 However, to allay any more speculation, may I say that I consider
186 Government's parking policy to be unfair, unintelligent and unprincipled.
187 And what is much worse, it won't work. As the estimates include a tax
188 of which I disapprove, I do not intend to vote for the resolution.

189 I had hoped to speak on many subjects but time does not permit me
190 to do more than to deal with that of traffic to which you, Sir, referred in
191 your recent speech to the Engineering Society.

157 After many years of saying that too little was being spent on roads, I
158 was very pleased to hear you say that more effort should be made to
159 improve roads. I wonder if it is realized how starved of money our
160 roads have been. Comparing 1961-62 with 1965-66, when the estimated
161 annual revenue rose by 80%, the estimated expenditure on roads and
162 bridges increased by only 15%. A larger sum was allocated last year,
163 but it is extremely difficult to tell from the estimates what the amount
164 actually spent is likely to be. For example, the original estimate for
165 Hong Kong Roads and Bridges last year was \$10 million, but the actual
166 expenditure appears to be just over \$5 million. I wonder if I can ask if a
167 clearer way of showing just what has been spent might be introduced into
168 the. Estimates.

169 As my honourable Friend, Mr SZETO will be speaking at length on
170 traffic generally, I'm going to speak only of one aspect of it, the
171 controversial one of parking on which I find myself in greater
172 disagreement with Government than on anything else.

173 I don't think there can be any sensible parking policy until it is
174 realized and accepted that the provision of off-street parking is an
175 essential part of traffic improvement and the relief and prevention of
176 congestion. Getting stationary vehicles, whether they are cars, buses,
177 lorries or vans, off the roads, immediately increases the capacity of those
178 roads, and so benefits the whole community.

179 I know of no Town Council or Local Authority which ignores those
180 benefits which leaves all off-street parking to private enterprise and if
181 private enterprise is unwilling or unable to provide what is needed, allows
182 traffic conditions to degenerate into chaos.

183 I believe that in all cities and towns in Britain, parking is the
184 responsibility of the local authority and is paid for out of the rates. Fees
185 are charged and attempts are made to cover costs, but this is of secondary
186 importance. The first essential is to provide the off-street parking in
187 order to prevent congestion. Where it is provided by private enterprise it
188 is usually in order to attract customers to a shop, or restaurant or cinema.
189 Providing it as a business is often regarded with some suspicion, in case
190 there is exploitation of a temporary scarcity, which it is the local
191 Council's duty to relieve.

192 Now this is not the case in America, where private parking enter-
193 prises, financed by loans with low interest rates and long repayment
194 periods have done well, but usually only where land is cheap. In more
195 expensive areas garages have had to be provided by the municipality and
196 I think it is significant that even here, in a country noted for its support
197 and encouragement of private enterprise, the establishment of Parking
198 Authorities has been growing rapidly. Some of them build and
199 manage the garages and parking lots themselves, while others
200 cooperate with private enterprise. In San Francisco, all parking comes

157 under the Parking Authority. It receives all parking meter rents and uses
158 them to help finance the needed facilities. The city provides the land
159 through the Authority and a non-profit making corporation builds the
160 garage. The private corporation only has to amortize the garage cost
161 (not the land) and once this has been done, the facility reverts to
162 municipal ownership. The public enjoys minimum parking rates and
163 public regulation. In Detroit, the Authority builds the garages and hires
164 experienced operators to manage them. It thus keeps control of parking
165 rates, operating standards, hours of operation and expenditures, and as
166 sole investor in the facility, the city receives the bulk of the income from
167 the operation. In a comparison of 18 municipally-developed garages in
168 various parts of America, the principal and interest is paid off on an
169 average over 40 years at 4% interest. Where private venture capital is
170 used, the terms generally found are a 25 year debt period financing two-
171 thirds of the capital costs at 6% interest.

172 Government's present policy in Hong Kong is very different to the
173 practice in Britain and in America. It seems to consider that off-street
174 parking is a luxury which apart from the two commuter districts should
175 only be provided by private enterprise, provided, that is, that if private
176 enterprise thinks that it is a sufficiently profitable venture (which in Hong
177 Kong means getting your money back in three or four years' time). If it
178 does not, Government apparently washes its hands of the problem, and is
179 prepared to leave cars, lorries and other vehicles on the streets to clog up
180 traffic. Or it instructs the police to get rid of them, without providing
181 anywhere else for them to go.

182 In a lecture last July a Senior Traffic Engineer disclosed that in the
183 urban area of Hong Kong and Kowloon there were 19,419 legal parking
184 spaces of all kinds, but that during the day there were 7,618 vehicles
185 illegally parked and at night there were 9,456. In To Kwa Wan district
186 there were 531 spaces, with 1,405 parked illegally by day and 1,674 by
187 night. I believe the situation continues to deteriorate and that the Police
188 can no longer cope. This means that at night the amount of illegal
189 parking amounted to nearly half the total number of legal places, and
190 things are not much better during the day. The Police claim that every
191 possible parking space is marked out, those illegally parked vehicles must
192 be causing considerable obstruction, but as far as I know there is very
193 little being done about it.

194 I am very strongly opposed to a solution which consists only of
195 further repressive moves by the police in areas where the number of
196 legal parking spaces is well below the demand, a situation which
197 applies to thirteen out of the twenty-four urban districts of Hong Kong
198 and Kowloon. Government collects about \$1,500 a year from every
199 vehicle in fees and duties. In accepting these fees, it accepts the fact
200 of that vehicle's existence and agrees to its use, its need for roads on
201 which to travel for perhaps one hour a day and for space on which to

157 stand for the remaining 23 hours. It is illogical to say that it only takes
158 responsibility for providing facilities for its use during that one hour and
159 to pretend that the other 23 do not exist. Roads should, of course, be
160 used for moving vehicles but if there is nowhere else for a person to leave
161 his vehicle for the 23 hours in which it is not moving I suggest he has Just
162 as much moral right to the use of that road for parking as for moving.
163 To charge a standing car with obstruction because it interferes with
164 moving cars is illogical, unless it can be shown that there are other places
165 available where they can park legally.

166 Now I do not contend that Government itself should provide all the
167 spaces needed for every vehicle, but it should ensure that arrangements
168 for this provision are made. It should, for example, either insist that
169 every new building provide enough parking space for all the traffic it will
170 generate or accept the higher premiums and rates which not insisting on
171 this requirement will produce and use this extra to provide the necessary
172 facilities itself. It is common experience throughout the world that these
173 parking spaces will not be provided by private developers unless it is
174 made a condition of the building permit.

175 It seems to me that Government policy is a terribly hit-or-miss policy.
176 In two districts Government undertakes to provide parking, in others it
177 proposes at some future time to offer land for sale for parking at a
178 reduced price, and in the rest, it will neither provide parking itself or offer
179 any inducement to private developers.

180 I fail to see any justice in these arrangements. If I work in an office
181 in Wan Chai or North Point, where there are 381 and 675 illegal parkers
182 by day, why should my competitor in the Central District have parking
183 provided by Government, while I am deprived of it, merely because
184 private enterprise prefers to invest its money elsewhere?

185 The increased charges introduced last year may have reduced the
186 demand in the car parks, but it did nothing to reduce congestion. Those
187 who could afford it hired drivers, or got their wives to drive them to and
188 from their work or hired taxis or pak paai ches. Instead of parking at the
189 outskirts of the central business district as before, they now drove all the
190 way through it and then all the way out of it again all the way home,
191 making four extra trips a day through the business core, and two extra
192 trips from the outskirts to their homes.

193 If it did stop anyone from using their cars, it could only be those in
194 the least affluent category. The rich were not affected for they either did
195 not need to use the car parks, or the increase was, to them, negligible. It
196 was the marginal owner who was hit and I suggest that any charge, any
197 unnecessarily high charge which hits the poor and not the rich or
198 privileged is a bad charge. Sir Geoffrey CROWTHER in his introduction
199 to Colin BUCHANAN'S "Traffic in Town" says that our car is

157 one of our most treasured possessions or dearest ambitions, an immense
158 convenience, an expander of the dimensions of life. Mr John HAY,
159 when he was at the Ministry of Transport, said he welcomed the increase
160 in cars 'because it indicated a rise in people's standard of living. Why
161 should we deprive people of the use of their cars if we can possibly avoid
162 doing so? And my contention is that we can avoid it. In the words of Sir
163 Geoffrey, to refuse to accept the challenge which the motor car poses
164 would be an act of defeatism.

165 Last May, I asked the Acting Financial Secretary if the recent in-
166 creases in car parking charges were part of a plan by Government to tax
167 or price the middle income motorist off the road and restrict motoring to
168 the rich and the privileged. In reply, Mr CLINTON said the answer was
169 most definitely in the negative. He then went to say "It would be
170 contrary to social justice to subsidize the more affluent at the expense of
171 the poorer section of the community and therefore it follows that it is
172 difficult to contemplate the subsidizing of parking".

173 Let me hasten to say that I have never advocated the subsidizing of
174 parking. The usual and common meaning of the word "subsidize" is to
175 give something at less than cost. Mr CLINTON appeared to mean, to give
176 something for less than what private enterprise might charge, something
177 so vague and changeable as to be almost meaningless. That this would
178 be a scarce commodity and the charges consequently extortionate may not
179 have occurred to him.

180 I would now like to turn to the general question of how much do
181 road-users contribute in revenue and how much expenditure is incurred
182 on their behalf. It is easy to quibble about small individual items, to say
183 that some do not pay their way, while ignoring the contribution of others
184 which more than makes up for any deficiency. The only correct
185 comparison I suggest is an overall one. Assuming that 60% of the duties
186 on petrol, oil and diesel fuel are for the account of road-users, the revenue
187 to 'be collected from them in 1967-68 is estimated to be \$159 million,
188 while the estimated expenditure on everything that I can find in the
189 accounts which would 'benefit road-users as a class was \$81 million.
190 These figures may not be completely accurate and no doubt if they are not
191 they will be corrected. But to the best of my knowledge and belief,
192 based I admit on a rather hurried calculation, the annual expenditure
193 incurred on behalf of road-users is only slightly more than half the
194 amount collected from them in taxes, fees and other charges.

195 Now I suspect that my honourable Friend will not accept this direct
196 comparison. All charges must go into general revenue and payment
197 made out of general expenditure. Mr COWPERTHWAITTE will contend
198 that part of the revenue, the duties on hydrocarbon oils, for example, was
199 imposed for the purpose of general taxation and should be omitted from
200 the comparison. He could, if he wanted, decree that all the

157 revenue was to be considered as taxes to be used say for housing or
158 education, and that the whole of the \$81 million should be regarded as a
159 “subsidy”. This, of course, would be a tortuous argument. What these
160 figures show (if they are correct) is that road-users not only pay for the
161 whole of the \$81 million expenditure, but they also subsidize the rest of
162 the community to the tune of about \$78 million.

163 I have used the figures for road-users partly because it is not possible
164 to separate any special class from the accounts and also because I am
165 more concerned about traffic and transport generally than about the
166 special interests of motorists. I am reasonably sure, however, that if it
167 were possible to distinguish payments and receipts which could be
168 attributed only to car users, the same degree of discrepancy between
169 revenue and expenditure would be found, and that the former would not
170 only cover their share of the cost of roads, of lighting. Police, parking
171 meters, car parks. Traffic Advisory Committee and all the various
172 surveys but would also contribute to general revenue almost as much
173 again. To argue that the motorist is not paying his way, that if more
174 money is spent on his behalf and that he is somehow being supported by
175 the general taxpayer is therefore nonsense.

176 Last year, my honourable Friend, the Financial Secretary, quoted at
177 length from a 64 page pamphlet called “Paying for Parking”* by Mr G.
178 J. ROTH, in which he put forward the case for a purely economic
179 approach to the problem, ignoring almost all other considerations. In the
180 preface, the Institute of Economic Affairs specifically drew attention to
181 the fact that it did not necessarily accept either Mr ROTH'S analysis or
182 conclusions for itself or the members of the Advisory Council. Nor, as
183 far as I am aware has anyone else. If this is the basis of our parking
184 policy, I suggest we are being made the guinea pigs of a completely
185 untried, narrowly-oriented theory, which other economists specializing in
186 road matters have rejected. I think that Mr ROTH'S purpose was to
187 suggest that in addition to the traffic engineering and the social
188 considerations some attention should also be given to economic theory.
189 He would, I suspect, be horrified if he knew that policy was largely being
190 based on abstract theory alone and other considerations ignored. Much
191 of what he says is of considerable interest, but he himself admits that the
192 economic principle of allocating goods and services to those who are
193 prepared to pay the most “undoubtedly gives an advantage to the richer
194 over the poorer, and cannot be considered satisfactory unless the
195 distribution of income is fair.” His paper assumes, for the sake of
196 argument, that these conditions obtain, and that parking needs can be
197 assessed by the amounts that users are prepared to pay. Now I would
198 be very surprised if my honourable Friend were to argue that here in
199 Hong Kong we do have a fair distribution of incomes. And if we do
200 not, then Mr ROTH himself admits, as does every other economist, that

* 1966 Hansard, pages 217-218.

157 his theoretical approach is not satisfactory, and should not form the basis
158 for policy. Speaking about this theory, Professor CARTER, a noted
159 economist himself, remarks that “for 100 years, it has been recognized as
160 an economist's fiction”. We are, of course, a little backward in Hong
161 Kong, but it is a pity we have to suffer from something quite so out of
162 date.

163 My Friend Mr CLINTON has denied that it is Government's policy to
164 tax or price the middle-income motorist off the roads. But he did, I
165 think tacitly admit that the new parking fees included a surplus equivalent
166 to part of the profit a commercial developer would expect to make. This
167 surplus is a tax, imposed on the poorer members of a small section of the
168 community, which the richer members, with their drivers escape. Its
169 incidence is even more unfair, for there is amongst those who park in the
170 Central District, a large number who also escape this tax. I refer to the
171 Government servants who enjoy free parking round this building. This
172 is, therefore, a discriminatory tax from which certain rich and certain
173 privileged people are exempt. It is therefore a thoroughly bad tax, and
174 on this I may perhaps have the support of my honourable Friend.

175 Apart from this the other main objection to the policy is very simple.
176 It just isn't going to work. The desire to own a car is so strong that
177 people are still going to buy them, they are still going to try to use them,
178 and they are still going to park wherever they can, legally or illegally. It
179 is no use banning the entry of cars into the central business districts for
180 our problems lie outside them. If we restrict the ownership the extreme
181 difficulty how to decide who may own a car and who may not is clearly
182 set out in BUCHANAN'S book. For the size of our population, the
183 proportion of private cars is very small. To discriminate against them
184 when as far as I know no one else in the free world does so would throw
185 serious doubts on our ability to handle our domestic affairs. The
186 example of other towns where proposals have been made to ban cars in
187 the central business area, but where there is plenty of parking outside
188 does not apply, for our problems are spread throughout the city, in places
189 like Mong Kok, Yau Ma Tei, To Kwaa Wan and Hung Hom.

190 Last year I was invited to do a little plane geometry to see where all
191 the cars needing parking spaces could be housed. This would be not
192 difficult if we could get them up into say, 10-storey car parks at strategic
193 positions. But if, instead of 'putting them on ten planes, we tried to find
194 enough space on only one plane, at groundlevel, then we have a problem
195 ten times as serious.

196 I hope I have shown that until expenditure on facilities for road-users
197 reaches the level of revenue, it cannot be argued that they are being
198 subsidized. Some charge for parking must be made, and it is a

157 reasonable proposition that it should be made self-supporting. If this
158 were applied generally, then a flexible method of directing parking to-
159 wards and away from places, by changes in the fees could be used, but to
160 do this, all sources of income for parking must be included, from parking
161 meters, from open lots and from garages.

162 Moreover, any cost-calculations make no sense unless normal
163 accounting methods are used. To use, in this particular case, an almost
164 unique method of a stream of monthly rentals based on theoretical com-
165 mercial practice is unacceptable. There is plenty of evidence how car-
166 park costings and accounts are worked out in Europe and America. To
167 refuse to use these normal methods, methods which Government itself
168 uses in practically all its dealings with public utilities, makes its present
169 calculations valueless. The car parks we are building are permanent and
170 they should be accordingly. Using normal methods, car parking in Hong
171 Kong is undoubtedly making substantial profits.

172 What then should we do? First of all I would suggest a careful
173 analysis of our future parking needs, on the assumption that cars will
174 continue to be bought and to be used as they are now. I think it is
175 possible that we are frightening ourselves unduly. Cars will only be
176 bought when family incomes reach a level which is well beyond the reach
177 of most people today. It will only reach British and American levels
178 when the general standard of living matches that in those countries, and
179 this is obviously very far away. Until it does, there will be a gradual
180 improvements, in our housing densities, in our roads, in the amount of
181 space available. A cheering note is that the increase in the number of
182 registered vehicles has shown a substantial drop during the past two years,
183 from an average of about 14% per annum, down to 7% and 5%. This is
184 a relief for those who have to plan how to cater for them, but it may not
185 be so cheering for the Cross-Harbour Tunnel sponsors whose revenues
186 may have been calculated on the assumption that the previous high
187 increase would continue. And it is not so cheering for the Treasury, if as
188 I suggest it makes a profit of nearly 50% a year out of every vehicle
189 registered.

190 The first essential then is a proper survey and analysis, and I would
191 suggest that this be entrusted to the consultants who are now working on
192 the Mass Transport and Long-Term Road studies.

193 Then we should appoint a non-profit but self-supporting Parking
194 Authority. Give it all the income from parking and all the land
195 which Government has earmarked for sale, at a cheap price to private
196 developers. Give it the powers to buy private land if necessary and
197 to raise bonds and to arrange loans. Let it build and manage garages
198 as we now do and as is done in Britain, or let it arrange for private
199 developers to build and run them as in San Francisco, or let it build
200 and employ private operators to run them as in Detroit. I am quite

157 sure that it would very soon be self-supporting. It could adopt a flexible
158 fee structure designed to encourage short-term parking in some areas and
159 long-term parking in others. No one would object to higher than normal
160 charges in some areas if there were cheaper ones elsewhere and if it were
161 known that all the money was being ploughed back into new parking
162 facilities. Finally, in conclusion let me finish by a last quotation from
163 BUCHANAN. We conclude that the motor-car is a beneficial invention
164 with an assured future largely on account of the great advantage it offers
165 for door to door transport. There is an enormous demand for its services
166 and we think a constructive approach to the problem of accommodating it
167 in town is both required and justified.

168 Sir, I have indicated that I do not like Government's present parking
169 policy. I therefore do not intend to support the motion.

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171 MR P. C. Woo:—Your Excellency, I have listened with rapt attention
172 to the speeches of my Unofficial Colleagues. There are many good
173 suggestions and proposals to which I am sure Government will in due
174 course give full consideration. Excellent as some of these suggestions
175 undoubtedly are, and I hasten to add that what I say hereafter is in no way
176 derogatory to my Unofficial Colleagues, I do however feel that it seems
177 out of place to put them forward in the motion before this Council. It is
178 true that these observations and suggestions are at least indirectly
179 concerning finance or expenditure, but one may wonder whether they are
180 in fact directly related to the matters under discussion.

181 It has been for many years the practice of this Council for Unofficial
182 Members to air their views annually in the Budget debate only. So far
183 as I can recall the only one particular instance where Unofficial Members
184 did take part in a debate other than the Budget debate was in 1960 in the
185 Second reading of the Football Pool Bill*.

186 Since, Sir, you preside over this Council, we have had many debates
187 on various subject matters such as education, housing, resettlement, social
188 welfare and other topics. In view of the fact that my honourable Friend
189 the Colonial Secretary has undertaken to revise the Standing Orders of
190 this Council and because of the introduction of the adjournment motion in
191 which every Member can raise matters of topical interest before
192 adjournment, it is my personal opinion that we should reconsider the
193 procedure in respect of our Budget debate. My honourable Friend Y.
194 K. KAN yesterday afternoon set up an example which I think we should
195 hereafter follow, that is to debate on the estimates only. Perhaps it is
196 better to strictly confine ourselves to the particular subject matter under
197 consideration. My reasons for these suggestions are: —

198 (1) It is not in accordance with parliamentary procedure to bring any
199 extraneous matters on the subject matter under debate.

* 1960 Hansard, page 222 et seq.

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157 (2) So many ideas and suggestions are put forward that it would be
158 highly indigestible to consider all of them at the same time.

159 (3) Such views on subject matters are in the circumstance of
160 necessity brief and therefore cannot possibly be dealt with in as
161 satisfactory a manner as a full debate on a particular subject.

162 I must repeat, Sir, that this is purely my personal opinion and not the
163 views of all my Unofficial Colleagues. Some of them may not indeed
164 agree with me at all.

165 I hope I shall not be accused of being inconsistent by following the
166 present existing practice and making some observations and suggestions.

167 I am again raising the question of law reform. In the Budget debate
168 of 1965 I said, "If law is to come within measurable distance of
169 performing its true social function, it must be kept up to date."* Two
170 years have now elapsed but I find that some of the matters raised by me in
171 1965 are still not being attended to by Government particularly my
172 suggestion of adopting the H Acts in Hong Kong, and I hope my
173 honourable Friend the Attorney General will not disregard my suggestion
174 now as it is important that we should have a Hire-purchase Law to
175 regulate the hire-purchase business in Hong Kong.

176 I have on certain occasions raised the subject matter of revising the
177 antiquated Chinese law and custom relating to marriage and succession of
178 the Chinese community. I welcome the statement recently made in this
179 Council by my honourable Friend the Secretary for Chinese Affairs when
180 he assured us that in the very near future a White Paper + will be laid
181 before this Council on this particular subject. I understand my
182 honourable Friend Mrs Ellen Li will speak on this subject matter from a
183 woman's point of view, and I do not intend therefore to deal with the
184 same subject at this stage.

185 In January this year the Matrimonial Causes Ordinance 1967‡ was
186 passed, which is an Ordinance taken word for word from the Matrimonial
187 Causes Act of 1965. Section 36 of the Act, which is section 38 of our
188 Ordinance, provides that "Where a person dies domiciled in Hong Kong
189 and is survived by a former spouse of his or hers who has not remarried,
190 the survivor may . . . apply to the court for an order under this section on
191 the ground that the deceased has not made reasonable provision for the
192 survivor's maintenance after the deceased's death and the court may order
193 that such reasonable provision for the survivor's maintenance as the court
194 thinks fit shall be made out of the net estate of the deceased, subject to
195 such conditions or restrictions (if any) as the court may impose."

* 1965 Hansard, page 161.

+ 1967 Hansard, page 14.

‡ 1967 Hansard, page 12.

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157 This, of course, is a reasonable reform in England but in Hong Kong
158 there is no legislation on the lines similar to the Inheritance (Family
159 Provision) Act 1938 and the Intestates' Estate Act 1952, and the surviving
160 spouse is completely unprotected and has no right against the estate of the
161 deceased if he or she willed away his or her property without making any
162 provision for the surviving spouse. In Hong Kong the legislature is in fact
163 favouring the former spouse by providing him or her with such
164 maintenance as the court may think fit to be paid out of the deceased
165 spouse's estate. Surely this is not intended by the legislature and I urge
166 that legislation should be forthwith introduced to remedy the position and
167 to afford equal rights to the surviving spouse of a deceased person.
168 Incidentally it is interesting to note that the surviving spouse of a Chinese
169 intestate has an unalienable right of maintenance under the Chinese law
170 and custom.

171 On the law of succession generally I urge that the law be amended to
172 bring it up to date and at the same time to consider whether only one form
173 of law of succession should be introduced for non-Chinese as well as
174 Chinese community in Hong Kong.

175 On the law of trust, Sir, I am glad to see that we have adopted the
176 Variation of the Trust Act to enable trustees to apply to the court to vary
177 the trusts created by deed or will where there is insufficient power for the
178 trustees to carry out, by reason of changed circumstances, the said trusts.
179 In the course of my practice as a solicitor for trustees, invariably
180 questions on investment of trust funds arise and in Hong Kong trustees
181 have very limited powers of investment under the Trustee Ordinance.

182 By section 4 of the Ordinance a trustee is authorized to invest trust
183 funds in the following manner:—

- 184 (a) in any manner authorized by the Trustee Act 1925;
185 (b) in any Government securities of the Colony;
186 (c) on mortgages of leasehold property in the Colony; and
187 (d) in any securities authorized by the court.

188 Local trustees seldom desire to invest trust funds in the United
189 Kingdom. We have therefore only two categories of investments, namely,
190 in Government securities and on mortgages of landed property, a very
191 limited scope of investments for the trustees indeed, and it is in the
192 public interest that the list of trustee investments should be enlarged at
193 least to include shares in certain public companies in Hong Kong. I
194 raised this matter three years ago in the Law Reform Committee and
195 had also discussed the same with the Registrar General. As a result a
196 committee to consider this particular problem as to what public
197 companies in Hong Kong should be considered safe for trustees to
198 take the trust funds was appointed. I urge Government to take

157 steps to amend the Trustee Ordinance by giving a wider power of
158 investment to trustees.

159 In my speech at the Budget debate in 1965, I mentioned that the
160 Landlord and Tenant Ordinance has outlived its usefulness.* However,
161 Government has taken a different view.

162 The decision of Government last year not to extend the Rent
163 Increases (Domestic Premises) Control Ordinance seemed to confirm my
164 view that the era of tenants being oppressed by landlords was over.
165 Landlords and tenants now alike have equal bargaining power. Because
166 of the abnormal increase of population and the shortage of housing
167 accommodation in the Colony in the past years prewar building tenants
168 have been allowed to cling on to their unique, privileged and most
169 enviable position at the expense of landlords but it would be against
170 social and economic conditions to allow such a situation to continue
171 without taking steps to consider whether the Landlord and Tenant
172 Ordinance should be repealed and the question of de-control of pre-war
173 premises to take effect in the foreseeable future.

174 In order that hardship will not be caused to prewar building tenants,
175 the repeal of the Landlord and Tenant Ordinance may take effect in a few
176 years' time, say for example 7 or 10 years. Tenants of pre-war buildings
177 will thus have reasonable security of tenure before the buildings are
178 ultimately decontrolled. In the meantime, re-adjustment of the permitted
179 rent may have to be considered so that tenants of pre-war buildings will
180 not face with the rent being suddenly increased overnight.

181 I welcome the extension of the application of the Tenancy (Notice of
182 Termination) Ordinance to pre-war buildings when the Landlord and
183 Tenant Ordinance is repealed.

184 The Tenancy (Notice of Termination) Ordinance well achieves its
185 purpose. Tenants are given reasonable security of tenure and landlords are
186 fairly treated.

187 The most praiseworthy part of the Tenancy (Notice of Termination)
188 Ordinance is the implied covenant and condition provided in section 6 of
189 that Ordinance. The implied covenant on the tenant to pay rent on the due
190 date and the implied condition for forfeiture for non-payment of rent
191 within fifteen days of the due date admirably fill the gap of the common
192 law so that the landlord will not be saddled with a bad tenant.

193 It seems that the other usual terms, covenants and conditions in a
194 lease or tenancy agreement may as well be implied by statute so that the
195 respective rights and obligations of the landlord and tenant may be
196 regulated in the absence of a proper agreement. The Sale of Goods

* 1965 Hansard, page 164.

157 Ordinance is a good example of the usefulness of the conditions and
158 warranties implied therein and is an example from which we may take.

159 The next Ordinance concerning landlord and tenant which requires
160 amendment is the Tenancy (Prolonged Duration) Ordinance. This
161 Ordinance was passed “to remedy certain abuses resulting from the
162 exclusion of new buildings and certain reconstructed buildings from the
163 operation of the Landlord and Tenant Ordinance.”

164 Early last decade, demand for accommodation greatly exceeded
165 supply. Tenants, in order to obtain accommodation, had to pay very high
166 premium and exorbitant rent to landlords of buildings exempted from
167 the provisions of the Landlord and Tenant Ordinance.

168 Some unscrupulous landlords were quick to take full advantage of
169 their favourable position. Shortly after they had granted tenancies to the
170 tenants, they served notice to quit on the tenants to terminate the
171 tenancies with a view to further increasing the rent or receiving more
172 premiums.

173 The Tenancy (Prolonged Duration) Ordinance* was passed in 1952
174 to put an end to such malpractice by those landlords. It was then
175 provided that in cases where the tenant had paid premium to the landlord,
176 the tenant should have security of tenure for 3 years provided that the
177 tenant “pays the rent reserved by the tenancy and performs any covenant
178 express or implied applicable to such tenancy”. The security of tenure
179 was in 1963 extended to 5 years.

180 Undoubtedly, the Ordinance did serve its purpose in giving security
181 of tenure to the tenant. However, unforeseen hardship is caused to the
182 landlord in that if there is no tenancy agreement between the parties, the
183 landlord is at the mercy of the tenant who, after paying a small premium,
184 refuses or fails to pay rent. As the law stands, the landlord cannot recover
185 possession from such a bad tenant unless he gives a further 6 months'
186 notice to quit. It seems that the Tenancy (Prolonged Duration) Ordinance
187 should be amended by inserting thereto an implied covenant on the part of
188 the tenant to pay rent and an implied condition for forfeiture for non-
189 payment of rent.

190 The principal object of the Demolished Buildings (Re-Development
191 of Sites) Ordinance is to require owners of demolished buildings to
192 compensate tenants on the same basis as in exemption proceedings. At the
193 time of its enactment the underlying assumption was that in the great
194 majority of cases an owner would welcome the opportunity of
195 redeveloping his property and the payment of compensation to tenants
196 was not regarded as an undue burden because at that time money could
197 easily be raised by mortgaging the property. Conditions have now
198 changed to such an extent that it is no longer fair to treat an owner of a
199 demolished building on such basis. In the first place it is now

* 1952 Hansard, pages 93-95.

157 extremely difficult to borrow money by mortgaging vacant land in order
158 to pay compensation to tenants, not to mention the cost of constructing
159 the new building. In the second place if, as the result of the compensation
160 not having been paid, the property is auctioned by the Colonial Treasurer
161 Incorporated it is likely to fetch a wholly unrealistic price so that the
162 proceeds of sale may only be sufficient to cover payment of the
163 compensation and in extreme cases may not even be sufficient for that
164 purpose in which event the owner will have to make up the deficiency
165 from other resources. This result can hardly have been intended or
166 foreseen by the legislature when the Ordinance was passed and it is a
167 matter of extreme urgency that the Ordinance should now be amended so
168 as to give a fair deal to owners. One way to alleviate the hardship to
169 owners will be to provide that the compensation which may be awarded
170 to tenants in any particular case shall be registered as a charge against the
171 property at the Land Office but shall not be payable by the owner until he
172 shall deal with the property or commence rebuilding work. This would
173 put an owner of a demolished building on the same basis as an owner of
174 any other pre-war buildings in that until he wishes to redevelop his
175 property he is under no obligation to compensate the tenants.

176 At the Budget debate last year,* my Friend Mr C. Y. KWAN
177 suggested that the Tenancy Tribunal should be substituted for arbitrators
178 in section 9 (d) of the Buildings Ordinance 1955. His suggestion was
179 not taken by Government for the reason given by the then Attorney
180 General+ that the Building Authority “which is the department most
181 likely to have received complaints have not in fact received any and the
182 Tenancy Enquiry Bureau of the Secretariat for Chinese Affairs who have
183 handled some nineteen cases since January 1965, are not aware of any
184 hardship being caused”.

185 The absence of complaints to Government Departments does not
186 necessarily mean that no hardship is caused. From the experience of a
187 practising lawyer, there are many occasions when an occupier of one
188 cubicle or even one bed space asks for advice as to compensation payable
189 to him but on learning the expenses likely to be involved in referring the
190 matter to arbitration, has no alternative but to drop his claim with a sigh
191 of resignation.

192 I therefore ask Government to reconsider this problem.

193 Now I will turn to another subject I wish to say something about.

194 *Interpreters and translators.* It has been suggested in certain quarters
195 that the Chinese language should be made an official language in
196 addition to the English language in all official proceedings.
197 Government has provided Chinese translations to the public of most of the

* 1966 Hansard, page 108.

+ 1966 Hansard, page 227.

157 official documents, and it is gratifying to note that some of the Reports
158 such as the Report of the Commission of Enquiry into the Kowloon
159 Disturbances, and the Report of the Working Party on Local Adminis-
160 tration are translated into Chinese and available to the general public. But
161 to make the Chinese language as an official one is not a simple matter.
162 First we have to decide which dialect of the Chinese language should be
163 used, the Mandarin or the Cantonese or both. If both dialects are used,
164 this is not only impracticable but also time consuming. However, there is
165 no reason why we should not have accurate interpretation of any official
166 proceedings or correct translation of any official documents. This of
167 course requires very efficient and competent interpreters and translators.
168 In 1961 when I was the Chinese member of the Public Services
169 Commission I suggested to Government to raise the qualifications of
170 interpreters and translators from school leaving certificate standard to at
171 least the matriculation standard and at the same time to raise their salaries.
172 Government saw fit to accede to my request and since 1962 the
173 qualification for entry into this grade is at least matriculation standard.
174 Time has proved that even then the standard of interpretation and
175 translation still leaves very much to be desired, and it is therefore
176 worthwhile for Government to look into the matter again with a view to
177 improving further the standard of interpreters and translators. To my
178 mind the interpreter and translator grade equates the professional grade.
179 In order to induce efficient and able interpreters and translators to join
180 this grade, higher emoluments and much better prospects of promotion
181 should be offered to them. The present maximum scale for interpreters is
182 \$2,870 per month for male and \$2,240 per month for female, which
183 equates the grade of Executive Officer Class I. Personally I think that to
184 have efficient and competent first class interpreters and translators their
185 emolument should be higher than \$2,870 per month. I suggest that the
186 maximum salary for interpreters and translators be raised to \$3,870 per
187 month for male and \$3,660 per month for female respectively and be
188 equivalent to the Senior Executive Officer Class II grade. There should
189 also be in-service training for these officers and before they be allowed to
190 pass the efficiency bar they must go through a practical examination. It is
191 important that in the Government service there should be officers who
192 can interpret and translate the English language into Chinese or *vice versa*
193 with accuracy so as not to create any misunderstanding between
194 Government and the people.

195 I will now turn to one traffic problem. A few weeks ago there was the
196 suggestion of having a Grand Prix in Hong Kong. I strongly objected to
197 such introduction for the reason that Hong Kong being such a small place
198 with a population of nearly 4,000,000 people any encouragement of
199 speeding such as racing of cars is detrimental to the interest and safety of
200 the public. I am extremely concerned with the increase of traffic
201 accidents resulting in fatal and serious injuries to

157 persons using the roads. Last year's figure of traffic accidents is almost
158 10,000 of which 264 persons were killed, 3,065 persons seriously injured,
159 and 5,732 persons slightly injured. The causes of accidents can be
160 resolved into three. (1) The 'bad condition of the road. (2) The defects
161 in the mechanism of the vehicle, and (3) The incompetency and
162 carelessness of the drivers. Even in bad road conditions, accidents may be
163 avoided if the vehicle is in sound condition and driven by a competent
164 and careful driver. The remedy for the second cause is not to allow cars
165 on the roads if they are not road-worthy. But most of the accidents are
166 caused by careless and inconsiderate driving. If the drivers are
167 incompetent and careless accidents are bound to occur, and it seems that
168 speeding is the chief cause of such accidents. As the institution of a
169 Grand Prix would encourage speeding, such a sport ought not to be
170 allowed.

171 There are two educational points which I want to take. Complaints
172 have been received with regard to the policy of cutting down the ratio of
173 teachers in primary and secondary schools from 1.2 and 1.4 to 1.1 and 1.3
174 respectively. Teachers maintain that they have to put in more hours in
175 teaching and the efficiency of the schools will thereby be reduced. If
176 such is the case perhaps Government may reconsider the restoration of
177 the former ratio.

178 I have been told that there will be a "Unified Scale" for aided schools
179 but no decision has yet been made by Government on this particular
180 subject. I am told that subsidized schools will be hampered in that they
181 cannot offer their staff the same conditions of service as grant schools and
182 that subsidized schools will suffer the loss of some of their best staff.
183 May I ask Government to make an early decision in respect of the
184 "Unified Scale" in aided schools.

185 Finally, I would like to call attention to a remark contained in page
186 86 of the Report of the Working Party on Local Administration in Item
187 9(v) of the Reservations of the said Report and the sentence reads as
188 follows:—

189 "They question whether Chinese views are properly represented on
190 the councils of government"

191 If the word, Sir, "councils" is meant to include this Council I must
192 take exception to it. The authors of this sentence did not realize that they
193 are not only disparaging the Chinese members of this Council but also
194 represent an entirely false picture to any person reading that passage with
195 respect to the function and duty of the Members of this Council. One
196 particular instance alone can prove beyond any reasonable doubt that the
197 statement is a false one.

198 In order to have closer contact with the general public the said
199 Office was established several years ago and since 1964 the said
200 Office has a permanent staff to assist the Unofficial Members of

157 the Executive and Legislative Councils in receiving suggestions and
158 complaints from the public. Two of the Members on the roster will meet
159 people weekly, who desire to present their views to them and I can say
160 without contradiction that not a single complaint has been unattended to
161 without investigation. In fact the UMELCO Office seems to have
162 performed some of the functions of an Ombudsman or to use the proper
163 English term for this Office, the Parliamentary Commissioner for
164 Administration.

165 We are indeed grateful to the heads of departments for their valuable
166 information when we enquire of them in connexion with matters raised by
167 the public and pertaining to that particular department. We feel that by
168 the personal contact with the general public we have achieved a better
169 understanding of them and acquire a better insight of their problems to
170 enable us to present their case to Government with a view to achieving
171 fuller co-operation and, if necessary, to remedy any grievances.

172 Our aim and object is not simply to be watchdogs for the public but
173 also to act as independent advisers to Government with a view to
174 attaining the highest standard of efficient and fair administration of the
175 Colony.

176 Sir, I support the motion.

177 MR G. R. ROSS: —Your Excellency, my main topic this afternoon
178 concerns our youthful population—tomorrow's citizens, who are now
179 between 10 and 21 years of age. They account for about 25% of our
180 population and represent a fair cross-section of the whole community.
181 Unfortunately there seems to be considerable apathy in all walks of life
182 towards the problems of these young people and we should wake up to
183 the fact that what we do today—or do not do—will be reflected in the
184 future of Hong Kong.

185 The rapid rise in our population and the measures taken to meet the
186 situation cannot be equalled anywhere. Multi-storeyed blocks and
187 Resettlement Estates have sprung up all over the place but there is a
188 dearth of parks and playgrounds, playing fields and open spaces.
189 Thousands of youngsters are roaming the streets with little or no
190 opportunity for recreation. Cinemas and dance halls, yes—but there are
191 very few places where they can work off their surplus energy in a healthy
192 form.

193 The youth problem and juvenile delinquency are not one and the
194 same, but there is indeed a case for Government and perhaps the
195 voluntary agencies to tackle the delinquents as a quite separate exercise.
196 Much more could be done to prohibit the open sale and display of obscene
197 publications, and to crack down on uncontrolled boarding

157 houses, ballrooms and the like which have an unhealthy influence upon
158 young people. The number of juvenile delinquents is relatively small
159 but there is a grave danger of contamination in the absence of other things
160 to do. In particular I have in mind the large number of post-primary
161 students who leave school about the age of 13, frequently through no fault
162 of their own, many of whom are unable to find gainful employment until
163 they are 16.

164 Broadly speaking youth welfare rests in the hands of the Social
165 Welfare Department which stimulates and aids through subventions the
166 many voluntary bodies engaged in youth work. They do an outstanding
167 job but we must recognize that they only serve a very marginal number of
168 young people in need of such services. Two years ago Government
169 commissioned Mr K. L. GILL of the Central Council of Physical
170 Education in England to make a survey of sport and recreational facilities.
171 This shows the Government is very much aware of the problem and I
172 hope we shall shortly hear something about their plans. Mr GILL rendered
173 an excellent report ranging over the whole subject, and in his preface he
174 underlined, and I quote: —

175 “The question of the proper use of leisure will become a challenge to
176 the Colony planning authorities as important as the provision of
177 public services, and it will demand an equally comprehensive
178 approach”.

179 There we have it. This is not a departmental issue for Social Welfare to
180 struggle with alone, nor can it be solved by a few million dollars in
181 subventions. If we are to be realistic about the future welfare of our
182 youthful population we must regard it as a major policy matter and accept
183 the fact that it will be expensive. The Commission of Inquiry had this to
184 say on the subject: “... it certainly appears to us that the extension of
185 youth services presents a need more urgent than some now being pressed
186 on Government's limited resources”.

187 As far as I can see from the Estimates the amount allocated to urban
188 area amenities under the Public Works vote is less than two and a half
189 million dollars. This includes an item of half a million dollars for
190 floodlighting pitches in public parks which I was very glad to see, and I
191 hope this policy will be extended to all recreational centres. At the same
192 time I suggest that consideration be given to extending the closing hours
193 of public parks and playgrounds. Our planners are aware of the need for
194 recreation space in new developments, but appear to be defeated in the
195 densely populated areas. What is needed is a positive approach to this
196 problem and where there are no open spaces we should try to make them.
197 This might require Government to resume land in some areas or even
198 reclaim land in order to provide suitable facilities. Every corner of these
199 crowded districts should be examined to see if there is room for a
200 swimming pool or skating rink, a basket-ball pitch or a gymnasium.
201 School playgrounds suitably floodlit could be used at

157 night for recreation. On both sides of the harbour, large areas are
158 devoted to sports grounds which are not available to the public. The
159 Army, the Police and many private clubs and institutions could be
160 approached to see if they would allow their grounds to be used at
161 specified times subject to adequate supervision. I understand in Britain
162 many athletic clubs adopt a school or club for under-privileged children
163 for this very purpose. Whitfield Barracks Barracks in the heart of Tsim
164 Sha Tsui could provide a much needed lung for recreation. On Hong
165 Kong Island we have a splendid sports stadium and I think we should
166 have one in Kowloon too. The Kaifongs should be encouraged to do
167 more for the young people in their districts and the voluntary agencies
168 should be consulted. I am sure they have much to contribute and could
169 do a great deal more if funds were available. Expansion can only be
170 achieved by stepping up the numbers of youth leaders and provision must,
171 of course, be made for their training.

172 There is a crying need in these overcrowded areas for more voca-
173 tional training centres to equip young people to take their places in
174 industry and commerce. I congratulate my honourable Friend the
175 Director of Education on the magnificent achievements of his department
176 in recent years, and I trust he will not take it amiss when I say that in my
177 view far too much emphasis seems to be placed on academic knowledge.
178 The ratio of secondary school certificate courses to modern technical and
179 special courses is about 15 to 1. Elsewhere in the world I believe the
180 ratio is very much smaller than that. Less than 5% of our total
181 educational bill is devoted to technical and vocational subjects, excluding
182 teacher courses. Last year there were no less than eight applicants for
183 every full time place in the Technical College and nearly three for every
184 part time vacancy. There seems to be a clear case for the stepping up of
185 this side of the educational programme and I suggest the first steps could
186 be taken in the built-up areas by making more schools and halls available
187 for evening classes.

188 I was pleased when Your Excellency appointed me to the Provisional
189 Council for the Conservation of the Countryside, as this has an important
190 bearing on my subject. When Mr GILL was here he sampled a group of
191 500 students between the ages of 16 and 25 and found that more than
192 half of them expressed an interest in the country and activities
193 associated with it. At the invitation of the Agricultural and Fisheries
194 Department Mr and Mrs Lee TALBPT of the International Commission of
195 National Parks made a survey in April 1965 and their report together
196 with extensive studies undertaken by the Department will no doubt form
197 the basis of the Council's deliberations. An interesting feature in
198 the report was a proposal for the establishment of a system of parks,
199 reserves and recreation areas. This would open up all kinds of pos-
200 sibilities for young people, such as guided walks, camp sites, youth
201 hostels, picnic areas and barbeque sites. It could also be a tourist
202 attraction. Under the heading of "Local Recreation—a necessity not

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157 an amenity”, Mr TALBOT remarked that the more urbanized and
158 industrialized a country becomes, the greater becomes the need of its
159 inhabitants to find open space recreation away from the high-pressure
160 artificial world they have created. He concluded that if something was
161 not done quickly to establish a park system the opportunity may well be
162 lost forever. He was thinking of the speed of our developments, but
163 judging by last year's record, the hill fires seem to be an even greater
164 menace. May I suggest at this point that consideration be given to
165 providing the Agricultural Department with a larger warden force and
166 improved facilities to fight these fires. I doubt if the Oceanarium will
167 come within the terms of the Provisional Council, but I trust this project
168 has not been forgotten. Unquestionably it would be a great attraction to
169 people of all ages. Last year I mentioned the plans for an Outward
170 Bound school, which was supported by the Directors of Education and
171 Social Welfare. It is a source of great disappointment to me that this
172 scheme is bogged down at the moment for lack of funds because this too
173 would play an important part in the development of our young citizens.

174 There has been some talk about the gap between the Government and
175 the people and I think it is important that more is done to get through to
176 this young generation. To use an old cliché, Government must not only
177 govern. Government must be seen to govern. Your Excellency has used
178 the radio with effect when there were matters of vital importance to the
179 populace. The Information Services and the Public Enquiry Service do
180 an excellent job in their respective fields, but I feel the time has come
181 when Government should have a professional public relations unit to
182 present its case to the people. Government is fair game, but I sometimes
183 think the sniping is overdone and the image of Government suffers in the
184 eyes of the public. Freedom of the press is one thing, but if they are to
185 be fair and impartial more effort should be made to present both sides of
186 the picture. I believe this to be essential if we are to mould and not distort
187 the minds of our young people.

188 Turning now to the Budget, I particularly welcome the reassuring
189 statement by the Honourable the Financial Secretary regarding the levy
190 on import and export declarations.* Not because I personally required
191 any reassurance, the point was amply covered by the Director of Com-
192 merce and Industry when the Bill was first introduced in this Council, but
193 because there is still a body of opinion both here and abroad who feel this
194 is the thin end of the wedge. It has been said before, and will bear
195 saying again, that there is no intention of increasing this very modest *ad*
196 *valorem* charge of 0.05% on our imports and exports, or of using the
197 proceeds for any other purpose than the financing of our trade
198 promotion activities. We remain as keen as ever to encourage new
199 industries and new techniques to come here, our doors are wide

* Page 85.

157 open to two-way trade, and there is absolutely no departure from our free
158 port status.

159 The Estate Duty concession is a step in the right direction, and I
160 believe it is the second time in our history that we have actually reduced
161 the rate at the top of the scale. I detect a ray of hope from the Financial
162 Secretary's remarks that one day we might see this maximum rate down
163 to 15%. In common with several of my unofficial Colleagues, both past
164 and present, I would prefer to see this tax abolished altogether. My
165 honourable Friend requires a lot of convincing on this subject, but I
166 remain firmly of the view that Estate Duty encourages the outflow of
167 capital and inhibits the free inflow of foreign capital to the Colony.

168 The Budget itself is eminently satisfactory and few can fail to be
169 impressed by the resilience of our economy. It was evident in 1964 that
170 over-expansion of credit and speculation in property could not go on, and
171 I trust the shake out will lead to more prudence in the future.
172 Confidence has been restored in the banking system and the Banking
173 Ordinance should go a long way towards keeping things on the straight
174 and narrow in the future.

175 Forewarned is forearmed, and perhaps the time is approaching when
176 we should take a close look at our insurance regulations. Members of
177 this Council will have seen reports in the press regarding the failures of
178 insurance companies in the United Kingdom. The matter reached such
179 serious proportions that questions were asked in the House in February,
180 when the President of the Board of Trade disclosed that seven motor
181 insurance companies, involving no less than 565,000 policy-holders, had
182 failed in the last ten years.

183 I am concerned over the position of policy-holders in Hong Kong in
184 respect of *all* classes of insurance. Our present regulations are much
185 less demanding than other countries in South East Asia. In Hong Kong
186 a deposit of \$100,000 is required to transact Fire business plus a similar
187 sum for Marine; alternatively, the Registrar requires satisfactory evidence
188 that a deposit is maintained for Fire and Marine business in another part
189 of the Commonwealth; or thirdly, that there is satisfactory evidence that
190 the company has complied with the United Kingdom Assurance
191 Companies Act. In respect of Motor business the Registrar *may* call for
192 a deposit of up to \$200,000. In view of the value at risk and potential
193 liabilities, these deposits are extremely small; and there appears to be
194 little or no protection for policy-holders where the deposits are outside of
195 Hong Kong.

196 In Malaysia a deposit of Malayan \$300,000 is required either in the
197 form of securities or a Bank guarantee, plus a fund equivalent to the
198 outstanding losses and unexpired risk reserves calculated at 25% for
199 Marine and 40% for Fire and Accident business. Similar conditions
200 apply in Singapore. In the Philippines a deposit of Ps. 250,000 is
201 required, plus a reserve of 25% on Marine cargo premium and 50%

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157 of all other premiums. In Thailand legislation is shortly to come into
158 force which will require investment in Thailand to the extent of Tcs.
159 3,500,000. In the light of these requirements. Hong Kong's legislation
160 appears to be outdated.

161 I suggest the time has come when insurance companies operating in
162 Hong Kong should have available in Hong Kong adequate funds to
163 protect local policy-holders. The problems in the United Kingdom point
164 up the difficulties the Board of Trade is having with companies domiciled
165 there, and I consider we should protect our own interests in this regard.
166 Perhaps in time we might even have an Insurance Commissioner to
167 supervise insurance companies operating in Hong Kong.

168 Everywhere in the world today port authorities are studying the latest
169 developments in container cargo services, and Government has moved
170 with commendable speed in this matter. The Committee appointed in
171 July has also worked fast, and produced a comprehensive report on this
172 very complex subject. My honourable Friend, the Financial Secretary,
173 has remarked that it looks rather lavish and is perhaps premature. He may
174 be right in the first, but I do not agree that the planning is premature. I
175 understand that the Japanese Government have given the green light to
176 their shipowners to build container ships for the U.S.A./Japan trade and
177 plans have also been announced to construct 22 container berths in Japan.
178 The U.S.A. is Hong Kong's largest export market and the consequences
179 could be very serious for us if Japanese exporters can sell their goods to
180 the U.S.A and other countries packed in containers and we cannot. The
181 ball is in the ship owner's court for the time being, but if and when a
182 decision is taken to put specialized container ships into service in this area.
183 Hong Kong must be made ready to serve them with terminal facilities.
184 Meanwhile, the Committee's recommendation to reserve a suitable site
185 for the terminal is both far-sighted and sensible, and I trust we can look to
186 Government to act accordingly.

187 Once more I return to my hardy annual about typhoon shelters, and
188 regret the speed I commended a few moments ago is noticeably lacking in
189 this direction. The Aldrich Bay scheme remains in Category "B" where it
190 has reposed for two years now, and I fear there is much dragging of feet. I
191 appreciate that investigations are time consuming. What I do not
192 understand is why we are still balancing the need for sheltered anchorages
193 in the harbour against their cost, when this vital issue is of such
194 importance to our trade and the port. Once again, I urge Government to
195 get on with the Aldrich Bay scheme with all possible speed.

196 Large numbers of fishing vessels appear to distrust Aberdeen and
197 seek shelter in Yau Ma Tei, and most of those from Shau Kei Wan Wan
198 converge on Causeway Bay. The loss of sheltered space at Cheung Sha
199 Wan has aggravated the position and both Causeway Bay and Yau

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157 Ma Tei are jammed full when there is a typhoon around. The overflow
158 mostly finds refuge in Kowloon Bay where further reclamation is slowly
159 eating away another comparatively sheltered anchorage. Aside from any
160 other consideration the conditions in these two shelters constitute a
161 serious potential fire hazard.

162 When we agreed the defence contribution a few months ago, there
163 was a *quid pro quo* over the land holdings of the armed services. I fail to
164 see any justification for the continued occupation of the whole of
165 Stonecutters Island, and I suggest the time has come when we should
166 negotiate for its return. The Stonecutters reclamation scheme which has
167 been pigeon-holed for years, provides for approximately 450 acres of
168 typhoon shelter and 400 acres of reclamation. Income from the sale of
169 reclaimed land would make the project entirely viable, and we would kill
170 three more birds with the same stone. There would be more than adequate
171 shelter space within the harbour; Yau Ma Tei could be reclaimed; and
172 ample provision might be made for a container terminal on the same site.

173 The other terminal we have to seriously think about is Kai Tak.
174 Already the airport is over-crowded at peak periods and future planned
175 aircraft will soon out-date the runway. The stretched DC-8 will be here
176 in 1968, the "Jumbo" Jets in 1969 or 1970, the Concord in 1971 and
177 probably supersonic aircraft by 1973. The minimum length of a runway
178 in the tropics recommended by international authorities to meet future
179 needs is 11,000 feet, and the runway at Kai Tak is only 8,300 feet. I
180 understand a survey is presently being conducted and the decision we
181 shall have to make is whether to take one or two bites at the cherry, that is
182 whether to extend the runway by some 1,800 feet to provide for the
183 immediate future, or 2,500 feet to meet all known contingencies. It
184 would naturally be cheaper in the long run to do the whole job at one time.
185 With the increase in size of aircraft and the consequent increase in
186 passenger traffic and freight, both the apron and terminal buildings will
187 have to be extended too. Air cargo figures for 1966 were 54% up on the
188 previous year, and already our freight facilities at Kai Tak are inadequate.
189 I understand our air traffic control is second to none in the Far East and
190 we cannot afford to take second place over the runway and terminal
191 facilities. That Hong Kong be up-to-date in this field is of equal
192 importance both to us and to Britain who controls our traffic rights; and
193 there may well be a case for seeking financial aid from the British
194 Government. While on the subject of traffic rights, could we not bring
195 some pressure to bear on H.M. Government to grant landing rights to
196 S.A.S.? The Scandinavian countries rank high in our list of customers
197 and trading partners. I have two minor points in mind about the
198 passenger terminal, the first is an all-night bar service in the transit
199 lounges, and the second is magic-eye doors which open automatically for
200 the ladened travellers.

157 I was pleased to see that a Committee has been appointed under the
158 chairmanship of Mr John MARDEN to consider atmospheric pollution; and
159 I also welcome the amendments to the Road Traffic (Construction and
160 Use) Regulations 1956. This has given the Police the powers I asked for
161 last year, and enabled them to take more effective action against offenders.
162 At that time, in a slightly different context, I remarked on the fact that
163 diesel oil was sold at four different prices. I can understand the
164 concessions to ocean-going vessels and to public transport, but I do not
165 understand why there should be a differential in price between petrol and
166 diesel for other road users. A diesel engined vehicle is capable of a
167 higher mileage per gallon than a petrol one, and yet it seems in terms of
168 revenue to Government that diesel is being subsidized by petrol. Diesel
169 users are by far the more offensive; they are noisier, which in itself is an
170 important factor in Hong Kong; and they emit smoke when overloaded or
171 badly maintained—both conditions being generally the rule rather than
172 the exception. I should have thought there was a case for adjusting the
173 tax on diesel fuel to obtain a more normal ratio between diesel and petrol
174 with a view to reducing dirty pollution and noise. We might do worse
175 than follow the example of some of the American States and require all
176 vehicles to be fitted with approved devices to restrict the emission of
177 hydrocarbon and carbon monoxide gases. The Committee will no doubt
178 study with care the Clean Air Ordinance. It may be adequate in its
179 present form but from my own observations I very much doubt if we have
180 adequate means at our disposal to enforce it.

181 My honourable Friend Mr FUNG Hon-chu has suggested certain
182 amendments to the Trade Development Council. I support his views as I
183 believe the Council would benefit from the advice of those more actively
184 associated with the export trade. Incidentally there is a side to our trade
185 which we appear to neglect. I refer to the age old craft industries such as
186 wood-carving ivory and lapidary works of art. Instead of carving
187 camphor-wood chests and intricate ivory balls these craftsmen could
188 possibly be mobilized into an efficient handicraft industry.
189 Ecclesiastical architects all over the world are crying out for
190 craftsmanship of this kind.

191 Before I conclude I have one point for my honourable Friend Dr P. H.
192 TENG. Over the years my unofficial Colleague Mr S. S. GORDON has
193 repeatedly referred to the problem of dental care, particularly for children.
194 I should like to enquire what progress has been made in regard to a
195 training school for dental nurses and particularly whether dental care will
196 be extended to the school medical scheme.

197 Sir, I beg to support the motion before Council.

157 MR SZETO WAI:—Your Excellency, after the rather sour Budget of
158 last year I must congratulate my honourable Friend the Financial
159 Secretary on a much sweeter menu this time. I do hope that we are
160 proceeding steadily to the dessert course and that we shall not have to
161 revert later to a more acidic diet.

162 Sir, my remarks this year are confined to our problems on trans-
163 portation. I welcome the foresight Government has displayed in com-
164 missioning the studies leading to a 20-year long-term road plan for Hong
165 Kong, which, taken with the report on mass rapid transit systems should
166 provide a sound foundation for our future transportation needs.
167 However, these will not result in any easy Aladdin's lamp solutions to our
168 problems; the rub will come with the immense cost which I hope will not
169 dismay our administrators.

170 I would like an assurance that the provision of cheap and efficient
171 public transport will be more than just a pious hope on the part of
172 Government; that Government will devote sufficient of its resources
173 towards the establishment of proper priorities in the sphere of
174 transportation; that Government will implement a planned and speedy
175 programme of roads and intersections to relieve what I may liken to a
176 “hardening of the arteries” which, left unchecked, could lead our
177 thrusting young economy to immobility and perhaps a premature death.

178 As for our long-term requirements I have little to say as they are now
179 in the hands of experts. I feel sure that, in evolving their plans, they will
180 not overlook the optimum relationship between accessibility and
181 environment as emphasized in the Buchanan Report. I hope that their
182 study will not be used as an excuse to put off the solution of some of our
183 urgent traffic problems.

184 My main concern at present is that existing long-standing
185 shortcomings in some of our roads and transport facilities should not be
186 lost sight of nor deferred by my honourable Friends the Financial
187 Secretary and the Director of Public Works. There are a number of quite
188 shameful instances of our neglect of urgent traffic relief and remedies.
189 Chief among these is the road network linking Wong Tai Sin and Kwun
190 Tong with Western Kowloon. The incapacity of the Kowloon City
191 Roundabout has now reached the stage of becoming a disease which may
192 aptly be diagnosed as “Roundaboutitis” and unless a cure is forthcoming
193 our new industrial areas to the east will soon face the danger of being
194 strangled to death. I am aware (hat relief measures are being planned
195 but with the usual, painful slowness. I therefore urge that immediate
196 provision be made to improve this important intersection. The cost cannot
197 be so formidable that we must continue to defer action on projects where
198 the need is proven and no considerable engineering difficulties exist.

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157 My honourable Friend the Financial Secretary mentions the \$8¾
158 million windfall revenue from taxi concessions; no doubt this has helped
159 in reducing this year's deficit. But this money could have been spent on
160 the solution of the Kowloon City Intersection and other urgent road needs.
161 Would my honourable Friend object to the use of any further unscheduled
162 revenue from this source on urgent road relief?

163 My honourable Friend refers to the sharp fall of almost \$100 million
164 in public works expenditure this year; over \$26 million was curtailed in
165 civil engineering works. I would like to know how much of this was axed
166 to the detriment of traffic. My honourable Friend makes reference to the
167 check on public works projects at tender stage and its undesirable side-
168 effect of delays without any appreciable financial benefit. I presume these
169 are deferments and not curtailments or cancellations, and that the result of
170 this severe braking force will not have an adverse effect on our future
171 public services. It is hoped that when such procedure is exercised in
172 future, proper priorities are to be given weight over other considerations
173 such as high interest rates. Now (hat our waterworks expenditure will
174 drop by \$32 million next year, can a bigger allocation be made to our
175 roads programme as opposed to only \$36 million in the draft estimate? Or
176 is there any valid objection to draw on the accumulated interest accrued
177 from our reserves in Britain to expedite traffic facilities?

178 Sir, our inherited road systems cannot be greatly improved without
179 the painfully slow process of comprehensive urban redevelopment.
180 Before a long-term solution such as a mass rapid transit system is in
181 operation, it is absolutely essential for us to pursue short-term remedies
182 such as road improvements, traffic management, parking control and
183 improvement of public transport. The three fundamentals of traffic
184 management are Education, Enforcement and Engineering, and it is
185 probably the first two which are most lacking in Hong Kong. I certainly
186 cannot say that our drivers are the most courteous, nor our pedestrians the
187 most co-operative, let alone our dashing load-carrying cyclists.

188 Traffic management schemes now being carried out have helped to
189 increase road capacity and improve safety. However, as traffic increases
190 so do the risks of death and injury. Within the last year there were
191 10,700 traffic accidents resulting in over 10,300 casualties—an average
192 of over 30 per day! The gravity of this matter has been emphasized by my
193 honourable Friend Mr Woo.* We in the Transport Advisory Committee
194 have given these problems much serious consideration and have
195 recommended to Government measures for combating dangerous driving
196 and the urgent extension of the existing inadequate scheme of compulsory
197 vehicle inspection to include those public vehicles whose conditions are a
198 cause of great concern to public safety. Road safety must be planned as
199 the roads programme is planned, with a threefold aim—safer roads, safer
200 vehicles, safer drivers and pedestrians.

* Page 168-169.

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157 Whatever other methods of traffic management may be employed to
158 ease the growing congestion of our roads, it is now generally agreed that
159 traffic must be kept moving and streets must be kept reasonably clear of
160 parked cars which obstruct traffic and therefore would reduce the
161 efficiency of public transport. The Transport Advisory Committee has
162 recommended to Government a policy on "Parking by Meters" which
163 deals with on-street parking in various sections of our city. But the time
164 will soon come when it will be impossible for our crowded road space to
165 cater for the rapidly increasing demand for parking places, and the
166 problems of off-street parking must be earnestly tackled. My
167 honourable Friend, Mr WATSON, has ably dealt with the subject at length
168 and I will confine myself to some of its more practicable aspects arising
169 from our local conditions. Government's declared policy is to build and
170 operate multi-storey car-parks only in the commuter areas leaving other
171 areas to private enterprise. I questioned the soundness of this policy in
172 this Council last year and I should like to raise it again today. No doubt
173 my honourable Friend the Financial Secretary is familiar with the
174 conditions existing in our busy residential and commercial sectors, for
175 instance Mong Kok and Wan Wan Chai, where commercial and
176 entertainment activities extend into the late hours of the evening and the
177 problem of parking is most acute for residents, shoppers and seekers of
178 entertainment alike. I consider these conditions warrant a review of
179 Government policy, and would suggest that Government build at least
180 one car-park in each of these areas and let private enterprise operate them
181 retaining the two lower floors for use as markets to absorb the many
182 hawkers. Such arrangement, apart from off-setting the land element in
183 the costing of these car-parks, will clear the streets for traffic and help to
184 train the "sad circus" to which the Chief Justice has referred.

185 Now let me return to the question of off-street parking in the Central
186 District. I know two multi-storey car-parks are being planned, and I
187 presume their combined capacity will be in the order of 1,500. My fear
188 is that when this new accommodation is added to the three existing car-
189 park buildings and kerb-line metered places, say, in 1969-70, the total
190 capacity available will still be far short of 4,000 and will certainly not
191 meet the increasing requirement having regard to the fact that on-street
192 parking must necessarily be further reduced and the central reclamation
193 will probably have been taken up by building development which will
194 also generate traffic and parking demand. In view of the cost and
195 scarcity of land in the Central area, has my honourable Friend the
196 Director of Public Works considered the alternative of mechanical
197 car-parks to increase accommodation? The design of the car-park
198 near the Macau Ferry Wharf may already be in an advanced stage
199 and reconsideration therefore not advisable. But what of that for
200 Harcourt Road in the old Dockyard land? I am aware that the lift
201 equipment in a mechanical car-park entails a high capital cost and

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157 maintenance but these may be off-set by the reduced building costs by
158 virtue of the lower floor heights required and omission of ramps. But of
159 greater importance is the increase in parking spaces for the same area of
160 site as the latest development of the travelling car lifts permit vertical
161 extension of over 30 levels as compared with the optimum height of 7 - 8
162 levels of ramp-type car-parks, thus increasing the capacity fourfold. I
163 hope my honourable Friend may find there is still time to investigate the
164 economic aspects of the problem and satisfy my honourable Friend the
165 Financial Secretary as apart from cost, multi-storey mechanical car-parks
166 answer the physical limitations of our congested city.

167 Turning now to public transport I am perturbed at the lack of co-
168 ordination between the various agencies entrusted with providing public
169 transport to the community. Government must encourage and direct the
170 activities of all these to meet our present and future needs, and I believe
171 that they will respond to stimulation, expert advice and coordination.
172 The discussion now being held by the two bus companies on interchange
173 facilities in anticipation of the opening of the Cross-Harbour. Tunnel in
174 1970 is a case in point. The appointment of a Commissioner for
175 Transport with full statutory powers and advised by a standing Committee
176 is a move in the right direction but we must ensure that the guiding
177 priority at all times is the efficiency and adequacy of the services
178 provided.

179 While on the question of public transport, I recall that my
180 predecessor, the Honourable Y. K. KAN, proposed the reform of the
181 financial arrangements under which public transport is provided by
182 private enterprise. His proposal was that bus royalties should be
183 remitted in favour of an increase to full tax in hydrocarbon oils consumed
184 by all road vehicles. I should like to express my own views on the
185 subject.

186 It is often said that royalties are an unfair burden on the operators.
187 This is not so, the operators are entitled to reasonable profits and there is
188 provision to vary fares or royalties to achieve this. Royalties are
189 therefore primarily a charge on the users and not on the operators.

190 The users are interested only in the best possible service for the
191 lowest possible fare. However, it is as well for everyone to appreciate the
192 difficulty of equating the three variables involved: fares, royalties and
193 standards of service. Low fares and high royalties result in poor service,
194 while good service and high royalties mean high fares. High royalties are
195 incompatible with low fares and good service. This Council has the
196 power to fix fares and royalties and from this the standard of service will
197 inevitably follow and if this is to be achieved, there must be an equitable
198 level of royalties.

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157 What then is a reasonable level? This is complicated by the
158 monopoly element in mass public transport; if users object to the service
159 provided their only recourse is to use unlawful transport, which in its turn
160 does not lead to a reduction of royalties or fares. If royalties are a
161 charge by Government on transport users to off-set services supplied,
162 then there must be a proper balance for all forms of road transport.

163 A further facet is the comparison of tax paid by car users as opposed
164 to bus users and to what extent an anomaly exists. My honourable
165 Friend the Financial Secretary gave us two bases of comparison last year;
166 he compared the taxes and fees paid by bus users and car users on a
167 passenger-mile basis and on a vehicle-mile basis. The question is
168 whether we should tax on the basis of movement of the person or the
169 vehicle? In common with other big cities we are suffering from shortage
170 of road space and since we apparently need to raise revenue from
171 transport I believe the total paid in taxes and fees should bear a close
172 relation to road use rather than passenger mileage. Traffic engineers
173 have calculated that a road can take about three times the number of
174 moving private cars an hour as the number of buses, and on this basis,
175 taxes per vehicle-mile on buses should be about 3 times that of taxes on
176 cars, but my honourable Friend's assessment last year was 11 cents per
177 vehicle-mile for cars and as much as 50 cents for buses. I submit, Sir, that
178 there should be an equitable single tax on the use of our scarce road
179 space.

180 The abolition of radio licences and easing of Stamp and Estate duties
181 are, in my opinion, wrongly placed. Had such a gesture been applied to
182 bus royalties, the result would have been of universal benefit.

183 If my concern regarding present public transport arrangements is
184 mainly financial my concern for the future of mass transit is no less so.
185 The consultants engaged on the feasibility study of mass rapid transit will
186 soon be submitting their report, and it is highly probable that some system
187 of combination of overhead and underground rail transport will be
188 proposed as a solution to meet the high passenger traffic volume in the
189 next 20 years.

190 Sir, communication routes and facilities are costly undertakings, and
191 hundreds, perhaps even thousands of millions of dollars will be needed
192 over the next 20 years. This, of course, is a terrifying prospect as my
193 honourable Friend the Financial Secretary has said; however railway
194 investment is a very long-term but revenue producing investment no less
195 than that of housing and water-supply on which we have already spent
196 hundreds of millions of dollars. This important undertaking should
197 certainly not be financed out of general revenue as I consider it would be
198 inequitable to burden so heavily our present tax-payers with a project
199 which will mainly benefit our future generation. Private enterprise is

157 unlikely to show interest in such a long-term investment and the required
158 capital must therefore come from sources only Government can tap. If I
159 am right in thinking that the project could be financed by a loan this
160 would be the first thing to consider although I am aware that my
161 honourable Friend has up to now not believed in borrowing. However, the
162 indications are that our economy may be looked upon as creditworthy by
163 the World Bank, and that my honourable Friend may now entertain a
164 different attitude towards international loans; in this event the realization
165 of the first phase of the system may become possible.

166 Obviously I cannot ask today that any statement be made on whether
167 the money will be forthcoming but I do think it is time that some
168 consideration be given to the problems. There will obviously be a limit
169 to the amount which can be raised and no doubt there will be many
170 competing demands. If a mass transit loan could be serviced from fares,
171 would such a loan seriously prejudice the chances of a loan for social
172 services which would have to be repaid from taxation? This Council
173 will be required to vote money for investment in transport in some shape
174 or form even if only for more roads. In the present case the consultants
175 are examining the problems of traffic, engineering and economics. I
176 realize that their precise recommendations will not be known for a few
177 months but I suggest that we have a good enough idea of what is likely to
178 emerge to start thinking about the financial aspects now and thus avoid
179 future delays.

180 Sir, Hong Kong's main problem is a problem of people. The effect
181 of our population explosion on transportation is most pressing. It is
182 estimated that our total population will have doubled by 1986, and there
183 is a justified fear that with our present trends of development based on
184 building regulations in force, the whole of the near 7,000,000 projected
185 population could be crammed into our already overcrowded urban area.
186 If this is allowed to happen our cities will be choked and paralysed and no
187 transport system in the world could possibly cope with the traffic
188 generated by our ultra-high urban density. Complete chaos can only be
189 averted by:—

- 190 (a) decentralization to the new towns with improved and cheap
191 communication;
- 192 (b) co-ordination in the redevelopment and renewal of the older parts
193 of the urban areas and the provision of a new transport pattern
194 therein; and
- 195 (c) a radical revision of the existing land use policy and legislation
196 governing building development.

197 Professor BUCHANAN has demonstrated that in the long term the
198 larger cities can not expect to solve their traffic problems by road
199 construction alone. This certainly applies to Hong Kong because of
200 our physical limitations and large population. It is vital therefore in

157 any future development plans that land use must be related to transport
158 needs.

159 My honourable Friend the Financial Secretary points out that the
160 population development of our new industrial townships has not measur-
161 ed up to expectation and quotes the by-census returns as evidence that our
162 development plans are all going awry. It is my view, Sir, that the
163 reluctance of our industrialists to move to these new areas is partly a
164 result of the inadequacy of our services in the fields of communication,
165 both land and telephonic. We must make every effort to improve these
166 facilities as soon as possible for they are absolutely necessary for indus-
167 trial success.

168 Sir, my honourable Friend's cheerful Budget has shown that our
169 economy is far from being becalmed and that the tradewinds are with us.
170 Therefore, notwithstanding my fears for the future of our transportation
171 systems I am pleased to give it my support.

172 HIS EXCELLENCY THE GOVERNOR:—I think honourable Members
173 will now perhaps like a break and I propose, therefore, to suspend the
174 sitting of Council until half past four.

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176 During the suspension, Messrs T. D. SORBY and Dhun J. RUTTONJEE
177 obtained permission to withdraw for the remainder of the Meeting.

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179 HIS EXCELLENCY THE GOVERNOR:—Council is resumed.

180 MR WILFRED S. B. WONG:—Your Excellency, as this occasion is
181 called The Budget debate I shall concentrate on the financial aspects and
182 economic consequences of the Budget as presented by the Financial
183 Secretary.

184 Prosperity, like cheerfulness, is infectious. The Financial Secretary
185 has added cheerfulness to his customary brilliance in his Budget. Again
186 we are to be congratulated on the strength of the Budget, supported by a
187 resilient economy. While I have nothing but admiration for the
188 Financial Secretary's firm fiscal control which the Budget has indicated,
189 and while I thoroughly approve the abolition of the radio licence, the
190 stamp duty on low-cost properties, the reduction of stamp duty on
191 medium low-cost properties and the estate duty, I wonder if sufficient
192 measures are being taken to boost Hong Kong's economy, and to bring
193 about such prosperity as is necessary not only in providing adequate

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social services but also to raise the standard of living. May I suggest that the Budget as presented is not enough. It does not adequately cover the requirements of an expanding economy and progressive society in terms of public services in general and in educational, medical, housing, public works and welfare services in particular.

I do not think that anyone will disagree with the need for additional social services but how are these social services to be financed? As we are on the threshold of being able to perform these services in raising the standard of living for Hong Kong's four million population, it appears that there is a great opportunity but one disguised as an insoluble problem. In the course of history it becomes necessary to make decisions to chart one's destiny. In Hong Kong within the next three decades at our certain disposal it is incumbent upon this Council to do so. As Your Excellency has so aptly said in your speech in 1965, "In many cases of social handicap*, the root cure lies in economic not social measures." It is therefore economic policies on which we should concentrate our attention.

Are we going to finance the social services and additional facilities through higher taxation? I believe the consensus of opinion will be in the negative.

The other two methods of financing are (A) deficit financing and (B) public borrowing. In the case of Hong Kong neither method has evils but all the virtues as I shall presently show. I do not think that we need resort to public borrowing at the present time, since we have the necessary money. But some countries find it practical to do so. In either case, the conservative objection to deficit financing or public borrowing is that, by deficit financing or public borrowing we would be mortgaging the present for the future, in that the future generation would be called upon to pay for a debt incurred by the present generation. The answer to that is that why should not the future generation be called upon to participate in paying for the services for the present generation since they will also benefit from them. Such additional expenditure would be an extra investment in the people of Hong Kong.

The additional schools built with the extra money we spent on education would certainly benefit the future generation; the money we spent on additional hospitals and clinics would also benefit the health of the future generation; the money we spent on housing would also house the future generation; and the money we spent on social welfare would also work toward the well being of the future generation. Furthermore, the additional expenditure on public works would give the local economy an immediate boost.

In fact the pattern of the curves of income and expenditure in recent years tend to show that surplus financing is gone forever as

* 1965 Hansard, page 53.

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157 in the case of the United Kingdom, United States and many other
158 countries.

159 Since the balancing of a Budget is a means to an end and not an end
160 in itself, too much emphasis could be laid on it. Very often deficit
161 financing increases the production of wealth and thus the assets of the
162 area. The assets of the area are not limited to physical but also to
163 intangible assets such as general prosperity and productivity.

164 In proposing that we increase our Budget by a suitable amount
165 compatible with the increased social services, I would like to draw
166 attention to the following facts:—

- 167 1. The reserves of Hong Kong Government at the end of this
168 financial year totalled \$1,265 million. The sterling investment
169 was sterling £27 million as of November 30th, 1966.
- 170 2. Hong Kong, unlike other developed cities, still has a reserve of
171 Crown Land the value of which has not been recorded in our
172 financial statements.
- 173 3. Public works projects amounting to hundred of millions of
174 dollars such as the Shek Pik and the Plover Cove Schemes have
175 not been used as a collateral for loans repayable through long
176 terms by Government to such institutions as the World
177 Reconstruction Finance Corporation. In Hong Kong we are
178 financing huge capital public works expenditure from current
179 revenue.
- 180 4. Hong Kong has the lowest public debt amongst the large nations
181 of the world. The public debt of the United Kingdom is over
182 £562 per capita. The public debt in America is over US\$1,700
183 per capita, and in Hong Kong, it is only HK\$22 per capita.
184 Therefore any discussion on the so-called deficit is purely
185 academic.

186 It is to be noted that deposits in banks reached an all time high of
187 \$8,405 million at the end of 1966.

188 The effect of an increased budget would be an accelerated pro-
189 gramme of universal primary education. This would bring it into reality
190 in two years' time instead of five years. I believe the Education
191 Department has the trained reserve of staff to take care of that. There
192 would be outdoor training centres for youth which might be the very
193 solution to forestall such incidents as the Kowloon riots such as suggested
194 in the Report of the Inquiry of the Kowloon Riots. Compatible with the
195 training of medical staff the hospital programme would be hastened as
196 well as clinics and perhaps a full dental service which Hong Kong so
197 badly needs could be instituted.

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157 I wish to allay any fear that my deficit financing proposal would
158 involve any large scale expenditure beyond our means. As you all
159 know, as of 31st March 1967, the total of reserves are less than twice the
160 overall forecast deficit for next five years. Therefore an annual increase
161 of, say, \$30 million in the next five years would still, in fact, be more than
162 covered by our reserves. The real deficit financing in later years could
163 be covered by loan financing and eventually by increased taxation if
164 desirable. However, with a rising economy the growth factor in revenue
165 might absorb a large part of the deficit.

166 I cannot help but re-iterate that tax evasion is clearly indicated by the
167 following statistics for the last financial year. Only 39,590 firms of
168 business maintain tax files and at most 30,589 persons paid salaries tax.
169 All others enjoy the peace and prosperity of Hong Kong relatively free.
170 There must be something that can be done about firms and shops who do
171 not issue receipts or maintain proper books, and to individuals who fail to
172 report.

173 And now I come to the second point and that is the state of economy
174 during the year 1966. As everyone knows, there has been an increase in
175 foreign trade during the year and that is a fact for which there is much to
176 be congratulated, but no one would like to state that the local economy
177 was better in 1966 than 1965. That is to say the retail trade, the shops,
178 restaurants, theatres and the building trade, the real estate and the stock
179 market. This is because of the deceleration of the rate of flow of money
180 in the local economy caused by the restriction of credit by the banks. If
181 one were to take the trouble to talk to bankers and businessmen he will
182 invariably find that the large bankers and big businessmen say that 1966
183 was quite a good year, but the smaller bankers and the smaller
184 businessmen say that 1966 was not a good year as compared to 1965 or
185 1964.

186 It is felt in many quarters that banking restrictions as imposed after
187 the bank runs have gone a little too far and that a loosening of credit to
188 smaller business and industries should now be carried out.

189 In certain countries increased taxation is used as a cure for inflation. I
190 am sure that my honourable Friend the Financial Secretary did not
191 introduce the tax increase last year with that in mind. The purpose of the
192 last tax increase, as I understand it, was purely to increase revenue and to
193 reduce an estimated deficit. However, if the tax increase was to reduce
194 credit, it has achieved its purpose, for the smaller banks and the smaller
195 business are now feeling the pinch.

196 This brings me to the point as to whether it would be feasible to
197 create something in the nature of a bill or money market in this colony, as
198 there are in the financial centres of the world such as London, New York,
199 etc. At present—and for the future—Hong Kong's financial

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157 market may be better developed if there is a re-financing and
158 rediscounting centre for individual commercial banks. Since such is not
159 in official existence, a bill and/or money market would absorb idle money
160 on short term basis. If set up properly, it may even be able to attract
161 capital from outside, especially in the South-East Asia areas.
162 Furthermore, this would prevent the unnecessary outflow of money from
163 the Colony to other financial centres in order to earn a little interest. It is,
164 indeed, very difficult for one to understand that money is still rather tight
165 to the small manufacturers and borrowers who are capable in producing
166 acceptable securities while our total bank deposits keep on increasing.

167 My last point concerns establishment. The retirement age of civil
168 servants was established many years ago to be 55. This was determined
169 at a time when Hong Kong, being located as it were in the semi-tropics,
170 was considered to be a hardship area. Since the advent of air-
171 conditioning, Hong Kong is no longer a hardship area and we are losing a
172 fine crop of men at the zenith of their wisdom of age and experience.
173 This is most unfortunate for Hong Kong which, despite a number of
174 weaknesses, enjoys one of the best administrations in the world. It is
175 also unfortunate for the civil servants who at the age of 55 find it difficult
176 to get a career job and often have to pass the twilight of their life through
177 the bleak winter of idle old age. It does not seem equitable that those
178 who have given the best years of their life should be called upon to end
179 their career, to which they have been devoted for decades, so abruptly
180 unless they choose to do so at a time, say, five years, before the
181 compulsory retirement age.

182 A new age limit would reduce this period by five years and be more
183 in line with retirement age in other countries.

184 In the United Kingdom and the United States the retirement age is 65
185 and in the British West Indies it is 60. I would like this Council to
186 consider raising the retirement age to 60 for Hong Kong also. I do not
187 think there could be many arguments against this except that the younger
188 staff might regard this proposal as blocking their earlier chances of
189 promotion. To that argument we must bear in mind that a later
190 retirement age would also apply to the younger staff and therefore, if they
191 look ahead a few years on the grounds of security, it is a proposal which
192 would be fair all round. I hope this Council will seriously consider this
193 proposal.

194 With these remarks, Sir, I have much pleasure in supporting the
195 motion.

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197 MRS ELLEN LI:—Your Excellency, before I start, may I take this
198 opportunity to say how much we all appreciate and enjoy the very
199 delightful and comprehensive Review you gave 2 weeks ago in this

157 Council. It certainly helps to uplift the morale of the people and inspire
158 confidence for the future of Hong Kong. It amounts to a goodluck
159 charm for the year of the Ram.

160 I am glad to say that our honourable Friend, the Financial Secretary,
161 has become overnight the most popular man in Hong Kong today after his
162 timely presentation of a cheerful Budget which seems to please
163 everybody. The statement that “money is not everything” cannot be
164 entirely true in this case. I congratulate him on this very strategic move
165 that bring such a psychological triumph at a time when we all need some
166 stimulant after the depressing events of the past two years.

167 Yesterday and today, my senior Colleagues have already commented
168 on scores of subjects concerning the items on the Budget that affect the
169 well-being of our city. This leaves me very little else of which I am
170 qualified to comment. I am therefore going to touch upon the few topics
171 which I have a special interest in. By “special interest” I do not mean
172 financial either.

173 I would like to ask for your indulgence for what I am about to say
174 which may seem a little long-winded. I notice I am not alone in this fault
175 in my case. Blame it on my inexperience, if you like, but this is the best
176 way to express my view I know how. I do not intend to make direct
177 reference to the items on the Budget since some of my Colleagues have
178 already done so, but the comments do certainly have some direct bearing
179 on the expenditure, all except one.

180 Although I do not wish to spoil the cheerful atmosphere of the
181 Council this afternoon and the enchantment created by the feeling of
182 relief from a near balanced Budget, I feel it my duty to remind this
183 Council that there are at least half a million people in this city who are not
184 so very happy today—half a million women who are living under undue
185 social injustices which are within this Council's power to remove or
186 rectify but which still are not yet being rectified. I refer to the Chinese
187 law and customs and the inequality in the terms of service for women in
188 Public Service.

189 Last month in this Council, my Friend the Honourable P. C. Woo
190 referred to the subject of Chinese law and customs and urged: and I quote
191 “that Government will pursue with vigour the reform of the Chinese law
192 and customs by replacing it with modern legislation and to bring it up to
193 date to conform with the modern laws of marriage, divorce and especially
194 succession, and thus provide the Chinese community with the same rights
195 and duties under this important branch of the law as other sections of the
196 community in Hong Kong”.*

197 Last year, during the Budget debate, the Honourable C. Y. KWAN
198 reminded the Government that it had been many long years since his

* Page 14.

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157 Committee first presented the Report and also urged Government to speed
158 up the process of implementation of its recommendations.

159 The Report Mr KWAN mentioned was first presented to Government
160 in 1950 after 2 years and 60 long sessions of deliberation by the
161 Committee of 7, instituted in 1948, of which Mr KWAN was a member.
162 This Report was finally published 3 years later in 1953.

163 To retrace the various stages of development would make tedious
164 reading. Suffice it to say that since then many arguments *pro* and *con*,
165 discussions, petitions, correspondences took place. Just to mention a
166 few instances to give us the right perspective of the time element involved:
167 there were the petitions of the lady J.P's, and the various organizations
168 and leaders of the community in 1957; the White Paper laid before this
169 Council in 1960 and the draft recommendations issued in December
170 1962.

171 I understand that these draft recommendations were laid before the
172 Executive Council and were accepted in principle in December 1965.
173 The matter was to be referred to the Secretary of State. That was as far
174 as I understand of what has been done and how far the matter has
175 progressed. Last month in this Council.* in answer to Honourable P.
176 C. Woo's comment, the Secretary for Chinese Affairs, the Honourable Mr
177 HOLMES stated that Government has decided to issue yet another White
178 Paper setting out a Statement of Policy on the subject of Customary
179 Marriages with the purpose to again invite public comment.

180 So we are now back again onto the merry-go-round and we are back
181 to where we started! It has been 17 years since Mr KWAN's Committee
182 presented its first Report to Government in 1950 and since then 2
183 Governors, 3 Attorneys General and 1 Secretary for Chinese Affairs have
184 retired.

185 The patience in women, so admired by my honourable Friend, Mr
186 Woo, has become in this case, not a virtue, but a hindrance to progress.
187 It is really inexcusable and unjustifiable that Government should take so
188 long to formulate one single legislation which will rectify an injustice
189 suffered by so many women for so long, especially when there is the first
190 Report to serve as a good basis for discussion and study.

191 The deprivation of a woman's right of succession and the lack of
192 legal protection for woman married under the Chinese Customs, call for
193 immediate action, as such discrimination and social injustice have no
194 place in our modern society.

195 It is beyond any reasonable understanding that Government is
196 reluctant to replace a set of antiquated legislation from a dynasty no
197 longer in existence for the last 58 years. I sincerely hope our Friend,

* Pages 12-14.

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157 the Honourable Secretary for Chinese Affairs, would concentrate more on
158 this one important phase of Chinese affairs during his term of office.
159 My second point concerns the terms of service for women in public
160 service. The Salary Commission recommended a progressive pay scale
161 to equalize women's pay in 10 years, but on the other hand, cancels the
162 maternity leave for married women.

163 The Public Service Commission has accepted in principle the Salary
164 Commission's recommendations and it is gratifying to note that the
165 acceptance includes the removal of the marriage bar for women. This
166 would give married women officers a great sense of security in their work
167 as most of them do remain in the service for many years. But I consider
168 the cancellation of maternity leave a very serious retrogressive step, and
169 a deprivation of a basic human right. I would earnestly urge that the
170 Public Service Commission reconsider this point.

171 When Mrs Eirene WHITE visited us in January last year, I did discuss
172 this point with her, together with a group of women leaders of the
173 community. She agreed that maternity leave is a basic right and should
174 not be made into a bargain point for the equal pay issue. The consensus
175 of opinion was that it would not be unreasonable to recommend for the
176 reinstatement of maternity leave on the basis of 12 week paid leave for the
177 first 2 confinements and 12 weeks with half pay for a further 2
178 confinements, instead of 4 confinements in both cases as at present.
179 This principle is in line with the modern trend of thinking on responsible
180 parenthood that the first 2 children is the fulfillment of a woman's duty to
181 her family and the society but the further ones become a luxury for the
182 responsible parents.

183 As regards the length of time required to realize equal pay for women,
184 granted that it needs more money to implement it, but why does it have to
185 be 10 long years? Out of the 69,150 persons in the public service, 11,400
186 are women and only 281 of these women are on the administrative or
187 professional staff list out of a total of 2,264 and many of these women are
188 already enjoying equal pay. I think therefore that we can afford to
189 shorten the period to 5 years, up to 1970 or 1971 instead of 1975. If we
190 can afford financially to abolish one tax and reduce other two just for
191 psychological effect, surely we must be able to afford to redress an
192 injustice. Why are we always so reluctant and ungracious to do a good
193 deed?

194 Social welfare service is gradually becoming of age, and there is a
195 need to recognize the distinction between the various aspects of such
196 services, a need to reach the different strata of the society—the young
197 people, the housewives, the working mothers, the workers in industries
198 and offices, and many others and a need for change of attitude and
199 conception toward the more positive but less tangible services, such

157 as leadership training, community development, youth work, etc. as
158 different from relief or even pure charity, but nevertheless important.

159 We have now in existence in Hong Kong more than 200 voluntary
160 welfare agencies most of them well-established and well-run, offering
161 valuable services to the community at a cost below Government standard.
162 This is due mostly to the large army of volunteers who give their services
163 free to these organizations in the supervising, policy-making, organizing
164 and fund raising duties. A second factor is that these organizations are
165 able to recruit workers, both trained and untrained, at a lower scale of pay.
166 But as the services are becoming more and more professional, more
167 trained staff is required and higher salary must be paid.

168 I think it is about time that the Social Welfare Department considers
169 the possibility of adopting a general policy to subsidize part of the salaries
170 of social workers in the voluntary agencies on more or less the same
171 principle as the Education Department, taking into account their academic
172 qualifications, years of service and in-service training experiences. This
173 would give the social workers a professional status and would raise the
174 standard of service in some of these organizations.

175 At the same time, some form of registration should be instituted for
176 all welfare agencies in order to establish some control or supervision of
177 these agencies and to protect the public interest. At present only 84 of
178 these agencies are members of the Council of Social Service and this
179 membership serves as one of the criteria for consideration for
180 Government subsidy. But the membership is only voluntary, and the
181 Council only acts as a co-ordinating body.

182 My next comments are on education and the problem of youth.
183 Perhaps I should not have mentioned the two subjects in the same breath
184 as it may implicate education as the direct cause of such problems, but
185 there is a connexion somewhere. Perhaps it is not the education itself
186 but the system in education plus the primitive system of employment in
187 our industries which leaves an age gap that needs to be bridged.

188 Our quantitative performance in the field of education is quite
189 impressive. According to the Hong Kong Report, our primary day
190 school enrollment last year was 619,513 covering 99.8% of the esti-
191 mated number of children in the age groups of 6-11 inclusive, plus
192 38,000 in night schools. Our education policy aims to provide a sub-
193 sidized primary school place for every child in 1971. My Friend on
194 my right has just mentioned the provisions of Universal Education.
195 It is time that we should now consider the principle of free primary
196 education and plan for it step by step to start in 1971. This is one
197 principle we cannot afford to ignore any more if we are going to

157 consider ourselves a “developed” country by international standards.
158 Anyone who has a chance to attend any international conference on
159 education, human rights, welfare or any such relevant topics, will in-
160 evitably develop an inferiority complex when we find that we are the only
161 “developed” country as far as I know that does not offer free primary
162 education to our children.

163 The age gap I mentioned earlier which exists in our education and
164 industrial systems is the gap between 12 when one finishes primary
165 school and 14 which is the legal age for employment, and the difficulty of
166 employment before 17 or 18. Except for some very limited trades such
167 as restaurants, most industrial concerns do not employ children under 17
168 which is also the age for acceptance into many practical training in
169 vocational or industrial training centres or factories. It is rather alarming
170 and disturbing to note that 75% of serious offences of young people under
171 21 were committed by boys between the age of 14-18.

172 According to the 1966 By-Census, the estimated population between
173 12-18 age group was 579,910. Education Department reports that there
174 were 222,890 enrollments in secondary schools which leaves approx.
175 357,000 youngsters in this age group not in school. Labour Department
176 gives the figure of 6,215 of young people between 14 and 18 gainfully
177 employed in industries. The Hawkers Select Committee of the Urban
178 Council reported that there were 2,940 young persons under 18 charged
179 for illegal hawking. So apparently a very large number of young people
180 under 18 are actually engaged in hawking with or without licences.
181 There must also be large groups of girls in this age group employed in
182 restaurants, home industries or doing general house work at home.
183 Other than these, we have no accurate statistics available, but
184 conservatively we can further assume that we have 100,000 young people
185 who are either potential workers or potential delinquents.

186 The Committee on Technical Education and Industrial Training urges
187 that training be encouraged for industries, but advised that the industries
188 themselves must take the initiative to institute such training. I, for one,
189 do not agree entirely with this view. We have read reports that there is a
190 shortage of about 6,000 skilled, unskilled and semi-skilled labour in
191 industries. There is also a shortage of artisans, technicians and
192 mechanics in the maintenance trades such as plumbing, air-conditioning,
193 electrical and mechanical installation and repair. On the other hand, we
194 have on our hands a large group of young and vigorous work
195 potentials who may not be academically brilliant, but need to be
196 trained to do useful work. I think it is the duty of the Government to
197 bridge this gap, by taking the initiative to help the industries and
198 trades to train their workers by way of concession of land, or some sort
199 of subsidy, capital or recurrent, or supply of leadership at the initial stage,
200 or even the supply of teachers. The Federation of Industries, the

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Chinese Manufacturers' Association and the General Chamber of Commerce must necessarily be expected to take an active part in this project.

While on the question of youth, the Urban Council members are working very hard to press Government for more and more land to be used for playgrounds, swimming pools, and recreation centres, as well as for other existing facilities to be made available at night for the use of our young people. My honourable Friend Mr. Ross also spoke on this question at some length earlier this afternoon. I would like to go one step further and suggest that youth leaders or instructors be provided to supervise recreation activities. It is not enough just to provide the places for activities, it is just as important to make sure that the facilities are not being abused by hooligans, Triad societies and bullies as a meeting place for illicit activities.

I have already "gone to town" on the subject of women in public service, so I will put forward by views on the subject of public service in general terms.

Your Excellency, in your speech 2 weeks ago, mentioned that "the progress and development of Hong Kong requires a capable and efficient Public Service". Needless to repeat that we require more and more trained personnel in our administration. We must look to our institution of higher learning for our requirements, especially our 2 universities and our bright young men trained overseas. On the one hand, the Committee on Higher Education estimates that Hong Kong will need 88,000 trained people by 1971 and is short of 31,800. On the other, we are having a brain drain of young talents who prefer to remain overseas after training. Hong Kong of course is not unique in this situation. In fact, we are slightly better off than many other countries because many of our doctors, architects, accountants and lawyers do come home, as working conditions in these professions are favourable and living conditions in Hong Kong are good but the majority prefer private practice sooner or later. However, the situation is not the same with engineers, industrial managers, designers, scientists and many others, because not enough suitable jobs are opened to them either in industries or public service.

We are told that there is an acute shortage of doctors in our hospitals, shortage of trained social workers, shortage of legal personnel in our judiciary branch of our service, shortage everywhere. The situation will become even more acute as these branches of service expand. We also hear about the dissatisfaction and complaints of discrimination from the local officers regarding housing, leave allowances and passages, promotion, and comparative qualifications. It is therefore quite apparent that if we are going to be able to recruit and retain the high calibre personnel we need in the Service, we must streamline our terms of service further.

157 Housing, or the lack of it, is the most serious drawback as far as the
158 doctors and other specialized posts are concerned. The parity between
159 the expatriate and local staff leaves some room for consideration,
160 especially at the higher level. At present 48% of the 2,264 administra-
161 tive staff are local while on the superscale posts only 19% or 47 out of
162 253 are local, making the ratio of more than 5 to 1. It is also necessary
163 that due consideration must be given to overseas qualifications acquired
164 outside the Commonwealth Countries, especially when such training is
165 not available in Hong Kong, except of course where international status is
166 involved. Until equal terms of service and equal chance of promotion
167 are given to all, irrespective of nationalities, it will be difficult to attract
168 highly trained local boys and girls from overseas and keep the ones we
169 have.

170 I have only 3 simple and small points to make on the question of
171 taxation: (1) that the Financial Secretary should pay more attention to
172 the leakage in the system—plug the hole before he increases any more
173 inflow. No 2 that Government considers tax exemption for donations
174 and endowments for social welfare, education and medical work. (3)
175 that Government considers a higher initial exemption rate on salary tax
176 for the wife and the first 2 children in place of the extra exemption for the
177 5th and 6th child. Although the intention of this extra exemption is to
178 relieve the burden of a large family, but in practice is encouraging the
179 already large families to have still larger families which is one luxury we
180 can ill afford and is the base of all our problems.

181 This brings me to the question of family planning. Since none of
182 my Colleagues has the courage to mention this subject I would like to
183 take the point first. My Colleagues already commended on the
184 remarkable achievement of the family planning movement in Hong Kong,
185 in bringing the birth rate down to the lowest ever rate of 24.9 per
186 thousand which is the lowest in South East Asia, except Japan. Dr
187 Ronald FREEDMAN of the University of Michigan Population Studies
188 Centre who visits Hong Kong frequently and institutes birth-rate studies
189 here and elsewhere has this to say: and I quote “A demographer has a
190 sense of population history being made in Hong Kong every day.” and
191 he goes on to say, “Almost certainly the Association is either first or
192 second in the world in achievement among voluntary agencies doing
193 family planning work.”

194 Dr FREEDMAN also added a word of warning by saying that the
195 number of women of the 20 to 24 age-group will probably increase by
196 100% in the next 5 years and will by itself cause a large increase in the
197 birth rate *unless* the present level of family planning practice is increased
198 substantially. Besides financial and moral support, the movement is
199 going to need active participation from every Government Department,
200 every factory and every business concern, for the welfare of their staff .

157 Sir, since my main theme today is on law reforms which requires
158 only time and compassion, but no financial expenditure, I shall therefore
159 be very pleased to lend my support to the motion before Council.

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161 MR J. DICKSON LEACH:—Your Excellency, at this late hour, and in
162 view of the remarks of my honourable Friend, Mr P. C. Woo, I must first
163 apologise for adding to the indigestible fare.

164 In a flying formation in the last war—and it is possibly the same
165 today—the last pilot had the task of weaving from side to side, using one
166 eye for the protection of those ahead and the other for himself. Today, I
167 find myself in a similar situation as the last of the unofficial formation.
168 After two days of debate, weave from subject to subject I must if I am to
169 say anything. However, my honourable Colleagues who have gone
170 before are seasoned veterans who require no protection. On the other
171 hand, if the past be any guide, protect myself I must as a bear in defence
172 of its young is no more dedicated in its task than my honourable Friend,
173 the Financial Secretary, concerning Budget which he presents.

174 From my fellow Justices of the Peace I have received a number of
175 requests that certain matters be raised at this time. I would like to
176 acknowledge the help of my honourable Colleagues who have kindly
177 included some of these items in speeches where they have explored topics
178 in depth.

179 A matter which gives rise to universal concern is that of Hawkers. I
180 realize that this is a problem more applicable elsewhere but there are
181 financial implications which suggest that the matter be raised at a Budget
182 debate. We have seen the transfer of the authority in controlling
183 hawkers from the Police to the Hawker Control Force with the additional
184 expenditure involved. At the opening of the Assizes, the Chief Justice
185 made reference to the fact that approximately 50% of the cases passing
186 through the courts concern hawkers with the fines imposed being treated
187 as a business expense. In the report of the Chairman of the Urban
188 Council for 1965-66, it is stated that the Hawker Control Force took out
189 6,925 summons and charged another 11,783 persons for breaches of the
190 regulations. The size of the law problem is obvious as is the time
191 consumed in courts on such cases.

192 Hawker licences in force at the end of 1966 numbered 29,155 and in
193 addition it is estimated there is a similar number plying their business
194 without licence. It is also estimated that the average number of people
195 working under the umbrella of a licence is between 4 and 5. If these
196 estimations are correct, at the lower figure of 4 there are over 200,000
197 directly or indirectly engaged in hawking. This is some 5% of the total
198 population.

157 No one will wish to deny the right of any person to make a living
158 within the requirements of the law. In fact there is much to be said in
159 favour of the family who turn to hawking to provide themselves with
160 independance rather than exist on charity. However, the problems of
161 licensed and unlicensed hawkers is one which is growing and cannot
162 continue to go unchecked forever.

163 The number of known vacancies existing in industry at 31st
164 December last year was 6,353 and any able-bodied person in Hong Kong
165 who is willing to do a fair day's work can always find an opening in
166 industry. In your address, Sir, you stated in reference to Education that
167 "it now seems clear that it will be possible for us to provide by 1971 a
168 subsidized place for every child of the right age seeking one".

169 It has been said that children of hawkers usually follow on in the
170 trade of their parents. Can we honestly reconcile the thought of
171 subsidized education to fit children for hawking? We all believe in the
172 inalienable right of every child to have a good education to fit him or her
173 for the world of tomorrow. However, if that child's horizon is to be
174 restricted within the limits of hawking, are we not failing in our duty?

175 Apart from the foregoing the cost to the community as a whole must
176 come under examination. The final position is likely to be that hawkers
177 will be living in Government sponsored or subsidized housing. From
178 their homes they then hawk their wares, often with pitches outside of
179 shops selling identical products at prices which include an element to
180 cover the outlay on rent and rates. We, by this I mean the Hong Kong
181 citizens at large, are paying for or subsidizing housing, education, the
182 Hawker Control Force and the law.

183 As I said earlier, there were 6,353 reported vacancies in industry at
184 the end of 1966. Hong Kong thrives—nay exists—on its industry.
185 Some means must be found to persuade hawkers, sound in mind and limb
186 and their families to take up gainful productive work. Hawking is an
187 anachronism in this day and age. Whether persuasion can be achieved
188 by cancelling a percentage of the licences in force each year, cancellation
189 on an age basis or even by buying back licences on a surrender basis for
190 an agreed sum as has been done in other countries where there has been a
191 surplus of liquor licences in specified areas I must leave to those more
192 qualified to deal with this subject.

193 The problem is one which can affect the economy as Hong Kong
194 cannot continue to be as profligate with its labour force in the future as it
195 has been in the past. The time has arrived to call together a working
196 party of experts in this field to find an answer in the longer term interests
197 of Hong Kong.

157 The Commission of Enquiry into the Kowloon disturbances com-
158 mented in paragraphs 459 to 463 on the “feeling of impermanence or not
159 belonging”. I and many others firmly believe that every encouragement
160 should be given to people to own their own homes as it is the home owner
161 who has a stake in the community. I, therefore, welcome the concession
162 contained in this Budget to abolish the Stamp duty of 2% on property
163 where the value is \$20,000 or less and be halved for properties between
164 \$20,000 and \$40,000. This goes some way to encourage a prospective
165 home owner to buy.

166 At the same time consideration should be given to further encourage
167 these prospective home owners. I would suggest that an investigation be
168 carried out to see whether it is possible to allow a home owner to offset
169 mortgage interest as a personal allowance in the Salaries Tax. The
170 concession I have in mind would be solely applicable to a purchaser
171 buying a home for his own occupation and would therefore exclude
172 investment in any shape or form. At the moment a home occupied by an
173 owner is exempt from property tax whether owned outright or being
174 purchased on mortgage. The additional incentive of allowing mortgage
175 interest paid as a personal allowance could be a decisive and welcome
176 factor to purchase; especially to the young married prospective home
177 owners as well as a large part of the white collar workers; segments of the
178 population who suffer a great deal of hardship relative to housing, paying
179 rents of 30% or more of their income. Obviously it would be necessary
180 to put a top limit on a concession of this nature and I would recommend
181 that interest be treated as an allowance under salary tax in respect of
182 mortgages not exceeding an amount of \$50,000 on homes bought for
183 owner/occupier use. The cost to the Government in the final event
184 would not be large at the same time removing some pressure on
185 Government sponsored or subsidized housing schemes.

186 It is encouraging to see the number of commercial firms who have
187 inaugurated building programs during 1966 with the main object of
188 selling flats to the middle income group. This part of Hong Kong's
189 population is a responsible part of the permanent population who have
190 had no financial encouragement in recent years to buy their own homes.

191 In your address, Sir, you passed complimentary remarks on the
192 Public Service. I would wish to be associated with all you said. The
193 nearer one is to the centre of their work the more one realizes the many
194 and varied tasks which fall to the lot of Government servants. However,
195 Sir, as you said, the service does receive its fair share of criticism. With
196 an establishment of 73,190 it would be too much to expect the same
197 standards to apply throughout. The public expect good service from any
198 organization and only become vocal when faults come to light.

157 I had been asked to raise the question of a Courtesy Campaign
158 throughout the Public Service. One may ask whether this is necessary
159 especially if one deals with the heads of departments or the top echelon
160 where it is usual to be received with courtesy and find efficiency.
161 However, the public at large deal with the middle and the lower echelons
162 and here there is much room for improvement. A dictatorial letter
163 issued departmentally can have a devastating effect on a recipient. To
164 the educated the letter is merely treated as an indication of the writer
165 arrogantly assuming powers to which he is not entitled but to the
166 uneducated there is a feeling of despair at the hands of a despotic power.
167 Letter writing is particularly poor and there is room for much
168 improvement. I appreciate that it is not always easy for the departments
169 whose only contact with the public is collecting cash but on the other
170 hand it is not impossible.

171 Sir, I would not normally wish to single out any part of the Service
172 for criticism or praise although at times this should be done. Looking
173 back on 1966 I feel it very desirable that the sterling work of the Police be
174 recognized not only for their restraint in the Kowloon Riots but also in
175 their day to day duties. Over the years we have taken it for granted that
176 life will continue in an orderly fashion. The efficiency of the Police
177 Force has ensured this. We ask them to perform many unpleasant tasks
178 in enforcing the numerous laws and by-laws, many of which are not
179 easily understood by those affected. However, life in any community
180 must be regulated in such a way that the majority benefit and the minority
181 conform.

182 I would enquire whether it is possible to institute a simplified system
183 of dealing with misdemeanours rather than crime. In dealing with the
184 majority of these minor offences "in the due process of law" the cost
185 involved is out of all proportion to the offence or the fine imposed. I
186 instance a parking offence. The first action is to send a letter to the car
187 owner requesting the name of the driver at the time. After this
188 information has been supplied, the driver receives a letter asking for
189 certain particulars. After the driver's explanation has been considered a
190 summons is then issued. Invariably the driver pleads guilty by letter and
191 has to pay the appropriate fine. Another letter is then issued telling the
192 driver the amount involved and where to pay. All this takes time and as
193 I have said the cost is high. The system is cumbersome in application
194 and I would recommend thought be given to a simplified procedure.

195 At one time I did not find myself seeing eye to eye with my
196 honourable Friend, the Financial Secretary, regarding the levying of an
197 individual tax to meet a specific need. I must say I am now a convert
198 and agree that where it is possible a cess such as that for the Trade
199 Development Council, the Hotels tax to raise funds for the Tourist

157 Association and the Airport tax suit Hong Kong's economy much better
158 than a general increase in the tax structure.

159 I note from the estimates that the 1967-68 item for the Immigration
160 Department has risen from \$5,385,600 last year to \$6,771,500 which is an
161 increase of \$1,385,900. The total number of sea passengers cleared,
162 embarking or disembarking, for the year ended the 31st December 1966
163 was 2,777,899 of which 61,988 were on ocean going ships. The traffic
164 to Macau accounted for 2,715,911 and whilst a number may have gone to
165 see the scenery I feel reasonably correct in assuming the majority went to
166 enjoy a little legal gambling. I do not wish to discuss the gambling
167 aspect at this time as I understand the subject is to be raised by one of my
168 honourable Friends at a later date.

169 The estimate of the Macau traffic in 1967 is that it could exceed the 3
170 million mark. This is a large figure and past experience has been of
171 difficulties and delays in clearing passengers through the terminal
172 buildings. We are now faced with additional expense for piers, terminal
173 buildings and the ancillary works connected in dealing with this heavy
174 traffic efficiently and speedily. I note from the press that the number of
175 foreigners visiting Macau was less than 100,000 and by far the major
176 section of the travellers were citizens of Hong Kong. I feel there is now
177 a case for examining very closely the question of obtaining revenue from
178 this source either by means of a per capita fee for travellers or from the
179 shipping companies involved.

180 At the meeting of the Legislative Council on the 1st March, the
181 annual report of the School Medical Service Board for the year ending
182 31st December 1966 was tabled. The number of school children partic-
183 ipating in the scheme fell from 83,042 in 1965 to 51,937 during 1966
184 whilst the number of schools participating rose from 528 to 645. The
185 number of children eligible to join was 868,771.

186 The School Medical Service Board was incorporated to operate a
187 scheme to provide economical medical treatment for the pupils of schools
188 participating therein and ancillary thereto. Whilst there are a large
189 number of children at schools whose parents are able to pay for medical
190 treatment outside of this scheme, this does not account for the 816,834
191 children who are outside of the scheme.

192 A fee of \$7 a head from the parents of each child seems low but it is
193 a real burden to the low income group who have stretched their budget to
194 the limit to pay for schooling. The report itself makes reference to the
195 absence of free participation for the needy. It is this segment of our
196 population where the need is greatest.

197 I have had some figures given which illustrate even further some of
198 the problems at the present time. Of 164 children examined between
199 October and December, 58 required spectacles and 25 dental care.

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157 Whilst the scheme makes provision for supplying glasses at a nominal
158 cost of \$10, even this sum is impossible to meet by those families where
159 income is already strained to the utmost. The doctor will advise the
160 child or the parent of the requirement of dental treatment, unfortunately
161 there is no method of obtaining such treatment.

162 If the scheme is to help where it is most needed, some further grant
163 must be made for disbursement at the discretion of the Board in cases of
164 need or alternatively, a means test instituted. Subsidization or free
165 spectacles and dental treatment for children whose parents cannot meet
166 the cost is also essential.

167 The scheme in its present form is inadequate and pays only lip
168 service to the needs of school children. A membership of only 51,937 in
169 comparison with eligibility of 868,771 speaks for itself as the poorest
170 children do not participate. I have seen the correspondence and state-
171 ments in the press on this subject. It has been stated that a full medical
172 scheme would involve Government in a commitment of upwards of \$4
173 million. I would venture to suggest that the cost would be much higher
174 if spectacles and dental treatment is included. A number of parents have
175 not entered or withdrawn from the scheme as they are prepared to take the
176 gamble that the child or children will not require medical treatment.
177 There can be little sympathy with this outlook as the medical fees have
178 been calculated on an "average" normal cost for numbers. The point I
179 wish to make is that the scheme is not flexible enough to allow discretion
180 or disbursement for those who do not and cannot participate through
181 poverty.

182 In the field of social welfare I would ask that special attention be
183 directed to the needs of those children mentally handicapped and
184 emotionally disturbed. Much progress has been made in this direction in
185 recent years but I have grave misgivings as to whether we really yet know
186 how large is the problem which is before us. The Annual Report of the
187 Director of Social Welfare for the year 1965-66 gives certain statistics
188 which would indicate that the total number of persons who suffer from
189 some degree of mental instability is increasing. However, I would
190 question this inference on the assumption that as the facilities for
191 treatment become more widely known, parents and relatives bring cases
192 forward which would otherwise be treated, for better or worse, at home.

193 I am particularly anxious that treatment is available for these children
194 and young persons. We must be realistic in the approach to the problem
195 of mentally sub-normal children. Whilst some are capable of being
196 trained, under expert guidance, to do simple work and be returned to
197 parents or relatives, others, I am sad to say, will require institutional
198 treatment and care all their lives. The requirements for buildings
199 equipment and experienced staff must increase over the next few years

157 if any headway is to be achieved. Probably the greatest single factor
158 hindering progress is the lack of skilled staff and I would ask whether we
159 are giving this problem a high enough priority and making sufficient
160 progress.

161 Towards the close of the introductory speech to the Budget mention
162 was made of a concession in connexion with tax reserve certificates
163 where the interest rate has been increased to 4.20% tax free which is the
164 equivalent of 5% before tax at the standard rate. This is very welcome
165 but I would like to draw some attention to interest under this scheme.
166 Interest is calculated as commencing from the first day of the month
167 following the date of issue up to the first day of the month in which the
168 certificate is accepted for payment of tax. Could the Ordinance not be
169 improved on the basis of interest accruing in the final month on a day to
170 day basis? I would also suggest that consideration be given to these
171 certificates being issued at the Post Office in the same manner as postal
172 and money orders. In the year 1965-66 there was an increase in the total
173 number of certificates issued but the value thereof showed an appreciable
174 fall in relation to the years 1963 to 1965. Obviously I would like to see
175 all interest accruing on a day to day basis but I know there are difficulties
176 in this respect. However, allowing interest to accrue on a day to day
177 basis in the final month would iron out certain anomalies and restore
178 popularity where the larger values are involved.

179 In conclusion, Sir, I would congratulate my honourable Friend, the
180 Financial Secretary upon his Budget. It was a pleasant surprise to all the
181 citizens of Hong Kong and will, I am sure, stimulate our economy. Our
182 finances are the envy of many larger nations but so, too, are our
183 industrious population. Spending is a matter of priorities and needs and
184 if I have asked for more for certain projects, I have also, at the same time,
185 suggested an alternative means of raising revenue painlessly. I have
186 pleasure in supporting the motion before Council.

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188 THE COLONIAL SECRETARY: —Sir, I beg to move that the debate on
189 this motion be adjourned to a later meeting of Council.

190 THE ATTORNEY GENERAL seconded.

191 The question was put and agreed to.

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ADJOURNMENT

194 THE COLONIAL SECRETARY moved the adjournment.

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THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

NEXT MEETING

HIS EXCELLENCY THE GOVERNOR:—Council will now adjourn and the next meeting of the Council will be held on the 29th March.

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