
OFFICIAL REPORT OF PROCEEDINGS
Meetings of 13th and 14th March 1968

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE CROSBIE 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, CBE
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, CBE
THE HONOURABLE FUNG HON-CHU, OBE
THE HONOURABLE TANG PING-YUAN, OBE
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, OBE
THE HONOURABLE WILFRED WONG SIEN-BING, OBE
THE HONOURABLE ELLEN LI SHU-PUI, OBE
THE HONOURABLE JAMES DICKSON LEACH, OBE
DR THE HONOURABLE CHUNG SZE-YUEN, OBE

IN ATTENDANCE

THE DEPUTY CLERK OF COUNCILS
MR DONALD BARTON

13th March**MINUTES**

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

PAPERS

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

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:—	
Merchant Shipping Act 1965.	
Merchant Shipping (Tonnage) Regulations 1968	18
Legal Aid (Amendment) Ordinance 1968.	
Legal Aid (Amendment) Ordinance 1968 (Commencement) Notice 1968	19
Exportation (Cotton Manufactures) Regulations.	
Exportation (Cotton Manufactures) (Amendment of Schedule) Order 1968	20
The Chinese University of Hong Kong Ordinance.	
Statutes of The Chinese University of Hong Kong 1968	21
Cremation Ordinance.	
Cremation and Gardens of Remembrance (Amendment) Regulations 1968	22
Public Health and Urban Services Ordinance.	
Declaration of Market in the New Territories, and of Area Served Thereby, to which the Ordinance Applies	23
Importation (Coffee) Regulations.	
Importation (Coffee) Regulations (Amendment of First Schedule) Order 1968	24
Select Committee Report:—	
Report of the Select Committee on the Draft Estimates of Revenue and Expenditure for 1968-69.	

**REGISTERED TRUSTEES INCORPORATION (AMENDMENT)
BILL 1968**

THE ATTORNEY GENERAL moved the First reading of:—“A Bill to amend the Registered Trustees Incorporation Ordinance.”

He said:—Sir, the Registered Trustees Incorporation Ordinance enables the trustees of charities appointed by an association or body of persons to become incorporated by a fairly simple method of registration.

Such registration enables trustees to sue and be sued and to hold trust property in their corporate name, which avoids the many legal difficulties which beset unincorporated associations.

The Ordinance is at present, however, restricted in its scope in that only trustees of charities which are composed of associations or bodies of persons established for a charitable purpose can be registered.

The purpose of this Bill is to enable trustees of any charity, including particularly one established by deed by an individual, to apply for registration under the principal Ordinance.

The opportunity has also been taken, in clause 3(*d*) of the Bill, to add a new provision whereby the receipt of fees by a trustee, acting in his professional capacity on behalf of the trust, does not infringe the rule set out in subsection (2) which is contained in clause 3 paragraph (*d*) in the Bill. This rule provides that a charity ceases to be registrable under the Ordinance if a trustee makes personal gain from it.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

The principal Ordinance provides a simplified procedure whereby trustees of certain bodies of persons may be incorporated. The main purpose of this Bill is to extend the benefit of this procedure to trustees of charities which are not “bodies of persons”. The new provisions are designed to bring within the scope of the principal Ordinance trustees who have been appointed under the terms of a will, trust deed or other instrument whereby a charitable trust has been created.

The opportunity is also taken in clause 3(*d*) to add a new provision whereby the receipt of remuneration by a trustee when properly acting in a professional capacity on behalf of a body of persons or charity does not constitute an acquisition of gain so as to debar the trustees from incorporation under the principal Ordinance.

CHARITIES (LAND ACQUISITION) (AMENDMENT) BILL 1968

THE ATTORNEY GENERAL moved the First reading of:—"A Bill to amend the Charities (Land Acquisition) Ordinance."

He said:—Sir, this makes two small amendments to the principal Ordinance, where this refers to the Registered Trustees Incorporation Ordinance, by reason of the introduction of a new definition of charity in the latter Ordinance proposed by the last Bill before Council.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons

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

This Bill seeks to amend the principal Ordinance in consequence of the Registered Trustees Incorporation (Amendment) Bill 1968.

**JUSTICES OF THE PEACE (MISCELLANEOUS AMENDMENTS)
BILL 1968**

THE ATTORNEY GENERAL moved the Second reading of:—"A Bill to amend various laws conferring powers on justices of the peace."

THE COLONIAL SECRETARY seconded.

MR P. C. Woo addressed the Council.

He said:—Your Excellency, I cannot support the amendment of section 16 of the Gambling Ordinance, Chapter 148. The existing section clearly lays down the separation of two powers, namely, Judicial and Administrative. The judicial function is to be exercised by a Justice of the Peace on a sworn information laid before him by a police officer and he has to issue a warrant authorizing the said officer to enter a place after it has been proved to his satisfaction that there are reasonable grounds that the said place has been used as a common gaming house. The administrative function is to be exercised by a police officer under such warrant to enter and search the place and to arrest any person and seize implements therein. This section has been on our Statute Book since 1891. It clearly indicates the fundamental principle of British natural justice that no one should be a judge of his own cause.

The proposed amendment however combines these two functions together and it empowers an Assistant Superintendent of Police to authorize his subordinates to enter a place if he believes that there are reasonable grounds that the place has been used as a common gaming house. The combination of these two functions completely disregards the basic principle of separation of powers, which is the essential characteristics of the British constitution. Further it is possible that this amendment may lead to abuses and even corruption.

It is unfortunate that we have to sacrifice on the mere ground of convenience the fundamental principles of British justice and law. May I remind my honourable Friends of the words of a very famous judge that “justice should not only be done but should manifestly and undoubtedly be seen to be done.”

Sir, I have to vote against this amendment at the Committee stage.

THE ATTORNEY GENERAL replied as follows:—

He said:—Sir, while I appreciate the importance of the principle which lies behind the honourable Member's observations I wonder whether there may not be some misapprehension as to the scope and intention of the particular amendment proposed to the Gambling Ordinance. At present the position is that a warrant authorizing police officers to search premises where gambling is suspected of being carried on is issued by a Justice of the Peace. In practice, however, these warrants, amounting to about fifteen a day, are invariably issued by senior police officers who happen also to be Justices of the Peace, in their capacity as Justices. The proposed section 16, therefore, while it might appear at first sight to involve an alteration in the present position, does not in practice do so. What it does do is to remove the objection to the performance by police officers of functions which are in terms conferred by the law upon Justices of the Peace.

If the issue of warrants under section 16 of the Gambling Ordinance were to be the responsibility of Justices of the Peace who are not police officers, and this is presumably the only real alternative, this would, I am afraid, be more complicated, expensive and inefficient than the present methods. It would be necessary for Justices of the Peace to be available at all hours of the day and night to sign warrants. It would sometimes oblige police officers to drive many miles to find one. Gambling is often discovered in the early hours of the morning and Justices might not welcome being summoned from their beds for this purpose. Furthermore, action against gambling often has to be swift if it is to be effective and substantial delay in obtaining warrants, which would surely often occur if it were necessary to find a Justice to sign them, would mean in many cases that the gamblers would have dispersed before the police were able to arrive armed with the necessary warrant.

[THE ATTORNEY GENERAL]

I therefore suggest to honourable Members that the alternative of requiring a Justice of the Peace rather than a senior police officer to issue warrants would make the enforcement of our gambling laws more difficult and less effective. I should add that it is by no means unusual for the law to provide that a warrant or other authority to enter and search premises can be issued by persons other than Justices. Under the Protection of Women and Juveniles Ordinance, the Director of Social Welfare can give authority to public officers to enter premises. The Director of Medical and Health Services can authorize police officers and other public officers to enter premises in which dangerous drugs are suspected of being or where an offence is thought to have been committed under the Pharmacy and Poisons Ordinance, and the Commissioner of Police, as licensing authority, can empower police officers to enter premises to ensure that the Places of Public Entertainment Regulations are observed.

These few examples show that what is proposed is not novel. I therefore invite honourable Members to support the motion and the retention in the Schedule to the Bill of the new section 16 in the Gambling Ordinance.

The question was put and agreed to.

The Bill was read the Second time.

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

Clause 1.

MR P. C. Woo:—I have to register my objection.

Clause 1 was agreed to.

Clause 2 and the Schedule were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Bill before Council 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 the Third time and passed.

DENTISTS REGISTRATION (AMENDMENT) BILL 1968

DR TENG PIN-HUI moved the Second reading of:—“A Bill to amend further the Dentists Registration Ordinance.”

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read the Second time.

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

Clauses 1 to 5 were agreed to.

Council then resumed.

DR TENG PIN-HUI reported that the Bill before Council 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 the Third time and passed.

RESOLUTION REGARDING THE REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1968-69

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 1968-69, be adopted.

THE FINANCIAL SECRETARY seconded.

MR DHUN J. RUTTONJEE:—Your Excellency, in opening this Debate you observed that little was to be gained by recounting in your speech the shattering events of last year;* be that as it may, I am sure you did not mean that we should pretend that nothing had happened or that there was any room for complacency. You know better than I, Sir, that although the local communists have changed their tactics, their aim remains the same: the undermining of Government's authority, the undermining of law and order and the imposition of their will. They may be substituting smiles and rice for violence and bombs, but we must not be fooled. They suffered a humiliating defeat in the first round, or phase, but after a short break they are, even as this debate continues, coming from their comers for the start of Round Two. Let us not kid ourselves: it is going to be a much more complex and difficult session unless we are able and prepared to stay on top from the first bell. There is no reason why this should not be so. Out of adversity, good often comes. In Hong Kong last year we found ourselves more of a community than ever before. The real people of Hong Kong

* 1968 Hansard, page 41.

[MR RUTTONJEE]

wonderfully, even heroically, made it quite clear just where their loyalties lay; or perhaps. Sir, I would be more accurate to say where their loyalties did not lie. Nor was this done without a price; it would be wrong of me—and indeed of us—to let this Debate slip past without due recognition and remembrance of those who gallantly, tragically, gave their lives or suffered injury in the cause of the community against the savage acts perpetrated by the local Communists. 1967, Sir, was also a testing time for all of us individually: some of us were prepared, nay honoured, to stand up and be counted—others, . . . well, Sir, perhaps comment on them is best left unsaid. But my concern is not with these unworthy individuals, but with the mass of Hong Kong people who deserve our every gratitude. We have, and have had for some time, a golden opportunity—an opportunity which may never, ever come our way again; an opportunity to bond together this wonderful community of ours. . . . an opportunity to show the people of Hong Kong that it has a Government which really cares, and really cares, Sir, for the man in the street.

But I fear, Sir, that we are in danger either of not grasping this opportunity—or, indeed, of just casting it away. One or two good positive things have been introduced—not before time—by Government as a result of the disturbances. We have recently heard a great deal about the introduction of a City District Officer System.* All well and good. A good start. But is it in fact going to be pushed ahead with the imagination, drive and incentive that is required? We have also heard something, perhaps too much, about those famous thirty-three items of, I quote, “Labour Legislation” But is this rag-bag of yet-to-be-fulfilled promised action sufficient? Clearly, not by a long chalk. There is a whole field—or perhaps I should say a vast pampas, some would say a desert—crying out for action. I refer to Labour-Management Relations. I, for one, am far, far from being satisfied that sufficient drive, guts and incentive are being applied at this vital point. And what of our young people? What is being done here? The list is obviously long. But what I am trying to get at, Sir, is simply this: Is Government, is this Government able and prepared to meet the challenge ahead? Or is it, as I (and many people like me) fear, wanting to put its head firmly back into the sand, let the Old Guard take over again and pretend that the sooner the whole sordid business is forgotten, the better?

I am aware, that what I have said is not going to be pleasing to many influential people in Hong Kong. But I say this to them: and I speak as a man who was born and bred here, who has his home here and who is vitally interested—like the vast majority of the people of Hong Kong—in what the future holds for Hong Kong.

* 1968 Hansard, pages 19-21.

† 1968 Hansard, page 32.

I am not, Sir, one who is looking forward in the not-too-distant future to a comfortable retirement in those green and pleasant lands across the sea. I want, Sir, our Jerusalem here in Hong Kong.

Now I turn to more mundane matters.

My problem here is the practical one of a speaker called upon to address himself constructively and to the complexities of our Budget some two weeks after the event. During these two weeks a great deal has already been said in comment upon my honourable Friend the Financial Secretary's proposals, some of it thoughtful and well-informed, some of it less so. But whatever its character, the sheer volume of comment is bound to reduce the impact, certainly, and to some extent even the value, of what can be said here and now. It was encouraging to hear that alterations to this Council's Standing Orders are under consideration; I hope these will result in our deliberations achieving a greater sense of immediacy because, if the public is convinced that our debates are truly meaningful, this would do much to stimulate interest in all that we discuss, and indeed that Government does.

Meanwhile, it is the present custom at this stage of the debate to comment upon the mention (or the omission) of some particular item in the Budget, and then for each Member to turn to one or other of the topics of administration which particularly interest him and for which this is an opportunity for discussion.

Once again my honourable Friend the Financial Secretary has made the task of critical comment particularly difficult, if only by the absence of any controversial—or indeed any proposals. But it is not because of this that I take issue with him on the question of taxation. In his speech he appeared to give a number of cogent reasons for changing either the structure of our taxation system, or the rates of taxation, or both. As is always the case, my honourable Friend argued with impeccable logic but, having done so, he appeared (not for the first time) to be unable to accept his own arguments.

I find this regrettable, to put it no stronger. As I see it, we face here essentially a problem of decision and timing, and I am sorry that the Financial Secretary did not feel able to take the decisions which he, more than anybody else, knows must be taken, and be taken soon. There can be few times or few places where an increase in taxation would have been so acceptable and would have raised so little protest. One might almost say that the Financial Secretary has been invited, on more than one occasion, to raise taxes; and this, not by irresponsible people, but by the people who would have to pay these taxes. Generally speaking, people feel there is a great deal that needs to be done. Thanks in no small part to my honourable Friend's own efforts over the years, they are aware that they cannot have something for nothing. They are willing to pay if they can see a tangible return for their

[MR RUTTONJEE]

money in the shape of improvements which will strengthen our society and set it firmly on a course of peace, progress and prosperity.

It may well be that this was the last year when we could afford substantial changes, as it were of our own choosing. As the Financial Secretary observed: "We are not going to find the future development of our public services as relatively painless as they have been in the past". But having said that he suggested no steps, nor did he hint at any, to deal with this possibility. I regard this as a most serious matter which should engage our attention now, rather than later when events will be running ahead of us.

I do not personally accept the Financial Secretary's somewhat gloomy prognostication that Hong Kong is now reaching a plateau of economic development but (assuming for a moment that he is right) then surely the logic of his argument demands that we should start to prepare now for the increased demands that will be made of public funds in the future. As people's living standards rise, so do their aspirations, and their realization that the less-well-off must be helped. It will profit this Government nothing if in years to come it has to admit that it could have done something *if* it had planned in advance . . . but it did not.

It sometimes seems to me that our future is being sacrificed on an altar of financial orthodoxy. And, in case my honourable Friend should counter this by asking—one can anticipate him after a few Budget Debates—whether I am advocating financial heresy, the answer is I am not; I merely observe that the Financial Secretary cannot and must not compile his Budget and remain indifferent to political realities.

Before I leave the question of taxation, I must ask why my honourable Friend has been so diffident on the matter of tax-dodging. Here, if ever, is an issue upon which the Financial Secretary can count upon massive support. His remarks on the subject have given the unfortunate impression that this is something which has only recently come to the Government's notice and that it must, in some way, tread lightly for the fear of giving offence. I am sure this is in fact a mistaken impression, and that the Financial Secretary is proceeding on a very good assessment of the loss of revenue which results from tax evasion on a large scale. It is a pity that on this issue he did not give a better impression of determination in the public interest. If, as it appears to be the case, the relevant Ordinance needs improving, then I know that the Government can count on the support of the vast majority of tax payers. I know that those Government officers whose job it is to enforce our tax laws have been doing the best (understaffed) job that they could, for years. In some countries the level of taxation is so

high that those who manage to evade their taxes are looked upon with grudging admiration. In Hong Kong, where the level of taxation is very low, let them be looked upon with scorn.

Turning now to the discussion of a more general matter, as is customarily permitted to each of us on this occasion, I can at least claim that in referring to the structure of the administrative machine, I have been consistent. As I have said so often before, there is a need—a vital need—for a change in the administration structure. Even if there were not demonstrable inefficiency, it would surely seem questionable that a system which was designed to meet a Victorian situation is adequate for our present circumstances, far less for the future which faces us. Indeed one ought to say that our system of Government was not really designed or planned at all. I have heard it said that it grew up as an off-shoot of bureaucratic processes to meet various practical requirements. Like Topsy, it just grew and grew. But Topsy is a big girl now and it is about time she was given a proper shape—painful though some of the foundation garments may be.

The question is where the impetus is to come from. The events of 1967 led, as we know, to some make-shift reorganization, particularly within the Colonial Secretariat, to make sure that Government, to some extent at least, could meet the challenges which faced it. I still think there is much room for improvement in the functions of Departments and in their co-ordination. I still think—and not unnaturally, as an Unofficial Member of this Council—that greater use should be made of Unofficial Members, of their advice and their help.

As you, Sir, will fully appreciate, nothing I have been saying in any way suggests a constitutional change. For one thing I would consider it pointless to explore new processes when we have by no means exhausted, in fact we have hardly tapped, the resources of our existing constitution. As you know, Sir, some of my Colleagues and I were able, during the past year, to assist in the examination of problems which arose from the local communist confrontation and which demanded from us, as a Government, a response which, in the strict interpretation of the functions of Government Departments, was improper. However, we found that a great deal could be done when one was not inhibited by purely bureaucratic niceties on the one hand, and if on the other hand one clearly recognized the need for somebody to do something in any given field. These are examples for present, and unusual, circumstances. However, I myself have had the privilege for some time of working on one particular sub-committee with officials of the Establishment Branch, where experience has shown that our participation in the ordinary business of Government can be both productive and helpful. I only wish that opportunities could be found to enlist our assistance in other fields.

[MR RUTTONJEE]

So I am tempted to complain, Sir, that you sometimes do not make as much use of us as you could, while at other times you appear to feel that we must have to be placated to the extent of denying Government much credit which it deserves. The most recent example which comes to mind is the explanation given by my honourable Friend the Commissioner of Labour, when he described to us in this Chamber his general proposals for legislation.* He explained that he had been inhibited until then by the realization that he could not say too much for the fear he would offend our susceptibilities. I am sure that my Unofficial Colleagues are as horrified as I am at the thought that Government is being unfairly criticized for any action, or lack of it, simply because it is assumed that nothing must be said on anything until we have put our chops on it. Such a concept does no good to the Government, nor to this Council. Of course we expect to be given our opportunity to discharge our duties in respect of legislation, but we would be in no way losing the right, and indeed we could play a much more valuable part, if at an earlier stage we could be consulted about the policies to which legislation merely gives effect.

But, Sir, I have only one other matter which I wish to raise. It is, however, something that I regard as the single most important issue that faces us today. More important than money and taxes, more important than Government reorganization, our schools and our hospitals.

It is a problem of leadership. I touched on it, briefly, at the beginning of my speech and I make no apology whatsoever for returning to it again because it is important, it is vitally important. For me, personally, this is a moment of history and the following cannot be left unsaid. As you are aware, Sir, after 15 years in this Council, this is to be my last Budget Speech, and I feel confident that you and my honourable Members will bear with me whilst I make this plea in the name of Hong Kong.

As I have said earlier, the people of Hong Kong made it quite clear last year just where their loyalties lay. But since that time they have been waiting for some indication that this Government realizes just how desperately many of them are for leadership, just how much they long for a realization, a manifestation, by those who govern them that the problems are urgent, and that minds are confused. We have heard it said so often since last May that “things can never be the same”. . . . without any suggestion as to how Government intends to meet what is an entirely new situation. I sometimes wonder whether the only thing that will be changed is that Government will stop saying “things will never be the same again” . . . whilst carrying on as

* 1968 Hansard, page 32.

before. Let us not delude ourselves: we are faced with a very real problems. On the one hand, there is that small but determined group of activists who, having realized their mistakes of last year, are now preparing themselves for the next confrontation. On the other, there is the vast majority—disenchanted and disillusioned by the excesses of those who professed a creed which until recently had so great an emotional attraction.

There is a vacuum of leadership waiting to be filled, and I urge this Government—and I urge you, Sir,—to fill that vacuum before it is too late. Nothing has been said by any senior member of the Government that gives any indication that it is prepared to meet the enormous challenge it faces. Let it do so before it is too late. Sir, I beg of you, let it not be said of you, and of this Government, as it was said of Belshazzar “you have been weighed in the balances and found wanting”; but rather as Rudyard Kipling had said it: “Let us admit it fairly as a business people should. We have had no end of a lesson, it will do us no end of good”.

I support the motion.

MR Y. K. KAN:—Sir, Government has often been criticized for being, as one editorial phrased it, “awash in a sea of complacency”. This criticism is, unfortunately, not unjustified. Government has, as the Annual Report made clear, many substantial and worthwhile achievements to look back upon during the past year. But it has apparently not realized that these achievements have been made within the framework of policies which are no longer adequate to meet our changing needs.

Let me mention, first of all, our money. My honourable Friend the Financial Secretary has spoken to us at some length about the adverse effect of devaluation on our public capital funds and the depressing outlook with regard to our reserves and the future use of the Exchange Fund. He has, however, signally failed to speak on what I consider a matter of the utmost importance: what we must do to safeguard the Hong Kong Dollar. All he has said is that “it is not a simple matter nor one which is entirely in our own power” and that “it will certainly take time”.* It seems most unsatisfactory that this should be all that can be said on a vital matter at this rather critical time.

Secondly, I mention labour. Everyone is gratified to learn that 33 items of new labour legislation† are being considered. But is Government striking at the core of the problem, or merely nibbling around

* 1968 Hansard, page 66.

† 1968 Hansard, page 33.

[MR KAN]

the edges? One of the most depressing aspects of last year's labour unrest was the fact that the Labour Department was unable to do anything, no matter how grave the situation, unless both sides in the dispute agreed to consult it. Surely this policy must be changed as speedily as possible. The Labour Department may well not wish to obligate itself to intervene in every labour dispute. But it cannot continue to keep its hands tied so that it cannot do anything effective even when the life of the whole Colony is gravely affected.

Again, there is the question of youth. You Sir, have said that it is "easier to expatiate on this need in general than to be specific about effective ways and means of filling it".* This is no doubt as true about youth problems as it is about any of the other important problems we face. But we may well wonder whether it justifies the retention of the haphazard, inefficient method of dealing with the problems of youth in our midst that we have employed in the past and show no signs of discarding. The youth problem cannot be tackled in a satisfactory manner by a host of well-meaning but uncoordinated government departments and voluntary organizations, each working on its own towards its own particular target. We must have a single unified goal, and an integrated, co-ordinated effort towards that goal.

Complacency is also to be discerned in Government's policy on the inspection and control of buildings, especially multi-storey residential buildings. Though a number of Government Departments have their own inspection staff, these are far too few to permit of regular and thorough building inspection. As a result, there are a very large number of buildings in which violations of health and safety regulations, particularly by unregistered factories and workplaces, constitute a grave danger to the public. I need only point out that in each of the four serious fires during the last twelve months involving the death of more than one person, 22 of the 26 fatalities occurred in fires connected with unregistered factories or workplaces. Government is well aware of the danger posed by this inadequacy of inspection and control. Nevertheless, it does not appear to have accepted the need to provide within the near future a system of adequate control and regular inspection of buildings to safeguard the general public.

Let me turn next to education. There, as in other fields of Government endeavour, the true criterion is not whether much has been done, but whether we are doing enough today: not whether yesterday's goals were satisfactory ones, but whether they are still satisfactory today. I note with regret that there has been no indication that the target of 15 to 20 per cent aided secondary school places, set some years ago,

* 1968 Hansard, page 45.

is going to be raised. I consider it vital for the healthy development of the community that we carry out a steady expansion in post-primary education, including secondary technical education. We cannot, it is true, achieve our aims overnight, but we can and should adopt a bold, forward-looking policy. We should mark out new goals and throw ourselves at once into the task of attaining them.

In the field of public transport, the consultants' report has not only left a mass rapid transit system as remote as ever, but has completely removed any excuse there may have been for a failure to carry out an immediate revision of policy to meet our urgent needs. Three years ago I spoke in this Council on public transport financing.* I do not wish to revive the controversy then aroused. But clearly we need to take a fresh look at existing policy on the financing of public transport expansion and to take steps as soon as possible to ensure that this expansion is encouraged and facilitated, not hampered, by royalties and taxation.

Finally, I may mention a subject which recent developments in Kenya and the United Kingdom have brought to the forefront of our minds: the status of Hong Kong British citizens. Here again the public cannot but feel that Government policy has not responded to the needs of the times.

Whatever may be written in our passports, we cannot expect the British Government to treat us on precisely the same footing as it treats citizens of the United Kingdom itself. But this does not mean that we should be treated the same as citizens of Commonwealth countries which are completely independent of and have only nominal ties with Britain. We have every right to expect special consideration as a Crown Colony. Furthermore, privileges and restrictions on this issue should be a two-way street. If the entry of Hong Kong British citizens into the United Kingdom is subject to restrictions, why should the entry of United Kingdom citizens into Hong Kong be subject to none? This is a matter of vital concern to all Hong Kong British citizens and I urge Government to make urgent representation to the British Government at this time.

Sir, my criticism today is not aimed at Government's efforts, worthy as they are. It is aimed at the complacency which induces it to cling to the policies no longer adequate for our needs.

MR FUNG HON-CHU:—Your Excellency, we are once again reaching the end of a financial year with the comfortable prospect of a healthy surplus in view. Such a performance in the light of the events of last summer is indeed remarkable. It suggests that there is a basic strength and durability in our social fabric which can stand the wear and tear

* 1965 Hansard, pages 120-3.

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of difficult times. There is no doubt that this strength is largely woven out of the good sense and maturity of our people, the responsiveness and adaptability of our institutions and the efficiency and forceful leadership of our Government.

But what has served us well in the past may not necessarily serve us well in the future because the future is uncertain and the pulls and strains upon our society may come from different directions and with different intensities. We have already seen how external developments like the Cultural Revolution in China and the devaluation of Sterling can affect us. We live in a rapidly changing world. How many of us in our youth could have visualized our present world of space probes, cybernetics, heart transplantation, laser rays and infra-sound? Therefore, in considering the programme of expenditure for the next financial year, it is well for us to turn our minds on the future make-up of our society.

I hope that the Budget proposals which my honourable Friend, the Financial Secretary, has placed before the Council do not imply that the official view is that the future will be the same as the past. I say this because on the face of it, the Budget proposals are modest ones, so much so that many people have characterized it as a “stand still” Budget. My honourable Friend pointed out that his proposals call for an increase of 9% in expenditure. However, this seemingly significant increase is arrived at by comparing the revised estimates for the current year with the estimates for the coming year. If the proposed expenditure for next year were to be compared with the original estimates of the current year, the increase comes to only 2.2%. Furthermore, the increase is more apparent than real because of the effects on prices of the devaluation of Sterling and the resulting adjustments in the exchange rate of the Hong Kong dollar. In real rather than in money terms, therefore, the Budget proposals may mean practically no change in the level of governmental activity.

A minimum of change in the overall level of governmental activity and expenditure is not in itself necessarily a bad thing as many people seem to feel. If an increase in expenditure is curbed deliberately following a systematic assessment of what our resources can bear, then it is perfectly proper because we must live within our means. It is only bad if the restrictions on spending are imposed out of some unreasoning whim on the part of the government and I am sure that this is not the case. If we accept that expenditure must be kept at a modest level in the coming year, then I would strongly urge a drastic re-examination of the pattern of activity to eliminate unnecessary expenditure and extravagance and to arrive at a different order of priorities. I have urged in the past the elimination of deadwood from the public service. This I urge again now. By so doing we should be able,

while maintaining the proposed level of the expenditure, to redirect additional funds from non-essential to more essential areas where changing circumstances demand that we take action.

There is one particular change occurring in our society to which I would invite the close attention of Government, so that a higher priority can be given to action to cope with this change. It is a change which will have economic, social and political repercussions for all of us. I am referring to the change in the composition of our population. Today some 55% of our population is under the age of 25 and this percentage is increasing all the time. This change is occurring at the time when the cohesive forces of Chinese tradition, like the extended family and Confucian ethics, are also breaking down. Developments both at home and abroad show that the young have a great potential for good deeds and for destructive activity. How they spend their energies depend to a large extent on those who are in positions of authority.

I am sure that many parents cannot quite understand why their children prefer long hair, strange dress and noisy music. And because there is lack of understanding there is also danger. The danger is that a "generation gap" will develop, in addition to all the other gaps, and communications will break down. We must not take for granted that what is good enough for us is good enough for the younger generation and that the same pattern of desires exists from one generation to the next. Since the older generation, generally speaking, holds all the authority in society and establishes all the rules by which society operates, there is a risk that the older generation may unconsciously and automatically impose its values upon the young. It will be folly if the young were to believe, like the young in many countries appear to believe, that their only channel of protest is in the streets. The riots of 1966 followed by the events of 1967 have made it unmistakably clear to us of where misdirected impulses and frustrations can lead our youth.

The recent establishment of a scheme for City District Officers is one means for Government to get closer to the people. This is a useful beginning but I think it is not enough, so far as the young are concerned. I think there must be some regular machinery through which the voice of the young can be made known to Government. There must be a forum through which they can tell Government what they think on such matters as the educational system that has been constructed for them, the opportunities for employment and advancement that are open to them, their recreational needs, etc.

For this purpose, Sir, I suggest the establishment of a Council of Youth on which student and young leaders, trade unionists, up and coming executives and young professional people will sit together with

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Government officials, especially charged with dealing with the young such as the Director of Education and the Director of Social Welfare. The Council can then consider ideas and criticisms put forward and recommend courses of action to Government. This is one way in which the young can be involved in the affairs of our society.

I know that the skeptics to this proposal can put forward many arguments against the establishment of such a Council. They will say that the young are too inexperienced, too impractical, too idealistic, that they will try to change the world overnight. But what is wrong with that? If the young can change the world for the better, why not? If the young are experienced enough to fight and die in wars, if the young are practical enough to work in offices and factories and if the young are realistic enough to reach for the future, then I think they have a right to have their views taken into account. After all, why should we be afraid to shop in the marketplace of ideas?

I am sure that the views of the young are not given sufficient weight in the government programmes even where such programmes affect the young most directly. The result of this lack of communication with the young may well be programmes which do not serve the needs of the society and which tend to create grievances and frustrations among the young. Let us take education as an example. We are proposing an increase of \$36 million in expenditure on education next year but are we sure that doing more of what we are doing now is the right answer? Is the present system the best that can be devised? Many parents and students have doubts. Everyone knows that the Hong Kong education system is highly competitive and examination-bound. Reasonable people will agree that an element of competition and a certain amount of tests and examination are necessary in education. But education has a wider purpose than the passing of examination and when our schools become ovens of tension and anxiety for our children the whole purpose of education is defeated. The recent changes in the grading system for examinations are steps in the right direction but I am sure that much more can be done.

Even if we are certain that Hong Kong requires a more competitive educational system than elsewhere, we do not seem to pay enough attention to the consequences of such a system. We do not do enough to ensure that the drop-outs from our school do not become drop-outs from our society. It would also be interesting to know how much of the \$1 million increase in the expenditure of the Labour Department will be devoted towards creating a youth employment and placement service or to the existing modest programme of industrial training. Likewise it is clear how the apparently massive increase of some \$4 million in social welfare expenditure will improve youth services. I

use the words “apparently massive increase ” because closer examination will show that the increase is not that great in terms of social welfare work. The \$2 million increase in subventions are intended to take the place of the imminent reduction in the flow of foreign contributions. As for the rest, more than \$1 million is taken up by increased expenditures on relief foodstuff, transportation and the like. It remains to be seen just how much of the increased expenditure would go into youth group activities, a counselling service for confused and maladjusted youngsters, corrective vocational training for those detained in probation homes and other types of youth services.

The fact that many of our young people are leaving Hong Kong for good to settle overseas demonstrates that they take a pessimistic view of our future here. The fact that the foreign countries will receive them implies that they are people with skills and talents which can benefit the countries of their adoption. I have already mentioned in the past the dangers of a brain drain from Hong Kong and this now seems to be taking on alarming proportions. Newspapers have reported that in 1967 alone some 16,000 Hong Kong people migrated to Canada and America. Is this true? If so, what is Government going to do about it? This seems to me to be too important a matter for us to allow to drift with guesses and inaction.

All these matters are subjects on which the views and ideas of the young are of value and if a Council of Youth can be set up there would be a systematic and regular way for Government to sound out youthful opinion. If the work of such a Council develops satisfactorily, the Council may have need for an executive arm. This could lead to the establishment of a Department of Youth Affairs which could organize activities of special meaning to youth and also do research and develop ideas coming from the Council of Youth and the voluntary institutions for youth services. The cost of establishing such a department need not be very great and in any event I think no one will grudge such an expenditure if it will lead to a positive involvement of our youth in the affairs of our community.

Now, I would like to revert to two suggestions which I put forward in last year's Budget Debate. I suggested then that each Unofficial Member of Council should be provided with an administrative aide or assistant to help him discharge his duties.* This did not find favour. If what I have suggested is held to be too elaborate, perhaps Government might consider providing two or three officers with long administrative experience to form a pool to assist all Unofficial Members in collecting information, doing research on ideas, setting out the history of a particular Government practice etc, and to answer questions on related matters. This will help Unofficial Members to be better informed

* 1967 Hansard, pages 135-6.

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on Government policies and be more penetrating in the analysis of public affairs. May I urge Government to reconsider this suggestion.

The second subject that I would like to bring up again this year is one concerning *ex-officio* representation of the Exporters' Association on the Trade Development Council. I expressed my views at some length at the last Budget Debate* and still maintain the TDC has much to gain from the expertise of the Exporters' Association. As my honourable Friend, Mr Ross will be speaking for the Exporters' Association at greater length I cannot do better than to pledge my full support and hope that such request will be given due consideration.

With these remarks, Sir, I have pleasure to support the motion before Council.

HIS EXCELLENCY THE GOVERNOR:—I think honourable Members will perhaps like a brief recess now and I will suspend the sitting of Council until twenty minutes to four o'clock.

* * *

HIS EXCELLENCY THE GOVERNOR:—Council will resume.

MR P. Y. TANG: —Your Excellency, against the background of last year's extraordinary happenings, I feel encouraged by the satisfactory financial results shown in the revised estimates for the current year.

The gratification which I believe must be widespread in the community along a broad front, is not merely due to the pleasant surprise over a budgetary surplus. It should rather be attributed to a recognition of the resilience and vitality of our economy. It is, to my mind, also a testimonial of the aptness of fiscal management, and to the ability of government and the public to carry on with fortitude and calmness in troubled times.

However, this is no time to yield to the temptation of feeling elated and complacent. I should rather think that, at this very moment when there is every appearance of conditions returning to the normal, we should start to put through constructive measures to further strengthen our economic structure. We cannot afford to let ourselves be overtaken and caught unprepared by adverse contingencies. The present state of normalcy should instead be viewed as a needed breathing spell. It should be utilized to place Hong Kong's future on a more sound and solid footing.

* 1967 Hansard, pages 141-2.

To this end, several crucial issues should be tackled with a sense of urgency.

But before I proceed, Sir, to elaborate on these issues, I would wish to heartily applaud and underscore the assertion of my honourable Friend the Financial Secretary that the protection of the security and value of the currency “must be a paramount aim of financial policy”.*

May I even go further than this, and widen the scope of his statement? I would suggest that the stability of the Hong Kong dollar is the cornerstone of Hong Kong’s economic structure, and that the further buildup of confidence in this currency be regarded as an indispensable condition for solving the whole range of problems affecting Hong Kong’s economic prosperity and social well-being.

It is an accepted fact that Hong Kong’s trade position is strong, its industrial potential is solidly based, and its economic strength has reached such a stage as to justify an independent determination of its monetary arrangements. Now that only 10% of import trade and 14% of export trade are conducted with the United Kingdom, and the balance of external trade with other countries are not expressed solely in sterling, it does seem that attention should immediately be turned towards the making of appropriate adjustments in monetary dispositions. One would think that the deployment of reserves and balances should be geared more closely to changed trade patterns.

This belief, which I think is shared by all well-wishers of Hong Kong, is that the finding of a way to safeguard the stability of currency against any fresh disturbances in foreign exchange markets presents a problem of such overwhelming importance that it calls for urgent consideration by government.

I should come next to present some issues of crucial importance concerning matters which are covered by the estimates for the coming financial year.

There is, in the first place, the complex of inter-related problems on labour legislation, labour-management relations and wage policy. These different facets of the labour problem have in a sense a common goal, which is to assure industrial peace, enhance productive efficiency, improve working conditions and raise the standards of living.

With regard to labour legislation, my honourable Friend the Commissioner of Labour recently made a clear and comprehensive recount of 33 legislative plans under study and draft bills in the pipeline. In the eyes of the public and of the industries affected, this massive Legislative programme and the painstaking job of study and drafting done by the

* 1968 Hansard, page 65.

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Labour Department would deserve acknowledgment. It is appreciated that the improvement of working conditions, the safeguarding of workers' well-being and the maintenance of industrial harmony require a statutory framework to form a well-defined basis for administrative supervision.

However, in drafting new labour laws, there is always the temptation to model after practices ruling in other countries, especially in the industrially advanced ones. It is advisable to consider whether legislative proposals are applicable to Hong Kong. In each case, there should be no doubt of the new legislation being compatible with the local conditions, ideas, aims and standards. Otherwise, a new labour law might only have a nominal existence on the statute book. If a serious attempt is made to enforce the provisions of law which is not geared to reality, such attempt may well lead to friction, non-compliance, evasion or even abuses.

Another important consideration is that a mandatory performance required by a new statute must, with very few exceptions, entail an extra financial burden being borne by someone. This someone could be the tax payers, or some particular group of consumers, or the employers, or sometimes even the workers themselves, or a combination of these elements. We are all familiar with extreme cases of social welfare legislation, for instance, which impose such a crushing burden on the taxpayers that the entire economy would weaken and break down.

Moreover, the complexity and proliferation of labour laws, if they are meant to be enforced, would require an adequate staff of trained and trusted inspectors. According to the estimates for the year 1968-69, the number of inspectors has been increased by six to make a total of 89. But the number of registered industrial undertakings has reached 11,000 units, all of which would require inspection. Besides, there is a very large number of unregistered factories with restricted capital which would be likely to fall below normal standards in observing statutory obligations. To this extent, they would call for guidance and supervision. But it would be asking for the impossible for the available inspectorate to check up on the performances of all these manufacturing units. It seems that many more labour inspectors would have to be recruited and trained.

Another important and very difficult labour problem is that of labour-management relations. In this field, the principal issue concerns what the Labour Department could do to help resolve industrial disputes. While the ideas on various forms of government mediation, voluntary or compulsory, have not as yet crystalized, it is a source of satisfaction that under existing legislation the Labour Department officers entrusted with the mediatory function are in a position to use their good offices

when the need arises. This illustrates that the energy, alertness and dynamism on the part of the staff is just as important as rigid requirements embodied in law. In fact, it is understood that annually a large number of cases over redundancy pay and other differences did not reach the violent flare-up stages because of the success of informal mediation. This strengthens the belief that the making of constant and vigorous efforts in the field work to complement statutory provisions should receive added emphasis and attention.

Now I shall touch upon the policy with regard to wages.

The public always wishes to see a well-paid and contented labour force with rising earnings, not only for reason of social justice but also because this contributes to the general prosperity. So does any enlightened management.

Nevertheless, a basic principle should always be kept in focus. This is because there exists an interdependent relationship between rising wages and increased productivity.

It is true that the rise in wages would have to outstrip the rise in consumer price index in order to raise standards of living. But in the long run this could go on only if productivity is enhanced. If productivity lags behind or makes a less than proportional increase, the result must inevitably inflate labour costs. Then either one of the two things must happen. The manufactured products become uncompetitive in the world market, or the manufacturer gets driven out of business.

In either way the consequence involves a waste of capital coupled with a contraction in employment. This would be deplorable economic loss to any community. To Hong Kong this would mean disaster.

I therefore suggest, Sir, that government should take all practicable and concrete steps to impress upon the workers, the management and particularly the public, the absolute need of comprehending that rising wages must synchronize with enhanced productivity, if Hong Kong is to remain economically viable.

The second problem of outstanding importance relates to the education of the youth.

In the light of the upheaval of last year, the consideration of an effective policy to develop to the full the intelligence and skill of our young people must be given a very high priority. This policy must be to prepare and equip them to take their proper place in the community on reaching maturity. Plans need to be made especially for those leaving primary schools and who are unsuited to a full secondary school course.

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The fact has to be faced that the composition of Hong Kong's population is predominantly young, more than 50% of our population being below the age of 20 and 25 % between 10 and 20. Your Excellency has assured us that it is government policy in the coming year to make adequate provision for the benefit of this large sector of the community.

I presume that the main object is to prepare our young people for employment opportunities offered by the community according to their knowledge, skill and ability, and thereby to acquire that sense of purpose, loyalty and identification which comes from having had a training enabling them to earn a decent living.

Such a policy is most important for Hong Kong which lives by its industry since an ample body of youth with proper education and training is needed to supply industry with the requisite personnel who have the capacity to bring production to a high degree of efficiency. Our very survival depends on this.

The natural question is, what could and should government do to carry out a programme aimed at preparing the youth for industrial careers?

The obvious answer, Sir, is that much needs to be done in the area of vocational and technical training. It appears that the provision for vocational training for the 1967-68 financial year amounts to 2.4% of the total Budget on education. It has been increased in the provisional estimates to 3.0% for the coming year. The major portion of this outlay is assigned to technical schools located in various industrial centres.

The sum of eleven million dollars budgeted for the coming year which is 3% of total expenditure on this type of education, would appear to be relatively meagre and small in view of the magnitude and importance of the problem in question.

By contrast, in another area of educational expenditure which is attributable to education on a high level, a much larger assignement of funds is budgeted for the coming year. It comes to over 83 million dollars, or 23% of total expenditure on education. Three-quarters of this amount, or 68 million are payable to the two universities. I do not wish to decry the importance of this professional training, but it does seem there is an imbalance in our priorities.

Since the large majority of the young would for the present be more concerned with vocational rather than professional training. I should think that government should, as a first step, widen the opportunities for our young people to get the benefit of vocational training. To this end

I would suggest that an immediate programme be launched to increase substantially the potential of vocational training. At the same time I would suggest the universities be asked to contribute to the effort by arranging for an extension of extra-mural studies in the vocational field, and by placing emphasis on the practical side. By so doing, they would give the students applied knowledge which would give them tangible benefits in their life careers.

Incidentally, I am not sure of the wisdom of government in relying so heavily on our aided voluntary bodies for the provision of education. Government schools are I am aware very expensive. But is it not possible to set up a kind of Local Education Authority—or Authorities—along similar lines to those in England? Schools operated by such a body could be able to combine the advantages of the present Government schools from the point of view of control with the present aided schools from the point of view of expense.

The third problem which I wish to bring up for your consideration, Sir, concerns the development of trade. I shall discuss two aspects of this problem: first, the expenditure and functioning of the Trade Development Council, and next, the source of funds for the Council.

As to the Council's expenditure, the Ordinance requires annual estimates to be submitted to Your Excellency through my honourable Friend the Financial Secretary. This implies, I should think, that the estimates submitted would be screened in the process, just as the estimates for the Tourist Association, Productivity Council and Management Association would be so screened.

It appears however that the estimates for 1968-69 have reached the Finance Committee in the form as originally drawn up by the Council. Upon analysis, it seems to me that expenditure on administration—as opposed to export promotion activities—is very much on the lavish side and needs pruning. Certainly the expenditure on one or two overseas offices seems unnecessarily high: I would almost say astronomically high. I sincerely hope that the new Executive Director will take up as one of his first tasks a judicious streamlining of TDC's functions and outlays.

The activities of the Council, one would have thought, should have mainly been devoted to hard-core promotion of sales and marketing research. In misplacing the emphasis, the Council would render itself susceptible to the charge of building up a facade of glamour and doing this at an enormous cost.

As one way to reshape the pattern of future activities, it would be useful to provide that the Executive Director be made a member of the Council so that the officer who shoulders the real responsibility should not watch on the sideline and wait for the decision of the Council, but

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be also engaged in its policy-making. If this—for one reason or another—is deemed inappropriate, then at the very least, he must be given specific but substantial power by the Council. This sort of business, Sir, cannot be run by a part-time committee or council.

For the furtherance of trade, I would venture the view that government should examine the possibility of developing trade with countries of Central America where a Common Market is taking shape, and with Eastern European countries where the United Kingdom and West Germany have been making headway. If such trade requires barter arrangements as in the case of trading with Eastern Europe, it is worth giving some thought whether and how government should sponsor the necessary set-up to handle the bartering transactions with the backing of industrial and commercial bodies. This is a matter which the Trade Development Council should examine with care, provided that government sanction is forthcoming.

There is another possibility concerning external trade development which the Council may find it useful to explore. In view of the fast-multiplying commercial problems confronting Hong Kong and the preoccupation of the British Embassies with problems of their own, some of which are liable to involve conflict of interests *vis-a-vis* Hong Kong, it may now be desirable for the Council to establish more overseas trade centers to look after Hong Kong's own needs and problems.

As to the revenue of the Council, a review in two years time as previously provided is now due. I would recall that when the formation of the Trade Development Council was mooted, I raised the question whether the imposition of an *ad valorem* charge on import and export declarations to meet the major share of the cost would be equitable and sound policy.

The reasons for my dissent were on record, and these would hardly require reiteration. Among other things, I mentioned that the expenditure on trade development, if made on proper basis, was for the general benefit of the community as a whole. Any particular benefit that may accrue to commerce and industry would be only incidental. I submit that this principle is still valid, meaning that the expense of carrying out the function should be paid out of general revenue.

As budgeted, however, the funds for the purpose will continue to be raised in the manner as initiated two years ago. A set amount of only \$5.1 millions will be paid as a government subvention.

The objections against changing the method of raising the money required for trade development are based on the assumption that if the

present is changed, a new alternative source has to be found, and that further access to the public treasury over and above \$5.1 millions must be ruled out. It is exactly the justice and logic of this assumption which is at issue, granted the paramount importance of trade development for Hong Kong.

Moreover the actual additional amount involved in meeting the cost of operation of the Council above 5.1 millions is of the order of say \$8 millions. Considering that the function of trade development if properly carried out is basically important to a community whose very survival depends upon the continuous expansion of its exports, the provision of an additional \$8 millions or 0.4% of total annual expenditure for this purpose would clearly be rational and feasible from both the economic and financial point of view.

My Friend the honourable Financial Secretary in his Budget Speech asserted that he would not reduce or eliminate taxes or fees just for the sake of reducing taxation as such.* He made it a condition that such taxes or fees would be reduced or remitted only if they are inequitable or harsh.

The *ad valorem* charge is actually and certainly a case in point. While it is harsh only in certain cases, it is essentially inequitable. As a practical measure, it is liable to produce results harmful to the economy, as I had occasion to explain at the last budget debate.

I would therefore propose that the collection of *ad valorem* duty be discontinued, and that the fee in its original amount on statistical certification be restored.

MR TSE YU-CHUEN:—Your Excellency, having listened to the stirring speeches of honourable Members of this Council on the important problems confronting Hong Kong, I now rise to say something about the equally important question of guidance to youth in seeking employment and cultivation of their moral behavior.

Although Hong Kong on the doorstep of Southeast Asia occupies a small area, its dense population according to 1967 census exceeds 3,700,000. One of the largest quotas is youth. Internally they have suffered from economic frustrations and difficulty in securing education and employment, while externally they are influenced by vain and erratic trends as prevalent in Europe and America to such an extent that they become bewildered and even corrupted. Those with determination could manage to hold on to their course and strive against hardships, but those with weak minds are swept into the paths of danger and crime. As a result, the crime record among youth grows with the passage of time, bearing heavily on the question of youth in Hong Kong in its important relations with livelihood in the community.

* 1968 Hansard, page 63.

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People in Hong Kong who take a great concern in the problem of youth recognize the gravity and urgency of the situation and have offered remedies with a view to solution. They agree in attaching importance to readjustment of livelihood and amelioration of social behavior and discipline. However, it is yet difficult to find a solution of the urgent needs of youth in the guidance of their cultivation and development. It is felt that in the continued prosperity of Hong Kong which fosters new achievements there must be an immediate need of guidance to young people in seeking jobs and self-development of their moral outlook and behavior. I respectfully submit a tentative plan or solution which is outlined as follows:—

- (1) The most effective way in the midst of Hong Kong's prosperity to seek work for youngsters is to expand industries and push steadily industrial education. In government organs connected with commerce and industries, it is necessary to stamp out corruption if any and give every protection to industry so that manufacturers may have confidence in expanding their business. It goes without saying that corrupt civil servants must be severely dealt with. Other measures are investments in construction projects and inducement of inflow of capital from abroad to Hong Kong for the establishment of factories. The education authorities should make every effort to set up vocational and industrial training schools and at the same time make greater grants or subsidies for the expansion of private industrial schools. These steps will give essential academic training for the younger generation and provide outlets for their future career.
- (2) The education authorities should endeavour in every way to provide youth with a possibility or opportunity to secure a secondary education or a technical education. This goal may be reached either through free tuition fee or the subsidy-grant system, so that youth in this colony are assured of acquiring a middle school education or technical training as provided by industrial schools. This proposal is to elevate the cultural level of youth in a broad scope and to facilitate their means of obtaining employment.
- (3) In guiding and assisting youth to seek employment. Government should set up a special body for its implementation and should also render all assistance to voluntary organizations in order that they may definitely push forward the work of securing positions for young people. When a government organ established especially for this purpose is supplemented by voluntary organs to dovetail with public and private technical

schools and industrial organizations for a common cause, progress may be expected.

- (4) There should be rigid adherence to the retirement requirement on a attaining the age limit of civil servants and teachers in the different government organs in charge of administration, education, sanitation and hygiene, public works, press and public relations, communications, postal service, public utilities, government schools or those subsidized or under grant-in-aid. This is to make way for younger people, whose opportunities for employment will therefore be increased.
- (5) The educational authorities should thoroughly revise and improve school curricula in the direction of close co-ordination, elimination of non-essentials and adoption of the most practicable. The object is to enable youth in Hong Kong to acquire knowledge and technical skills for their maximum benefit. Then they will have the necessary skill and training. At the same time attention must be drawn to the cultivation of moral character of young people in the right direction. Those voluntary social centres which undertake the guidance of youth must especially see to it that effective means be taken for the cultivation of moral character, so that these youngers may tread on the right path.
- (6) Many youths in Hong Kong are deficient in social consciousness or awareness, that is their relation with the community is non-existent owing to the lack of attention in this direction. This is something which cannot be denied. Once these young people are enrolled in high schools or technical schools, their time and energy are occupied in their lessons and they are virtually detached from society. When they are let loose in the world, they become lost or off balance. The education authorities must see to it that students should have the necessary orientation and awareness in their relations with the public and that educational readjustment towards this end to be carried out.
- (7) Another point I wish to stress is the prevalence of social ailments in various walks of life. Youth in their superabundance of vitality are particularly afflicted in view of their superficial understanding of life and susceptibility to temptations and shortcuts. It behooves government organs concerned to throw the spotlight on the black spots with the object of cleaning up the smears. There should be social amelioration at least with respect to environments. Government should seek the best remedy for these social ailments, while adults should serve as an example of correct behavior for the younger generation to follow.

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- (8) The problem of youth, as I envisage it, is the most important social problem in Hong Kong at this moment. Its solution will be difficult except when there are collective planning and all round co-operation. This problem cuts across many phases such as concerning education, domestic relations, relations between capital and labour, social environment, scale of remuneration, marriage question, relation among friends, reading materials as well as entertainment and all other correlated issues concerning youth. All government bodies, schools, religious bodies, social welfare centres, welfare organizations etc. cannot look on with unconcern and indifference like mere spectators. On the contrary, they should strive for concerted efforts for the fulfilment of the goals I have just outlined in order to ensure success in this urgent endeavour.

Then I came to the effective relief to the poor, disabled aged. Of the 3,700,000 residents in Hong Kong, over fifty per cent are engaged in daily manual labour as a livelihood to support themselves and their families. Among this broad mass of workers, some have become disabled through accidents as a result of negligence. Others are in this plight owing to prolonged illness, and still some are disabled because of prenatal conditions.

In the Hong Kong community, the number of disabled is in no small number if an accurate counting is undertaken. The struggle for existence in Hong Kong known for its widespread phases is keen, and this is no easy matter for the ordinary individual to make a living confined to clothing, food and living quarters. This difficulty is all the more great for the maimed who are devoid of strength and capability and have therefore no way for assistance.

Those who make their living through physical energy will reach the end of the line on attaining old age, when their ability to toil by exertion is gone. Others are those in the twilight of their days when they are afflicted by illness and poverty. The number of such unfortunate persons is considerable.

For these helpless creatures, Government authorities far and near have created special organizations for long term relief. This is a measure deserving immediate and urgent consideration in the name of humanity and social welfare. In this vast and difficult task, the government in Hong Kong should lose no time in instructing social welfare organizations to line up with related bodies to investigate and compile the number of such human derelicts with a view to rendering them relief.

At the same time it is highly necessary and desirable for Government to lead and assist voluntary organizations interested in philanthropical work to participate in all round planning to bring relief to these poor, old disabled people.

Sir, I have much pleasure in supporting the motion before this Council.

MR K. A. WATSON:—Your Excellency, in the Year of the Monkey, it is appropriate that we should have a Budget that sees no evil, hears no evil and above all speaks no evil, such as higher taxation. It is a bland, holding-the-fort, *status quo* Budget which, under the circumstances, is perhaps all that we can reasonably expect. For with last year's troubles and the heavy burden of extra work which fell on Your Excellency's shoulders and on those of your advisers it is understandable that consideration of many new developments has had to be restricted and decisions deferred.

Government often gives the impression that it sees its main duty to be to keep taxation low in order to encourage the investment of capital in industry and commerce and so ensure full employment.

Recent events, however, have shown that capital investment may be discouraged by things other than higher taxation. Dissatisfaction with labour and living conditions, frustrations and grievances, feelings of neglect and injustice, inculcated and sedulously cultivated by those who oppose our way of life, could have been highly dangerous to our economic well-being, but for the steadfast loyalty of our people. Government must continue to justify this loyal support. It must show that it is not just an aloof presence, vigorously enforcing the law and encouraging private enterprise to make large profits. It must convince the people that it is genuinely concerned about their welfare, their housing, their wages and conditions of work, the health and education of their families and their fears of sickness, old age and destitution. It must win over the youth of Hong Kong and persuade them that our way of life is worth fighting for and not against.

The City District Officer system is a welcome innovation which could create a new era of close co-operation provided that its officers do not model themselves on the DOs of yesteryear, the paternalistic despots sitting under the banyan tree, laying down the law to the natives. I am sure that Mr BRAY and his men will avoid such obvious pitfalls and I wish them success. But they must be prepared to get through to the ivory towers of Lower Albert Road what the people really think and really want, and not just be apologists for Government policy. Perhaps they will find that a greater measure of social welfare and social security is needed than Government has hitherto been prepared to grant.

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They may even hear murmurs such as “What has happened about the report of the Working Party?”

Now in spite of the tremendous amount of building in recent years, good housing is still one of Hong Kong's greatest deficiencies. The sustained effort over the last ten years has resulted in more than a third of the population being housed in Government assisted housing, but we are still a long way from the goal of a permanent, self-contained flat for every family. It would seem that families with over \$600 a month should in time be able to get such flats through the Housing Authority, the Housing Society or private enterprise, perhaps within the next five or six years. But it is with the 284,000 families with less than \$600 a month and who need better housing that our main problem lies. It is here that we find families squashed together in cubicles, cocklofts and verandahs, where a mother of triplets is reluctant to bring them home when “home” is a 6 foot by 3 foot bedspace which she shares with a husband and several other children. Even the large programme of resettlement and Government Low Cost Housing which the Housing Board has recommended will not solve the problem quickly.

One reason is the assumption in resettlement estates that Government is obliged to provide accommodation not only for the original family cleared from a squatter area but also for their sons' families when they grow up and get married, and their sons' sons' and so on for evermore. A major priority in the resettlement programme is the relief of overcrowding in the estates. It is obviously difficult to refuse to allow the wives of sons to join the household, or the old folk and other dependents. Nor is it humane to allow the consequential overcrowding to continue unrelieved, so Government finds itself saddled with an ever-increasing commitment, to people who are not necessarily poor and who may well be able to afford private enterprise rents.

With this amount of accommodation being siphoned off, public housing will have to be provided for a very long time if the others who are living in really bad conditions are to be housed.

We are, however, faced with an eventual shortage of sites. The present six year programme uses up all that are likely to be available, and it is difficult to see where other suitable sites can be found. After Kwai Chung and Tsuen Wan, the next development was to have been at Castle Peak. It is becoming clear, however, from the lack of interest in Kwai Chung that industrialists are not interested in moving out to new locations, which means that people will be most reluctant to occupy housing where there are no jobs.

The next area to be developed is Sha Tin, but here, in addition to a lack of industry, there are also land resumption and sewage disposal

problems. It is, however, comparatively close to Kowloon and could perhaps become a very useful dormitory town, if cheap and efficient transport could be provided. This would have to be very much better than that which could be provided by the KCR and by buses and by mini-vans. The Sha Tin line in the proposed underground railway system will not be available before 1984 which is much too late to enable Sha Tin to provide a solution to the problem where to build after 1973.

With these difficulties perhaps Government might care to consider a suggestion I made some years ago for a reclamation of the shallow Kellet Bank between Green Island and Stonecutters, where a very large area of virgin land, with no land resumption or sewage problems, could perhaps be created, within easy reach of Hong Kong Island and Kowloon by the series of bridges which I have called the Western Approaches. I am not going to expand on the advantages of these concepts except to say how well this road link would fit in with future travel desire lines. Following the development of Kwai Chung, Tsuen Wan and Castle Peak, a cross-harbour road between the new centres and the island which does not have to pass through the congested Kowloon Peninsula would seem to make sense.

Any discussion of new towns must inevitably lead to a consideration of communications. Kwun Tong has, I think, shown that no town can be so self-contained that it does not need good roads in and out of it. To solve the bottlenecks along Prince Edward Road caused by the development of Kwun Tong we may need improvements costing \$100 million. Castle Peak will need a \$160 million road to Tsuen Wan, a road which could become just as congested as Prince Edward Road is today as soon as development gets under way.

There is no need to stress the growing traffic congestion in our streets. The persistent use by the public of illegal forms of transport, paak pais, dual purpose vans and lorries, underlines its need for a more convenient or a more comfortable service. Partly because of this competition, partly because of the increasing labour costs and a reluctance to raise the fares, our franchised companies are finding it increasingly difficult to operate profitably. A time may rapidly be approaching when they will have to be run as non-profit public service corporations. Some hard thinking is needed about how they can continue to operate until the end of their franchises and what to do with them afterwards.

I am, as usual, deeply disappointed at the meagre allocation of less than \$33 million for roads and bridges in this year's Budget, in spite of the fact that Government received over \$160 million from road-users in the past year. I find Government's road, parking and traffic policies almost incomprehensible. It sometimes seems that they are doing as much as they can to make travelling as difficult as possible, not realizing perhaps that those who suffer most are those who have to travel by public transport. If its policy is to drive the motorists off

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the road by deliberately restricting parking and making it excessively expensive, then how does it justify using public funds to provide free parking and loans at subsidized rates of interest to its own employees to buy cars?

May I suggest that much more could be done to improve traffic flows by a greater use of small flyovers and underpasses. These do not have to be the elaborate structures with gentle gradients and curves found on motorways abroad. With a 1 in 10 gradient a simple right-angled crossing could be made with approaches only 20 yards long in each direction, and this would accommodate all vehicles except double-decker buses, trams and highly loaded lorries.

Recently two very useful reports have been received, one from the Passenger Transport Unit, the other from the Mass Transport consultants,* both of which agree that Hong Kong's long-term transport needs can only be met by the building of an off-grade rapid transit system. As my honourable Friend Mr SZETO will be discussing these proposals at some length I will content myself with suggesting to critics that they read the reports and consider the alternatives. I would also ask them to remember that the sums mentioned as costs do not take into account the large amount of revenue anticipated. At the very low fare of 10 cents for a mile and a quarter, this would amount in 18 years to \$2,202 million, and if the fares could be doubled without discouraging too many users, to 20 cents for a mile and a quarter, over \$4,000 million might be received.

Government's revenue in the past has been doubling every 5½ years and there is no obvious reason why it should not continue to do so, given political stability, without which of course the scheme would never be started. Compared to the possible overall revenue figures of \$4,000 million in 1974, \$8,000 million in 1980, and \$16,000 million in 1986, the annual payments for the system, plus the running costs, less the fares received, might very well be seen to be well within our Budget. These revenue figures may seem highly overoptimistic, but who in 1948, when revenue was \$195 million, would have believed that in 1968 the estimated revenue would be \$1,952 million, almost exactly ten times more.

The argument that the end of the New Territories lease in 1997 makes construction of such magnitude out of the question assumes that Government is going to let the place run down and the people suffer because of uncertainty about its own ultimate standing. Whatever does happen in 29 years time, there will still be six, seven, or eight million people here, all of them needing water, housing, schools, hospitals and transportation. Whatever Government is in power at any particular time it has a duty to plan for the future well-being of the people, and I am sure the Hong Kong Government will not fail in this task.

* 1968 Hansard, page 24.

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

THE FINANCIAL SECRETARY seconded.

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

* * *

14th March 1968

HIS EXCELLENCY THE GOVERNOR:—Council is resumed. The question is that the Report of the Select Committee on the Estimates be adopted. The Debate may continue.

MR P. C. Woo:—Your Excellency, in the last Budget Debate I suggested* that we should confine ourselves to the subject matter of the debate and should not bring in matters which, though important themselves, are extraneous to the subject matter under discussion. The present procedure is that the Unofficial Members are at liberty to address you. Sir, on various problems and raise various points, most of which are undoubtedly important but are not related to finance.

My honourable Friend the Colonial Secretary in his reply† last year suggested that we should have two major debates, one similar to the debate on the Speech from the Throne and the other centred on the Financial Secretary's Budget Speech and the Estimates.

I understand that my Friend Mr Ross will speak on this subject and I only wish to say here that I welcome the suggestion of the honourable the Colonial Secretary and hope that by amending the Standing Orders this proposal may be implemented.

My honourable Friend the Colonial Secretary also pointed out that though the Unofficial Members raised a number of important issues, it did not help him or his Colleagues to gauge very easily what general support there was behind such a proposal put forward.

Under the present procedure many important problems, social or otherwise, raised by my Unofficial Colleagues year after year appear to have been shelved and became a nine-day's wonder because so many problems of equal importance were raised at the same time that it was hard to say that we were unanimous in all the matters raised. Furthermore, it was also almost impossible for the general public to digest them

* 1967 Hansard, pages 162-3.

† 1967 Hansard, page 263.

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and to express their own opinion. Without knowing the reaction of the general public it is indeed difficult for Government to make decisions on the problems raised.

I am glad to see that this difficulty has been partially solved since we began to make use of the Adjournment Motion last year. It is, without saying, advantageous to have one issue under discussion at one time without coming to any decision at all, thus opening the door for further discussion and consideration by the general public as the same will be reported in the press and through which we may gauge the reaction of the public.

May I refer to the Adjournment Motion of the 24th January this year when the Acting Colonial Secretary announced that Government intended to introduce in the very near future the City District Officer Scheme and this proposal has created considerable interest and has been widely discussed in the press and elsewhere afterwards.

Let me mention one further point on this subject. The Chinese translation by the press of the name of City District Officer is “民政官”. The Chinese character “官” is archaic and outmoded. This word was used in the previous Chinese dynasties to designate “officials” but it should not be used in the present days as it immediately creates the impression of different classes of people, namely, the officials and the ordinary people. I suggest the use of the term “主任” instead, which is in accordance with modern usage and may serve as a better translation. Let me quote from Confucius. He said: “If names be not correct language is not in accordance with the truth of things. If language is not in accordance with the truth of things affairs cannot be carried on to success—名不正則言不順,言不順則事不成.” A suitable translation of the name of City District Officer is very important because according to Chinese conception ordinary people will invariably look up with awe on officials who are considered to be above them. On the contrary, the City District Officer Scheme is, as the Acting Colonial Secretary said, “to assess the overall impact of government policies on the people of their districts and to explain these policies, as well as the difficulties and the achievements of the government to ordinary people.” To achieve this object it is necessary that the City District Officers should act as friends and advisers rather than as officials to the people of that district. If the Chinese character “官” is retained, it would scare the people from approaching them, and the entire purpose of setting up this Scheme will be defeated. Confucius is not, however, always correct when he said: “The people may be made to follow a path of action but they may not be made to understand it—民可使由之,不可使知之.” This view is entirely contrary to the political theory of a democratic government. It is the duty of a democratic government to explain to the people the reasons

for the action taken by it. In Hong Kong, as I have said before, there is an urgent and pressing need for an improvement in contact between Government and people because of the problems caused by the growth in size of our population and its spread over new areas. I hope that the City District Officer Scheme will bring closer relationship and better understanding and co-operation between Government and people.

May I now turn to another point.

During the past twelve months we have had in Hong Kong the unusual phenomenon of landlords voluntarily reducing the rents payable by their tenants, particularly in the case of business premises. This is in recognition of the generally unfavourable business conditions existing during the past year. It is with some surprise therefore that these landlords, themselves Crown lessees, have discovered that Government has as a general rule insisted on strict observance of contractual obligations entered into by them with Government prior to the real estate recession. I say "as a general rule" advisedly because Government has in fact made some concessions as for example in granting free extensions of periods of one year on building development and permitting, subject to conditions, the subletting of newly completed buildings before full payment of premium. There are however many other cases where concessions should be made but have not been made. May I cite two examples: —

Where land is purchased from Government and the purchase price is payable by instalments or where a Crown Lease is renewed at a premium payable by instalments there have been numerous instances of owners being in arrears of payment of one or more instalments of premium. In many cases the owners have even requested Government to re-enter the land notwithstanding the fact that a substantial payment has been made towards such purchase or renewal. Government has always turned down such a request and the only concession it normally makes is to allow an extension of six months for the owner to pay the overdue instalment plus interest at the rate of 1% per month. It is considered that an owner should be given an option either to surrender the land to Government with an appropriate sum by way of compensation or to have more time to pay the overdue instalment of premium and pay only moderate interest say 6% per annum for the extension.

Speaking of the option to surrender, Government should be more ready to accept surrenders from industrialists who have purchased land from the Crown several years ago with the intention to build their own factories or warehouses but are unable to proceed with their building projects owing to the

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prevailing lack of financial support in recent years. Many of those industrialists are still under obligation to make the annual payment of premium to Government for the land purchased, which unfortunately turns out to be a liability rather than an asset. The liability to those industrialists is so great that most of them have expressed the wish to surrender the land to Government so that the money set aside for the annual payment of premium can be employed for more constructive use in their businesses. As industry plays a vital part in our economy, it is hoped that Government will give sympathetic consideration to the matter.

The second case is that although Government has allowed free extensions of time it is considered that applications for modifications, by reducing the amount required to be expended on the new building or by altering the user of the property should be given favourable consideration and where it is reasonable to do so Government should grant such applications without imposing a penalty.

Whilst I am on the subject of extra-statutory concessions I should mention that the application of the new rates of stamp duty for assignments of small properties has an unforeseen result which can be cured by the making of such a concession. I refer to the case where a property is sold for less than \$40,000.00 and accordingly under the new rates attracts either no stamp duty if the price is under \$20,000.00 or 1% stamp duty only if it is over \$20,000.00. It is not infrequent however that the Stamp Duty Collector considers the purchase price inadequate and proceeds to assess the consideration for stamp duty purposes at a higher value. If he does that the transaction is treated as a voluntary disposition and 2% stamp duty will be payable even if the value of the property is according to the Stamp Duty Collector's assessment under \$40,000.00. A purchaser who buys a flat for under \$40,000.00 has therefore to be warned in advance that if the Stamp Duty Collector thinks he has bought it too cheaply he will have to pay 2% stamp duty or incur the heavy costs of disputing the assessment in Court. An early relief of such hardship is called for.

Last year I referred to the hardship caused to owners by the operation of the Demolished Buildings (Re-Development of Sites) Ordinance.* My opinion that the Ordinance is unfair on owners has not changed and is amply confirmed by the number of occasions on which the Colonial Treasurer Incorporated has to exercise its power of compulsory sale in order to compensate the tenants. Although theoretically an owner has

* 1967 Hansard, page 166.

to pay no more than the incremental value which is defined as the amount by which the market value of the property with vacant possession exceeds the market value of the property with the old building thereon. In these days when there is hardly any buyer for any undeveloped property how could a just and reasonable assessment of the incremental value be made. The net result is that owners are required to pay as much or almost as much compensation as in the old days nor do they have much hope of receiving sympathy from the Tenancy Tribunal which has declared time and again that the rates of compensation will not vary according to land prices. Apart from the need to review the power of compulsory sale vested in the Colonial Treasurer Incorporated by the Ordinance it is time to review the whole principle of compensation both under that Ordinance and the Landlord and Tenant Ordinance and to regulate this matter on a rational basis.

On the matter of renewal of Crown Leases I would like to say a few words. Separate ownership of flats is now so common in Hong Kong that it can almost be regarded as the rule rather than the exception. Yet Government has ignored the existence of separate ownership in entertaining applications for renewal of Crown leases which are still required to be made jointly by all the owners with the result that a stalemate is reached in many cases, as, for example, where an owner has died or cannot be found or where the owners do not agree on the proportion in which the premium should be shared amongst themselves. There seems to be no good reason why a solution cannot be found which enables Government to deal with individual owners in all cases and for all purposes so as to eliminate the present oddities which require all the owners, sometimes 100 in number, to join in as parties to one Crown Lease or which regard a breach of a Crown Lease condition by one owner to be treated as a breach of all the owners. There may be technical difficulties to overcome but they should not be unsurmountable.

While my honourable Friend the Financial Secretary made specific reference to the Mass Transport Underground scheme, he did not mention the cross-Harbour tunnel. Bearing in mind that the report of the Mass Transport Survey estimated that 800,000 crossings per day would be made in buses in less than 18 years if the underground were not built, it is surely immensely important, indeed imperative, that an early start should be made in the 4-lane vehicular tunnel which was approved by this Council more than 1.8 months ago.* If it seems necessary for Government to give financial assistance to this project, the money would still be well spent.

The whole of the Colony will benefit from faster crossing harbour travel. The construction industry would receive sorely needed boost,

* 1965 Hansard, page 520.

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and the benefits to the economy generally are obvious. Moreover, unlike so many havens for Government spending, any money put into the tunnel will produce rapid and attractive returns. This is an opportunity to show the world that we have confidence in our future. This opportunity should not be missed.

I appreciate that some of the matters suggested here, if they were to be implemented, might mean loss of revenue, at least for the time being, so that my honourable Friend the Financial Secretary might have to face, as he puts it, "the unfortunate necessity of proposing unpopular methods of finance."* It is hoped that if further revenue is at all required, the existing tax rates should not be increased since our low tax rates are one of the factors which attract foreign investments. From a layman's point of view, and I must admit that I am not an economist, it seems that further revenue may be raised without introducing very unpopular or austere measures.

I see from the Draft Estimates of Revenue and Expenditure that indirect tax has been hitherto imposed only on few items, for example, hydrocarbon oils, liquor, tobacco and table waters. I believe little or no harm will be done if the scope of taxable items is widened so as to include the more luxurious articles which are not necessities of life and which only the rich people can afford. I must, however, add a warning note that indirect taxation should not be imposed too widely; otherwise the effect will be that the general public will have to pay as much tax on the dollar spent as the rich.

Further, in order to raise money to finance some of the income-yielding projects, such as a convention centre or the cross-Harbour tunnel, Government may issue Bonds similar to the Premium Bonds in the United Kingdom. Interest on the Bonds is paid in the form of prizes drawn by lottery so that each bond holder may from time to time have the chance of winning a substantial sum in lieu of the regular payment of small sums of interest. I am sure that this method of raising money will be supported by most people.

As I have said that I am not an economist but am speaking merely from a layman's point of view, I will not attempt to elaborate the two methods of raising revenue but would rather leave them for the consideration of my honourable Friend the Financial Secretary. Finally I wish to say I am in full agreement with Mr P. Y. TANG'S views on the proper functions of the Trade Development Council.

Sir, I support the motion.

* 1968 Hansard, page 66.

MR G. R. Ross:—Your Excellency, the manner in which Hong Kong surmounts its difficulties and the confidence with which it faces each new year is truly remarkable. Once again we have swung from a budgeted deficit to a surplus, and although the reasons for it may be fortuitous, a saving of \$111 million is at least something towards the \$400 million we lost from our reserves as a result of Sterling devaluation. My honourable Friend, the Financial Secretary skated rather delicately around the problem of our reserves and what our future monetary policy should be. I appreciate that the solution is not entirely in our own hands and I should not wish to press him further at this time. However, quite aside from our reserves and the strength of our currency, there is another aspect altogether which concerns our day to day trading in Sterling.

When Government revalued the Hong Kong dollar four days after the devaluation of Sterling, the authorized Exchange Banks were covered for the losses arising from the purchase of Sterling bills for goods already in the pipe line. In Australia, I believe the Government there also covered the losses of exporters, but in Hong Kong exporters were thrown in at the deep end and faced very substantial losses on all their forward contracts in Sterling. There were no good grounds for pleading force-majeur, but in the great majority of cases—often after protracted negotiations—our merchants were able to persuade their customers that failure to settle exchange was pardonable in view of the established parity between the Hong Kong dollar and Sterling which had stood for thirty years. This argument can never be used again, and in the unfortunate event of a further devaluation of Sterling, our exporters would receive scant sympathy from their customers overseas. It is unlikely that Government would act any differently to before and it therefore behoves every prudent merchant to cover himself against this contingency.

The question is what is the cost of prudence, and the answer is high enough to make *imprudence* an attractive risk. The least of our worries is that Sterling might be revalued upwards, with the result there is now a one-way hedge against devaluation. This means that prudent exporters cover exchange, and of course importers, on the opposite side of the book, do not. The Exchange Banks don't like it, and charge a premium which is high enough to make the imprudent exporters take a risk which could be disastrous, not only to themselves but to the Colony and its good name overseas. It makes no sense for one half of our trading community to hedge against devaluation while the other half speculates, and steps should be taken to balance one against the other. The sensible solution which I recommend Government to adopt is to impose some kind of compulsory exchange control to govern the forward sales and purchases of Sterling. This would stabilize our own Sterling position without implying any lack of confidence in the future.

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I was gratified to see in the Budget much greater emphasis on youth projects than ever before. My honourable Friend has remarked on the doubling of the Urban Council's vote for minor urban amenities in parks and playgrounds from 2 million to \$4 million; and the stepping up from 1½ million to \$7½ million in the Public Works vote for major urban amenity schemes. This seems to me to be a very welcome change in priorities, but unless I am mistaken a very large chunk of the \$7½ million comes from the Royal Hong Kong Jockey Club, and it is a pity that more is not forthcoming from public funds. I agree with Your Excellency that one of the limiting factors in youth work is the scarcity of youth leaders, and there is plainly a limit to the number of major projects that can be undertaken at one time, but the question I should like to pose is can we honestly say that no useful work is being inhibited for lack of funds? And secondly, may we hear from my honourable Friend on my left [Mr A. TODD] regarding the new training centre for youth leaders?

I spoke at considerable length last year about the needs of our young people and their place in the community. Mr Jack CATER hit the nail on the head a few days ago when he said that somebody should be looking at youth in terms of what are their hopes and aspirations for the future. What sort of Hong Kong do they want? What do they expect? And indeed what are they going to get. This nettle must be firmly grasped and I suggest the time has come for Government to appoint a Commissioner of Youth for this special purpose.

Like the English Queen who said that Calais would be found written across her heart, I suspect that when I die Aldrich Bay typhoon shelter will be engraved on mine. I was delighted to hear that this project has at last got under way and I congratulate the Financial Secretary on the bargain he got.* In fact at that price I am surprised he didn't take two and then we could have shared the honours and he too could have had Aldrich Bay scored across his chest with perhaps "two for the price of one" written on the converse side! I note that my honourable Friend still has reservations about the need for this additional shelter, but I would remind him that by 1970 when it should be completed, we shall have lost a much greater acreage of sheltered space as the Kowloon Bay reclamation nears completion. In fact perhaps my remarks about taking two are not so facetious after all! Anyway, be that as it may, I have won my typhoon shelter and I can now press on with containerization.

I am afraid I cannot agree with my honourable Friend's remarks last year that the commercial world should choose between typhoon shelters and containerization, implying either a continued and growing

* 1968 Hansard, page 54.

need for lighters or a diminishing one.* I doubt if our roads will ever cope with the demands of a container terminal and I am quite sure we shall continue to use large numbers of lighters both for servicing conventional vessels and for the assembly and dissemination of container cargo.

I was very pleased when Government accepted the recommendation of the Container Committee and reserved a site for a container terminal at Kwai Chung. Unfortunately we are still not very much nearer a decision about whether to build one or not, but this is not a reason for doing nothing in the meantime. It is in fact imperative that Government makes a start now on a detailed engineering study, so that when the situation clarifies we shall know what we are going to do and be ready to go ahead and do it without delay. The point is that we can still miss the boat in this area if we are not able to produce container facilities at almost the very moment when they are required. In the event of the whole scheme being eventually washed out the money spent on planning would be a wise insurance which cannot be criticized, and I strongly urge Government to adopt this action now.

Another aspect of the port concerns the dangers of oil pollution. The advent of very large tankers presents fire and pollution hazards. The "Torrey Canyon" which broke up off the English coast in March last year, and the "Ocean Eagle" which broke in two at the mouth of San Juan harbour, Puerto Rico, a few days ago, are fresh in everybody's minds; and but for the Grace of God, we ourselves might have had serious trouble about two years ago when a Liberian tanker ran aground in the East Lamma channel. These are modern day hazards which we cannot ignore and precautions must be taken. I understand plans have been drawn up to combat and contain these eventualities, and I trust that honourable Members will bear my remarks in mind when in due course they come to consider the financial implications.

Hong Kong has a constant problem of priorities but one that is vital to our future well-being is the Airport. At the official opening of the new runway in 1958, the Governor Sir Robert BLACK stated:—"Henceforth Hong Kong will not only be noted for its fine natural harbour but also for its imaginatively planned runway. We shall be able to handle a greater number of tourists and a larger volume of entrepot air freight". Since then a single decade has passed and already our imaginatively planned runway needs extending. In fairness I should add that even in 1955 there were doubts about 8,350 feet and many who thought it should go further. Now we must go to 11,000 feet to put us back "in Class". In and out passengers in 1958 numbered 262,000 and last year there were nearly 1,200,000. Cargo handled in 1958 was 3,600 tons and the figure for 1967 was over 26,000 tons. Forecasted five years hence, is nearly double the number of passengers

* 1967 Hansard, page 258.

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and three times the volume of freight. In ten years' time it is estimated there will be four times the number of passengers and ten times the amount of freight. These figures are not picked out of the air—forgive the pun—but follow a world-wide trend which other countries adopt.

Sir Robert went on to say on that memorable occasion: “As with our harbour in the past, so will this runway help us, in this modern air age, to develop the trade on which Hong Kong's prosperity was founded”. It is patently clear today that we cannot stand still, and the extension of the runway, apron, terminal building, cargo complex and air traffic control must all be put in hand now, if Hong Kong is to retain its position in this part of the world. It's true that some of tomorrow's aircraft can still land and take off on our runway as it is, but that is not enough. If we are to stay in business we have to offer facilities to International Airlines which are both economic and attractive; they include such essentials as maximum load factor at all seasons of the year, the absence of delay in and out, fast and efficient handling on the ground and of course maximum safety.

I believe the cost is in the neighbourhood of \$200 million and Britain should certainly help to foot the bill in exchange for the traffic rights which she continues to control. Hong Kong is her second highest card and she certainly has no case for playing the poor relation over this. We have every right to expect, and in fact we should demand a contribution from Britain of at least 25% of the cost. We should also retain some control over the traffic rights which affect Hong Kong's own airline Cathay Pacific, as well as important trading partners, and in this connexion I refer as I have done before, to the claim of SAS to run a service in and out of this City.

Last year my honourable Friend Mr FUNG Hon-chu spoke of the desirability of extending *ex-officio* membership on the Trade Development Council to the Hong Kong Exporters Association.* At that time my honourable Friend the Director of Commerce and Industry pointed out that legislation had only recently been enacted and he did not feel any change would be justified at such short notice.† As it happens I was a member of the working party which deliberated at great length over the formation and composition of the Trade Development Council and therefore must shoulder a measure of responsibility for the decisions we reached at that time. I have since served on the Council, although I do not do so now, and I am firmly convinced that the Exporters Association could make a very real contribution to its deliberations. In some ways—and as its name implies—it is probably even better qualified than most to serve on the Council whose main purpose is to promote exports. This Association is very much alive to the day to day problems

* 1967 Hansard, pages 141-2.

† 1967 Hansard, page 212.

lems facing those engaged in the trade, and they have a vast practical knowledge about conditions in overseas markets. Certainly in recent months, and with particular reference to the events following devaluation, they have proved their worth not only to their members but to the trade as a whole. My recommendation to seat the Exporters Association on the Council naturally requires an amendment to the Ordinance, but on the other hand there may be a case for discontinuing the closed shop policy altogether, and leaving all appointments in the hands of the Governor.

In winding up the Budget Debate last year,* my honourable Friend the Colonial Secretary made the suggestion that this Council might have two major debates each year. One perhaps in the autumn covering all aspects of policy, and one around this time of the year centred on the Financial Secretary's Budget Speech and the Estimates. Honourable Members will recollect that Mr P. C. Woo earlier referred to the indigestible fare served up on this annual occasion consisting of a wide variety of subjects and ideas, many of them excellent in themselves and worthy of debate, but strictly irrelevant to the motion before Council. I agree with my honourable Friend and I am sure that detailed consideration of the Budget in this Council Chamber with the opportunity to scrutinize each separate head of the Estimates would be more in keeping with the occasion and widely welcomed by all concerned. In your annual review Your Excellency referred to the fairly acute need to revise and modernize Standing Orders, and I trust. Sir, that this is one of the improvements which you have in mind. I am happy to add that without exception, my Unofficial Colleagues have authorized me to say that they are in agreement with these new proposals, and I trust it will be possible to adopt this revised procedure during the coming year.

Sir, with these remarks, I have pleasure in supporting the motion.

MR SZETO WAI:—Your Excellency, my honourable Friend the Financial Secretary once again has had the good fortune to announce a bumper surplus in this year's balance sheet. The new Budget has also been welcomed by the man in the street as one of stability with no tax increases, little changes and continued steady expansion. However, my misgivings are that the huge under-spending in public works projects of \$105 million, which was due partly to last year's troubles, will have a detrimental effect on the well-being of our community. Furthermore, the benefits from low construction prices to the tune of \$35 million are not reflected in next year's Budget in the form of larger allocations to our urgent needs in the field of communication.

My honourable Friend, Mr KAN, has again spoken on the subject of transport royalties, and my Colleague, Mr WATSON, has dealt with many aspects of our surface transport. I shall confine my remarks to

* 1967 Hansard, page 263.

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the two current reports on transportation which have stimulated considerable public interest, especially the recommendation of the building of a mass rapid transit system to integrate the traffic of our twin cities and our new satellite towns. However, many of the public comments expressed so far seem mainly concerned with the high cost of the proposal, and very little has been said on its absolute necessity as a solution to our problems, and the adverse effect on our well-being and economy if such a system is not provided. In brief, the Mass Rapid Transit System was evolved from the study and projection of our existing traffic conditions, while the Passenger Transport Survey Report in addition to analysing basic traffic information, concerns itself with short-term remedies on the premise that a rapid transit system is to be implemented. There will soon be yet another report, which will deal with our road requirements, and together they form a trilogy on Hong Kong's transportation problems, past, present and future, and offer both short and long-term solutions.

The present reports demonstrate to us the formidable task before us; our big and rapidly increasing population, our restricted physical environment, our very low mileage of major roads, our outmoded city patterns with their mixed development, our ultra-high urban density, our fast expanding industry and its dispersal, our heavy traffic load and special travel characteristics and, above all, our great reliance on public transport. All these point to a highly efficient and cheap mass transport system for the easy movement of our people. It is argued that the recommended underground railway is not only the cheapest but the only feasible system to answer our needs. Although we have yet to see the result of the road study, it is doubtful that any adequate road system could meet our requirements at much less cost. In fact, in the Passenger Transport Survey Report the cost of such a road system is estimated at $3\frac{1}{2}$ times of that of mass rapid transit. Notwithstanding this, a system of multi-lane elevated roadways will mutilate our densely developed urban areas. It is my guess that the road consultants, for economic reasons alone, will support the urban rail system and recommend a complementary road network to accommodate our surface transport since the railway will only be capable of taking one-third of our total future public transport load by 1986 even though it may well be the world's most heavily used system.

Sir, I said in this Council last year* that in the long term no large cities can expect to solve their traffic problems by road construction because of the fundamental conflict between city and traffic, and I would repeat this warning today. The motor car has created serious problems for all large cities especially those in the United States where the sheer volume of traffic and the great emphasis on private mobility has resulted

* 1967 Hansard, page 183.

in very elaborate systems of roadways and freeway without regard to cost and city amenities. This is a vicious circle; for construction generates traffic, traffic generates congestion; congestion in turn demands more construction, and so it goes on. Many American cities have learned a bitter lesson and are now going back to their public transport which they once left to decay. It is important to note that most of the transportation studies carried out in recent years in the United States advocate the adoption of mass rapid transit as a means to combat road congestion. These are object lessons which we cannot ignore. The consultants warn us that without a grade-separated mass rapid transit system in future, our roads will be choked and our cities will be paralysed with consequent serious effects on our whole economy. Therefore, it is not a question of whether we can afford such a costly facility but whether we can afford not to have it.

Many people seem to consider the proposal an expensive luxury. While sharing their financial concern, I would question the wisdom of dismissing it without serious consideration of all the implications. Our overwhelming reliance on public transport must lead us to seek the most efficient and cheapest means possible. Many cities possessing rapid transit systems have neither our size nor our concentration of population. Finance is only one facet of this complex problem.

I appealed to Government in this Council last year* before the feasibility study was completed, to explore in advance all possible avenues leading to financing such a vital project and I must renew my appeal again today. Undeniably the cost is immense, but surely Government could not have envisaged a much lower cost prior to commissioning the study in view of the considerable time and \$3½ million fees it entailed. My honourable Friend the Financial Secretary would surely be the last person to under-estimate such a project, and the first to object to the commissioning of such a costly investigation had he entertained absolutely no hope of its realization.

Also last year, I submitted that large long-term capital expenditure could not and should not be financed from general revenue although our heavy expenditure for housing and water-supply uses this source.† But a mass rapid transit system requires a far greater amount and over a longer period. I would therefore suggest again that Government look further afield for the necessary funds. It will be noted that of the total cost of \$3,404 million, \$1,983 million is for construction of lines and stations; \$1,231 million for rolling stock and equipment and \$190 million for land. The first figure may lend itself to negotiation with The World Bank, as this organization has, on two occasions since 1960 expressed great confidence in our economy. I am conscious of the remarks of my honourable Friend the Financial Secretary concerning loans from the

* 1967 Hansard, page 183.

† 1967 Hansard, page 182.

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World Bank and his irreconcilable opposition to over-sea borrowing, in fact, any borrowing. I think I am among those persons whom my honourable Friend charges with advocating very expensive schemes of expansion of public spending. I am neither an economist nor a financier though I recognize that efficient fiscal administration on a year-to-year basis is one thing and long-range economic planning is quite another. Furthermore, long-term planning does not necessarily involve us in living beyond our means.

Sir, it may not be easy to get a loan from the World Bank having regard to our thriving economy though the mass rapid transit system is certainly a worthy project and one that should qualify for the Bank's assistance. If Hong Kong was credit-worthy in 1966, it must remain so to-day since my honourable Friend believes that last Summer's events have had no substantial effect on our economy. Our dilemma seems to be that we are considered such an affluent society that we cannot be in need of credit, or at least so far the need for such credit has not been established. Perhaps my honourable Friend the Financial Secretary is now convinced by the case made out by the consultants, despite some of their unrealistic though conventional assumptions, and has therefore caused the Bank representatives' recent re-visit. I hope our circumstances and needs have been presented to them in a new light.

I have dealt with the larger cost of engineering construction. As regards the smaller cost of equipment, I believe this may find favour with the Asian Bank, for to its industrially advanced member-nations such a loan with specific use may not be without attraction. The least item, that of right-of-way cost, though comparatively insignificant, could be further reduced by land exchange as we are particularly well endowed with this asset at the present time.

So much for international loans, but what of an internal loan through the issue of Government bonds, a universally adopted practice elsewhere? A recent example is the San Francisco Bay Area Rapid Transit System which is financed by a bond issue to be serviced in 37 years by property tax. Here again, I am reminded that Hong Kong is a special case, what with our political implications, the attitude of "borrowed time and borrowed place", our short-term investment outlook, high profitability and interest rates, etc. Such negative thinking is unworthy of a government whose people rallied so staunchly round in last year's troubles.

It has also been suggested that the project could be financed by a combination of a reasonably long-term capital bond issue and contribution from public funds as an annual grant and this will be used to cover interest payments until the system's revenue becomes capable of taking over. This contribution may be justifiably treated as additional

allocation to our annual roadworks expenditure which has long been overdue considering our spending in housing and water-supply. The roadworks expenditure in the two previous years was only 36% and 34% of housing and water-supply. There is a drop in all three heads in the new Budget with a very large fall in waterworks which will continue for a considerable period. Next year's \$365½ million for non-recurrent public works is the lowest for many years. Roadworks has always been the poor cousin and it is now clearly justifiable to make a shift of emphasis to our transport needs. I would not like to think that the large sum of \$7 million spent in obtaining the three transport reports may be completely thrown away.

Serious consideration is clearly necessary as to how to implement the rapid transit system, and the consultants suggest a development in stages for reasons not only of finance and engineering but also traffic growth. For Stage 2 comprising the completion of the most heavy traffic sections of the proposed Kwun Tong and Tsuen Wan lines, the cost involved up to 1975 of \$1,909 million which is about 3 times that of Plover Cove is much less staggering. Apart from meeting the very heavy traffic volumes in the Nathan Road and the North-East Kowloon corridors, the completion of Stage 2 will achieve the most vital aspect of our transportation, that is, the integration of the communication networks of our twin cities. It must be assumed however, that the new roadworks to be completed on both sides of the harbour before the initial service of the system in 1974 will cope with the anticipated 50% increase of our existing surface transport. With the completion of the water-front road and clearing of the worst slums in the western district through urban renewal—a report on which was incidentally available 2 years ago—the implementation of the Island Line and the Sha Tin Line could be left to future date. It may be possible after further study at design stage to modify the system to permit a higher percentage of over-head construction to reduce cost.

Even if a positive decision is made within the year, considerable time will have elapsed before the underground is in service, and in the meantime, our traffic congestion will have deteriorated. It is in this light that I am appalled at the very meagre provision for roadworks in next year's Budget—\$43½ million, a sum even lower than those in the two previous years. This is all the more regrettable when we are at the threshold of a 5-year Road Construction Programme, and I find no justification for the complete lack of provision to relieve the notorious chronic congestion in the North-East Kowloon Corridor and the Kowloon City Round-about, on which I spoke last year* and for which an \$18 million high-priority remedial scheme has been included in the 5-year Road Programs and scheduled to commence in 1968-69. Surely there is no shortage of funds for this very urgent work. What has been

* 1967 Hansard, page 178.

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saved from low construction prices this year would cover this long-awaited cure twice over. There is also the \$25½ million windfall revenue from this year's taxi premia which went a long way to make up this year's surplus and which could have rightly been earmarked for this use. As it is, the sorely-needed remedy will not be had for some years.

Sir, a decision will have to be made one way or the other on the mass rapid transit system, but let there be no procrastination about it for the long wait of the outcome of the study has already sterilized much of our land and deferred many of our development schemes. I hope our administrators will face the challenge without confusion over purpose, without timidity over means, and above all without delay. Our community must be kept mobile, and it will be a calamity if the usual *laissez-faire* attitude persists and Government rests content with short-term measures of traffic management or deliberate restriction of vehicle growth. Such negative attitudes will only result in the paralysis of our cities and the slow strangulation of our economy.

Sir, with these observations, I support the motion before Council.

MR WILFRED S. B. WONG: —Your Excellency, after listening to my honourable Friend, the Financial Secretary's speech on the Budget, I must express in all sincerity my unbounded admiration for my honourable Friend who apparently is gifted with an in-built electronic computer which gives the right answer most of the time at any rate, and in a flash of a second.

How he managed to nearly balance the Budget and actually show surpluses during most of these years when obviously the demand for social services in Hong Kong is out of all proportion with Hong Kong's finances, how he controls the expanding demands of 36 departments of Government, and how he recovered the ball after a fumble during the devaluation crisis, should make an interesting subject if one were to write a book on fiscal policy of Hong Kong after the war.

The Financial Secretary has said that he would consider it most unreasonable and most disrespectful towards this Council were he to confront honourable Members with extensive new spending projects which they never previously had a chance to consider. This probably accounts for the relative absence of new schemes and projects.

A few decades ago when I was finishing my training at General Motors, a report was made as to the amount of work which I had done. My senior called me in and said that what really interested him was the work which I had not done, that is, the work which I thought ought to be done and which I did not do. Quite a section of the public has reacted towards the Budget in a similar way.

On the other hand, it would be unfair to the Financial Secretary, if we were to pin all the responsibility on him and it might be of benefit to Hong Kong's future if we were to establish an economic advisory committee. The functions of this committee would be:—

- (1) To study and recommend measures for meeting the growing need for the expanding social services of Hong Kong within the framework of the present Government finances.
- (2) To study the structure of Hong Kong's national income, that is the Gross National Product, with a view to exploring additional sources of revenue without damping entrepreneurial incentives in commerce and industry.
- (3) To study the ways and means of stabilizing the cost of living particularly as it relates to the labour content of production costs, and with specific reference to price controls over staple foods, that is, rice, vegetables and fish. I am aware that a number of my honourable Friends in the Council abhor the word "control". I use it in the general sense of rationalization. Rationalization of the sources of supply, rationalization at the point of production, such as an increased encouragement for those who grow vegetables, and rationalization of the channels of distribution in the case of rice.
- (4) To study and recommend measures towards making the Hong Kong dollar an independent currency and managing it consciously in order to avoid possible crisis in the future.
- (5) To study and recommend economic policy for maintaining a steady rate of growth of the Hong Kong economy.

It is not necessary to stress that stabilization of currency is dependent on the purchasing power of our money in relation to the price index of the most essential commodities on the one hand, and the gold parity on the other hand, but it is necessary to emphasize the paramount importance of stabilizing the cost of living of our people, and therefore the cost of production of our industry.

Having made a general proposal, may I now deal with some specific points in relation to the Budget. The Financial Secretary was candid enough to mention that there was, in fact, tax evasion in Hong Kong. It is a cardinal principle of modern society that those who enjoy the privileges and peace of the land should also bear responsibility in the contribution to the cost of public services, namely, taxes. While the figure of 74,000 persons paying salary tax now is more than double that of the past financial years, my own estimates are that there should be at least 1,000,000 persons paying salary tax. Otherwise, there will be too many people taking a free ride in Hong Kong. Similarly, the figures for

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profit tax are substantially below private estimates, and the Inland Revenue Department could well follow up this matter. It is essential that we collect what the present structure is designed for, before any increase in tax is even considered.

My honourable Friend, the Financial Secretary, was gracious enough not to propose any increase in tax this year. If we follow the pattern of the previous years, except the increase in direct taxation in 1966, any increase is usually a minor tax or fee where the burden appears equitable or mild. In this respect, may I propose that the business registration fee be increased from \$25 to \$50 a year. It is to be noted that \$25 is not a large amount nowadays, and it is in fact the fee for a pedlar hawker's licence for a whole year. If we recognize that \$25 is a logical and reasonable adjustment, it would yield an additional revenue of 3.2 million dollars. As an exercise in establishing priority, this additional revenue could well be used on primary education. If the fees for primary school attendance are \$50 a year, it would help 60,000 primary school students. On the other hand, if we use \$30 a year to help students to get text books and stationery, it will help over 100,000 primary school students.

My other observations on the financial characteristics of Hong Kong concern the public debt, the devaluation and currency problems and bank deposits and loans in relation to Hong Kong's economy.

The public debt of Hong Kong stood at \$75,466,000 on March 31st, 1967. Divide that amount by a population of 3,800,000 we arrive at a public debt of \$20 *per capita*, probably the lowest of any of the developed territories of the world. This is an indication of the financial strength of Hong Kong. In establishing future policies we should bear this fact in mind.

It would seem to be a good policy to have major public works, such as the airport, the tunnel and water reservoirs, to be financed from public borrowing and let current revenue cater only for the immediate public services of Hong Kong.

In remembering the strength of Hong Kong finances, it is to be noted that, in spite of the exchange crisis which incidentally happened once in 18 years, there is still a total reserve of over \$1,000 millions.

With reference to the Government's decision not to follow sterling devaluation all the way, this has cost us \$400 millions. While this amount almost disposed of our legally disposable surplus in the exchange fund, it nevertheless represented a most necessary and appropriate step in maintaining the Hong Kong dollar, and therefore established the first step in making the Hong Kong dollar a managed currency. This is a

most noteworthy decision and should certainly forerun any policy which would insure the Hong Kong currency against a future crisis. Hong Kong has a favourable balance of payment every year and this fact alone should rank the Hong Kong dollar amongst the stable currencies of the world.

It is noted that the total bank deposit on December 31st, 1967 was still \$8,162 millions as compared with \$8,405 millions last year. This indicates that the flight of capital was very small and possibly the people concerned had kept some notes as liquid assets.

However, as the total amount of bank loans was \$5,400,792,000 at December 31st, 1967, it does indicate that more could be done to restore Hong Kong to the height of its local economy.

While the Hong Kong Government has done a good job of promoting export trade, it can still do more for local industries by providing land at reasonable rates instead of by auction. It could also improve local trade and accelerate the rate of circulation of the exchange of goods and services by encouraging a more liberal credit policy through the financial institutions.

For those who are in fear of inflation, it is well to remember that there will be little inflation if the goods and services produced are also increased in relation to the increased demand.

One word about a possible industrial development bank for Hong Kong. It is to be noted that Hong Kong industries are now entering the second phase of their development, and this is the period where medium and long-term financing is required. It is a well-known fact that smaller industries are finding it difficult to get long-term loans for equipment engaged in production. In Malaysia, the World Bank has participated in the formation of an industrial development bank, the other parties being the local financial interests. I think it would be a good thing for Hong Kong. I have reason to believe that the World Bank is prepared to participate in this scheme on the general assessment that China and Hong Kong are trading partners and that this partnership is mutually beneficial to the people whose standard of living is being raised, and that Hong Kong has a future because it is not a place for politics. I wish Government would pursue this matter further although a Committee Report was made on the subject in 1960 which was quite some time ago.

One word about economy from the establishment point of view. It does appear that, in certain departments of Government, there is a tendency for Government to go into competition with private enterprises. I have in mind especially the Architectural Division of the Public Works Department. It does seem appropriate that local architects should be given a greater proportion of Government jobs as a general principle

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and perhaps, in certain instances, to invite competition in order to sustain the interest of the young architects who are graduating from our universities.

There should also be a reduction in the number of engineers employed by the Public Works Department so that private firms could be called upon to undertake more of the work now done by Government with the latter retaining a skeleton staff for supervision. In this respect, Government could well be more flexible when vacancies occur in the various sections, Government Departments should be advised to get along without them. These practical measures would not only reduce expenditure but eventually work toward a higher standard of efficiency and remuneration for existing civil servants.

I would also like to support the points brought out by my honourable Friends, Mr FUNG and Mr Ross, about the membership of the Hong Kong Exporters Association on the Trade Development Council. Characteristic of his modesty and open-mindedness, Mr Ross has now turned around from his original position and supports this proposal. I have always felt that, while other organizations are generally organized with exporters as members, the Hong Kong Exporters Association is specifically organized for export and as such, should be an *ex-officio* member of the Trade Development Council.

My last point concerns broadcasting. I believe Sir Albert RODRIGUES, when debating a paper on the future of broadcasting system in the Colony in the Legislative Council in 1956, proposed that Advisory Committees should be set up.* I believe that advice from a body of citizens who broadly represent the varied interests of the people of Hong Kong is desirable for the best possible services. This is particularly so in the case of the Chinese service and it would behoove Hong Kong to set up a committee for formulating programme policy for the Chinese service. I hope that Government will consider establishing such a committee on broadcasting as its influence on the minds and mood of the people cannot be over-emphasized.

With these remarks, I have much pleasure in supporting the motion before this Council.

HIS EXCELLENCY THE GOVERNOR:—I think honourable Members might like a recess at this point and I will suspend the sitting of Council until five minutes to 4 o'clock.

* * *

HIS EXCELLENCY THE GOVERNOR:—Council will resume.

* 1956 Hansard, page 55.

MRS ELLEN LI:—Your Excellency, your Review and the Financial Secretary's Budget Speech 2 weeks ago were received with mixed feelings and quite different reactions. There was a general sigh of relief because there was no proposal of tax increases. On the other hand, the more enthusiastic and public spirited sector of the community viewed them as "conservative" and "unimaginative".

I suppose that after weathering the difficult period of the civil disturbances and the after-effect of the devaluation, we should be satisfied that our financial position is still strong and that we have not run into debt. However, I must confess that I did wish it could be more imaginative. After all, we do need some effective psychological uplift right now to counteract the bitter taste of last year's experience— something dramatic, dynamic and far-sighted such as a free primary school education scheme, a post-primary training scheme and/or an Urban Renewal Scheme, to mention just a few possibilities.

Enough has been said about the problem of youth and what can be done for them during the past few months by community leaders, educators and press commentaries and for that matter by many of my Colleagues in this Council yesterday. To repeat these comments and proposals is a superfluous effort. Suffice it to say that the dilemmas facing our young people today have been fully appreciated by one and all. Let me quote the caption of the Frontispiece of the Annual Report which says and I quote "If it is true to say that the future of any community lies in its youth then Hong Kong, with its wealth of young people, is fortunate". If we really feel that our 2 million young people is our fortune, then why are they not given the first priority in our scheme of things? Last year, the expenditure for education was 14.57% of our total expenditure and this year the Budget is still 14.68%.

We have been told repeatedly that by 1971, there will be a subsidized place in primary schools for every child who wants it and the Financial Secretary also mentioned that subsidy for books, etc. is under consideration for needy students and the percentage for free places may gradually be increased. In practice this may have been a beneficial move from a benevolent Government but in principle, it is not quite the same as a free education system. In the first place, education, at least primary education, should always be the responsibility of the Government. Private schools have their values and contributions, but Government must provide enough places for all children of school age at the lowest possible fee, if not entirely free at this juncture, irrespective of background. In the second place, it is my opinion that the fee remission system basing on financial need is not generally acceptable to the Chinese community who consider the cumbersome procedure of application for free places as a symbol of degradation similar to begging for charity. They would rather resort to the system of education by rotation i.e. one child goes to school at a time.

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This brings us to the question of post-primary training and training facilities which should be our primary concern and will remain so for years to come. Your Excellency said and I quote “The expansion of our facilities for secondary education, in the main, was carried out by voluntary agencies”.* For the time being I am afraid we have to accept this policy, no matter how reluctantly, as the intermediate measure. But your Excellency went on to say and I quote “But next year I hope we shall be able to place rather more emphasis on technical education”.† I am sure members of this Council as well as the public are anxious to know what plans or projects are in the making?

Our next emphasis should be on vocational and trade training programmes for children between the age of 12 and 18, who are not in secondary schools—skilled or semi-skilled training programmes to channel them to industries, handicraft trades, maintenance service and other independent trade, such as cooks, salesmen, hotel services, tailoring, etc. in place of the old-fashioned system of apprenticeship which is nothing more than exploitation and is one definite obstacle preventing the young generation from entering these occupations. The census gave an approximate figure of 357,000 as the population of children in this age group not in schools and only a very small percentage of 5 - 10% is known to be gainfully engaged. Government should now implement the proposals of the White Paper by establishing a definite programme for at least 3 or 4 trade schools a year to give this large group of potential work force a chance in life. If necessary, some of the surplus from last year's Budget could be channelled for this purpose. My Friend, Mr SZETO, wants a slice of the cake for his roads. The Reform Club wants it for the low cost housing and I in my motherly fashion want it for our children. But as the saying goes, we cannot have a cake and eat too, so shall we have the cake, keep it in the fridge or shall we eat it?

At the same time, Government should take the initiative of approaching by personal contact the management of the industries, trades, public utilities and large business concerns to explore the possibilities of Government assistance in setting up co-operative training schemes on a dollar-to-dollar basis, loans and free land grants.

A great deal of comments and suggestions have also been aired in the press about employment possibilities for secondary school leavers. I believe that some community education programme, some form of this kind of programme is needed on a large scale to counteract the traditional Chinese attitude towards manual labour. Parents and students must be persuaded to accept work with their hands as an honourable occupation. Industries and Trades too must be encouraged to

* 1968 Hansard, page 44.

† 1968 Hansard, page 49.

employ workers with better standard of education in order to improve the quality of their products through better management, ingenuity and modern technology. Labour officers on their tours of inspection could become effective contact men for information on vacancies which could be passed on to the public information offices in lieu of a properly set-up Employment Exchange Bureau.

Education and employment problems are primarily Government's responsibility, and Government can not afford to sit back and leave things to voluntary efforts much longer.

The increased block vote for the establishment of more open spaces and recreational facilities by the Urban Council is a welcome move. We also have in the Royal Jockey Club a generous donor of many swimming pool complexes which we desperately need. We also have sports events, concerts, music festivals, jamborees, camps, club activities, etc. etc. involving hundreds of thousands of young people, sponsored by the Education Department, the Social Welfare Department, the Urban Council and the various voluntary agencies. But they all have the same difficulties—that is not enough facilities and the lack of trained leaders. The building of an indoor stadium should now be one of our immediate objectives. What we also need in Hong Kong is a School of Physical Education, a School of Music and a School of Arts.

Last year, my honourable Friend, the Director of Social Welfare, in his reply to our comments regarding trained leadership, mentioned about a new training centre for youth and recreation leadership at planning stage.* It will be of general interest and concern to hear what progress has been made in this direction and whether any new projects are being contemplated for the near future.

1967 was the year for declaration of human rights for women by the United Nations. All the member nations have accepted this principle and declaration that there should be no discrimination against women. In Hong Kong, through her association with UK is indirectly a member of the United Nations who accepted this declaration. But can we honestly say, without blushing, that there is no discrimination of the fair sex in Hong Kong?

1967 was also the 50th Anniversary of the granting of equal rights to women in Great Britain, although not without bitter struggles and violent actions for a number of years. Yet after 50 years, there is still inequality and discrimination in all parts of the world. Mrs Jennie LEE BEVAN laid the blame for such slow progress on the modern women for being too well-mannered and too well-disciplined. I tend to agree with her up to a point, not that I would myself for one moment accept the insinuation that militancy or confrontation is the only

* 1967 Hansard, page 217.

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way to achieve our aim. However, our experience last year did serve as a sharp and effective jab in the arm to make us wake up to the fact that many conditions and legislations in good old Hong Kong are not what they should be, and need changing.

Whilst still on this vein of thought, I would like to remind Government that it is time to put through the pipe-line right now without further ado that piece of legislation on Chinese marriages in Hong Kong. 18 years is a long enough period for any deliberation on this one subject and there still remain the questions of succession and many other outmoded Chinese laws and customs that need changing. The Tsing Dynasty is no longer in existence for the last 57 years and both the Republic of China and the People's Government of China have for years adopted new sets of laws. Yet Chinese people in Hong Kong remain living in a "lost world" of their own.

1968 is the year of the Monkey and therefore the year for action. Apparently Mr WATSON's three monkeys and mine are of different species. Your Excellency mentioned the implementation of the Salary Commission's recommendation for equal pay for women by 1975. Although I feel that 10 years is too long a time for a discrimination to be redressed, to do something is better than doing nothing. Two years have already passed since the Commission's recommendation and I hope that definite action will be taken before the year is out. We must not wait any longer, because next year is the year of the Cock and the Cock would rather crow than move.

As regards my plea for the reinstatement of Maternity Leave for women in public service last year, my Friend the honourable Colonial Secretary made a statement which I cannot let go without challenge. He said and I quote "Mrs LI championed the cause of women in public service very ably, although I detect some inconsistency in her support on the one hand for paid maternity leave up to fourth confinement and her plea on the other hand for more active Government assistance towards the family planning campaign".*

My honourable Friend, in choosing to mis-interpret my intention, perhaps did so on purpose to provide an excuse for the action taken by his predecessor in the abolition of this leave when equal pay was introduced some years ago for women officers on top level scale. My recommendation for full-paid leave for the first 2 confinements and half-paid leave for the further 2 was in line with the principles of family planning, which advocates that all married couples should have children but only the children they want and can afford to care for properly. I have no strong views on the second part of my recommendation,

* 1967 Hansard, page 191.

because I did qualify this statement by saying that the first 2 children is the fulfilment of a woman's duty (not privilege, mind you) to the human race, the society and the family but the further ones become a luxury for the responsible parents.* In fact, the inconsistency of policy is on the part of Government: it is either 8 or nothing. It is neither reasonable nor humane. I hope the Government is not going to justify this action by offering the usual unscientific argument that since men do not have maternity leave so why should women have it.

Nobody can deny that our housing programme is a very impressive one, by any world standard. We have made progress both on quantity and quality. Your Excellency mentioned that Resettlement housing is an emergency programme. It is therefore about time that we review our housing policy for future planning. The Housing Board's recommendations for a 164% increase in Low Cost Housing programme on the basis of 35 sq ft per adult is a step in the right direction. Our next question is: Is the emergency for Resettlement-type housing over? My answer is no. We still have at least 60,000 roof-top squatters, an unknown number of pavement and back-alley dwellers, people living in slums and dangerous buildings, and victims of disasters to think about. Urban Renewal Scheme and improved designs for better quality Resettlement-type housing should become our next objective. However, in order to avoid creating more slums and overcrowding in a short time, we should begin to consider the housing of families on the one-child one-unit basis and to locate such future estates on smaller sites for less concentration of population and easier management at minimum cost.

Tourism has become our second largest industry which brings to Hong Kong an estimated annual income of \$900,000,000.00. We have been warned by many experts that unless we have more hotels, larger convention halls, better shopping bargains by keeping our prices down and our honesty up, and/or something typical of Hong Kong for entertainment and sight-seeing, we are going to lose our customers. This will soon happen if the proposed legislation to restrict foreign travel become effective in the United States and Japan.

If we are going to lose some individual visitors, we should turn our attention to convention prospects. A sizable convention hall near the City Hall is a much needed facility for visitors as well as ourselves. Within 5 short years, we have outgrown the facilities provided at the City Hall for graduation ceremonies of our 2 Universities, many schools and many of our public functions.

Our best assets are our craftsmanship, our natural beauty of the harbour and the beaches, our quaint little villages, our way of life, so

* 1967 Hansard, page 271.

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well mingled with the culture of the two worlds. We must now strive to preserve what little is left of our history, our natural beauty from being spoilt by the stone quarries and the water pollution, our “walled cities” in the New Territories from being crowded out of existence.

Two years ago, several rural organizations proposed that the country surrounding the red brick building near Castle Peak where Dr SUN Yat-sun used to hold his revolutionary meetings, be developed into a Chinese Garden. As Dr SUN is now an international figure beyond any political implications, the suggestion has interesting possibilities. It can be developed into an attractive show place, by converting the building into a museum, surrounded by a Chinese garden with pagodas and pavilions and the village cottages made into work shops and exhibition stalls for local arts and crafts.

The two new projects initiated recently by Government deserve our support. I refer to the Education TV and the City District Officers. The Education TV will certainly be a tremendous contribution in the field of education, both for the schools and the community. The influence of such an audio-visual means of communication on the mind and life of an individual is immeasurable.

The City District Officers scheme is an example of Government's attempt to reach the people, by establishing closer contact through these officers. The effort is sincere and so let us wish it every success.

I purposely group these 2 subjects together, because they are both a means of communication through different channels, between two people. One is by means of audio-visual aids and the other is by way of personal contact. However, one can reach masses of people quickly at the same time while the other is a slower process, but more friendly, more personal and more lasting.

This leads me to wonder why Government has not made use of its radio stations more often and more effectively to make its services known to the people and why the stations have not been more active and more imaginative in its presentation of programmes, news items and general information of what goes on around town. One good team of script writers and producers can surely project the image of the Government, its services and programmes in their right perspective most effectively to the public in a special daily programme. It pays to advertise. The tremendous impact of TV and Radio on the people can not be over emphasized. If ever a Government needed good public relation with its people, it is here and now.

Sir, I lend myself to the motion before Council.

MR J. DICKSON LEACH:—Your Excellency, it is always difficult to follow my honourable Colleague Mrs Ellen LI, as she commands the attention of this Council so ably in dealing with the rights of the fair sex. I congratulate her and apologize for returning to more mundane subjects many of which have received more expert treatment by previous speakers.

In your address to this Council outlining the plans for next year, the first subject covered was that of labour conditions in Hong Kong. Whilst I am unaware of priorities, you, Sir, obviously attach a very high degree of importance to this subject in which I share.

My honourable Friend, Mr P. Y. TANG has ably and comprehensively covered the subjects of labour legislations, labour-management relations and wages. These are vast subjects, each in itself calling for long and detailed study. In the main, I agree with his approach although in certain areas I have reservations and in others I must prefer to differ.

I must emphatically give support to the danger of endeavouring to draft new labour laws on practices ruling in other countries. In the first place I would enquire as to whether there is a single country we could use as a model. Surely, we cannot utilize the United Kingdom. In 1934 the United Kingdom Government ratified the International Labour Organization Convention prohibiting night work for women and such ratification automatically extended to Hong Kong. Under the War Emergency Regulations, the United Kingdom Government permitted night work for women and after the war both industry and labour agreed that this practice should continue in special circumstances. The Convention was therefore denounced by the United Kingdom in 1947 thus permitting night work for women, subject to the approval of the Ministry of Labour. Hong Kong was not included in the United Kingdom 1947 denunciation of the International Labour Organization Convention and the 1935 regulations still apply to Hong Kong.

In the Adjournment debate on the 14th February* I drew attention to the fact that in the United Kingdom, the Confederation of British Industry and the Press were advising Government to have the courage to sweep away all the out of date legal restrictions on the working hours of women in factories. United Kingdom labour legislation is far from up to date and certainly provides no model upon which we can base our own laws.

One of the recent major pieces of labour legislation to come before this Council was the Factories and Industrial Undertakings Ordinance† where the hours of work for women and young persons were altered.

* 1968 Hansard, page 30.

† 1967 Hansard, page 348.

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Both the original and the amended ordinances are not good apart from the fact that the number of hours of work for persons in this category are restricted to acceptable international standards. However, no provision is made for shift work. When introducing the alterations, my honourable Friend Mr HETHERINGTON stated that these had been under consideration for no less than 9 years. If the amendments had been introduced on the basis of allowing shift work for women as is done in the USA, Norway, Sweden, Denmark, France and in certain circumstances in England, the frustration over such a long period could, I feel, have largely been avoided.

I do not fully agree with my honourable Friend that the mandatory performance of the requirements of new legislation must, with very few exceptions, entail an extra financial burden being borne by someone. I hold the opinion that the vast majority of employers in Hong Kong are good and already operate their businesses on very advanced standards. It is the few who will be required to bring standards up to a normal acceptable level. Here, there may be increased costs but if it means proper health and safety levels for the workers this increased cost factor will have to be faced.

When my honourable Friend, the Commissioner of Labour spelled out in broad terms his proposals I had hoped that the majority of employers who did not already comply with the proposed legislation would have plenty of time to make their plans to operate their businesses on the basis of the new requirements. There is already some evidence of this as I have seen advertisements in the press that one group of stores which previously operated on a seven day week is now to operate a six day week.

My honourable Friend, Mr P. Y. TANG, is apprehensive as to the extent of new statutes feeling that they may go much farther than necessary by possibly including social welfare legislation. I share with him some of the fears of going from one extreme to another too quickly. New legislation must take into account both human and material realities. Hong Kong without its industries would wither and die. Our exports are dependant on the cost factor which is mainly made up of the cost of raw materials and labour.

I have been reassured to a large extent in re-reading your address, Sir, when referring to the strengthening of the Labour Department. You referred to the aim of steady improvement geared to the real needs of Hong Kong taking into consideration the interests of both employers and employed. This is a nicety of balance, although difficult to achieve, should be our aim.

As the representative of the Justices of the Peace on this Council I receive a number of varied requests regarding matters which should be aired at this time. Once again I am grateful to my Colleagues for including in their speeches items which more appropriately fall within the scope of the subjects they are covering. Other items I shall endeavour to deal with although there is much I cannot use. However, Sir, you may be assured your Unofficial Justices of the Peace continue to show a very active interest in all subjects affecting Hong Kong.

A large number of requests have come forward on the many problems of youth and the requirements for additional technical schools and vocational centres. There can be little doubt of the need in this direction where the young on completion of primary school education face the prospect of roaming the streets until they are old enough to legally start work in industry. The new Technical Institute provides for the training of teachers of technical subjects but whether the outturn of trained teachers will be fast enough to meet demand is questionable. The demand for training is already huge and I would ask the utmost priority be given to the whole of this area of education.

The youth problem suggests there is a case for investigating recruitment into our uniformed forces, such as the police and fire services, of a number of youngsters on completion of their primary school education. The Army and the Navy engage boys at quite an early age, continue their education within certain limits and give them career service training with very successful results. I am sure there are possibilities in this direction despite the first apparent objection of height and weight requirements normal in recruitment at later ages.

Last year I had the privilege of complimenting our Police Force upon their sterling work during 1966*. In retrospect it would seem that this was a testing period prior to the much larger demands to be made upon them in 1967 and from which they emerged with even a higher reputation than heretofore. I can only add my own thanks to those of the many in praise of the way the regular and auxiliary police went about the performance of their exacting duties.

The District Officer scheme has brought forward support which I feel I should mention but I would ask that reconsideration be given to defining areas to coincide with wards of the Urban Council rather than police districts. An ombudsman, too, is supported but preferably with a change of name.

In the New Territories access roads to villages is a direct contribution to improve the standard of living of the villagers providing better communications and assisting transport of their produce. In some villages new access roads are required to remove existing bottlenecks

* 1967 Hansard, page 199.

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which are now aggravated by the ever increasing number of tourist vehicles. Water too is a problem but I understand that piped water is authorized to all villages within 200 yards of main roads carrying water pipes under or alongside. There is no such supply in many areas possibly due to lack of water pressure. Can the promised supply be provided now that Plover Cove is in operation?

My honourable Friend, the Financial Secretary did not call for any increase in taxation during the coming year but I have little doubt that he would be pleased to accept any windfalls which come his way. I have often pondered on the thought that almost by divine right the mantle of respectability falls upon those who enter the doors of the Royal Hong Kong Jockey Club and place bets on the horses of their choice. Others locked out or without the time to attend race meetings break the law and become criminals if they cannot place a bet other than on the totalizators within the Jockey Club premises; which obviously they cannot do.

The report of the Advisory Commission on Gambling Policy was tabled on the 28th July 1965* and we are grateful to the Lady and Gentlemen who served on the Committee and dealt with the subject in such a comprehensive way. However, the fact does remain that excitement reaches a feverish pitch each week-end of racing, fanned by extensive radio and press coverage. A visitor to Hong Kong could be excused on these week-ends in believing horse and dog racing was the public's main pastime. I doubt whether such visitors would comprehend our existing betting laws. Laws must be enforced to be effective and if they are to be good reflect the requirements of the majority. I doubt if the existing gambling laws on horse racing do this and it is only realistic to re-examine the question of off-course totalizator betting.

In the Budget Debate last year I acknowledged that I had become a convert to the Financial Secretary's view of levying individual taxes to meet specific needs such as those of the Trade Development Council, the Tourist Association and the Airport as being best suited to Hong Kong's economy rather than a general increase in the tax structure. I find on booking a sea trip to the United Kingdom that a passenger port tax is levied in Southampton and it would seem Hong Kong has not yet exhausted the peripheral areas of taxation in comparison with other countries.

Despite the strong feelings aroused in certain quarters regarding the cess levied for the Trade Development Council I cannot agree that the principle of this levy can be bettered under our present system of taxation. However, there are anomalies. Tax is in some cases paid twice, thrice and even more times on the same article on its going in

* 1965 Hansard, pages 440-2.

and out of the Colony. This is inequitable and I would ask my honourable Friend, the Director of Commerce and Industry, to give a sympathetic and realistic understanding of the points raised by the various commercial organizations.

I would support the views of my honourable Friends Messrs FUNG and ROSS and WONG that consideration now be given to officially inviting a member of Hong Kong Exporters' Association to a seat on the Trade Development Council. I cannot add a great deal to what has already been said on this subject but from personal experience know that the Trade Development Council would be strengthened by such admission.

I would support my honourable Colleague, Mr Y. K. KAN, in his remarks on the subject of Hong Kong British citizenship.* He has made his points well and I agree that Government should make urgent representation to the United Kingdom to clarify the important principle involved in this passport system.

My honourable Friend, Mr FUNG, commented upon the brain drain. It is a problem applicable to most countries, but I wonder whether the problem is aggravated here by the passport problem.

Sir, I support the motion before Council.

DR S. Y. CHUNG: —Your Excellency, as the tail-end speaker in this Debate, most of what I would wish to say has already been more ably dealt with by my honourable senior Colleagues, and I will confine my remarks, therefore, to a few specific subjects.

Hong Kong is well known for its policy of free trade and in its encouragement of the free enterprise system, but it is almost equally well known for its lack of statistical information despite the fact that the smallness and compactness of our community is ideal for the collection of national statistics. We have no official statistics on gross national product, balance of payments, industrial production, etc. The only major official statistics regularly available to trade and industry are the import-export statistics and the very limited labour statistics, but these are not really true indicators of economic progress and industrial development.

Our industrial development has now reached the stage where planning becomes desirable, indeed essential, and where guess work and speculation must be discouraged. It is therefore necessary to have adequate and reliable statistical information upon which, firstly, the performance of the important industrial sector can be correctly judged and, secondly, Government and the private sector can assess trends, predict changes, discover opportunities and anticipate threats.

* 1968 Hansard, page 89.

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It is a matter of much satisfaction that the Department of Census and Statistics was established last year and that about \$3 million was allocated for its first full year of operation, 1968-69. I take it that in future all statistics which are now being collated by various government departments will be centralized and carried out by this new Department of Census and Statistics. This move will certainly improve efficiency by eliminating duplication and achieve greater accuracy in as much as people generally are less reluctant to disclose information to a non-controlling department.

I understand that there is a difference of opinion as to the priorities of work of this new Department. Some prefer the Department to concentrate more on social statistics whereas others stress the greater importance of economic and industrial statistics. Both categories of statistics are essential as one helps to utilize resources more wisely and the other assists in achieving higher standards of living. We should have both and any delay caused by arguing the merit or demerit of either is very undesirable.

Whilst Hong Kong industries have, in the past decade, achieved phenomenal growth and prosperity, there is concern about the long-term outlook for expansion. Even today, a great majority of our export-oriented industries are labour intensive and relatively simple in organization and technology. With the exception of a few industries, the capital investment per worker is relatively small and the degree of mechanization is comparatively low.

Many countries around us have even lower wage levels than we have, and are striving for accelerated industrial development and increased foreign income. These countries are trying every means to achieve their targets. They are providing many attractive inducements for foreign capital, new technology and industrial productivity. At least three such countries are developing special export processing zones with many attractive inducements for the setting up of export-oriented industries similar to our own—to manufacture products to compete with Hong Kong goods in the markets of the world. All these developments and the manner in which some of these countries dangled their attractions before us during the troubled days of last year amply demonstrate the increasing pressure of external competition.

For as long as we are able to maintain practically full employment, which I hope we will, and to continue our growth in the export trade, the pressure for Hong Kong labour to be given a larger share of our economic prosperity is evident and inevitable. It must be our aim to have contented labour, and so it is necessary for us constantly to raise real wages and improve working conditions consonant with industry's

ability to bear the cost of the same. These are domestic pressures which all our industrialists are now facing and will continue to have to face.

Therefore, our export-oriented industries are sandwiched between the external force of increasing competition and the domestic pressure of rising cost. There is a growing body of opinion in industry which believes that the time has come for Government to review its *laissez faire* policy in regard to industry. I hasten to add that this does not mean that industry is advocating any swing to the other extreme of national economic planning and control—just, perhaps, a re-alignment of sights.

Many industrialists believe that it would be beneficial to Hong Kong as a whole if Government would show a less rigid attitude to the needs of industry and provide more positive encouragement in areas where the need is apparent. The local steel industry is a very good case in point. I, therefore, propose that Government consider the setting up of an Industrial Development Council or Board comprising representatives from Government, industry, professional engineers, and financial and economic experts.

This Council would, I envisage, have three main functions—first to establish priorities on development, secondly to provide inducements for new industries and thirdly to discourage over-expansion of existing ones. To be effective, the Council would have to be given some teeth and the assurance that its recommendations for Government action would be accepted and implemented. As our economic and industrial development expands both in magnitude and complexity, Government involvement becomes inevitable. It is innovation and a spirit of adventure that have taken Hong Kong out of the sun-helmet days into the computer age, rather than prosaic precedent. Let us, then, with bold imagination set up this new Council as a partnership between Government and the community, both equally sharing the responsibility for Hong Kong's future industrial, and therefore economic development.

This leads me, Sir, to the subject of industrial financing. In recent months there has been much talk about the need for an industrial bank or development bank in Hong Kong. My honourable Friend Mr WONG has also touched upon this subject earlier this afternoon.* At present practically all commercial banks are extending loans to manufacturing industry generally for use as working capital. The interest rate fluctuates at the discretion of the bankers who always reserve the right of calling in the loan at a few months' notice notwithstanding the fact that the loan is indicated as being for a definite number of years.

The 1960 Committee with my honourable Friend, the Financial Secretary, as its Chairman reported that those manufacturers who were worthy of credit found no difficulty in obtaining the necessary finance

* 1968 Hansard, page 127.

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from commercial banks. The Committee did not see the need for any change in the lending policy of the commercial banks and went on to say that any loan given outside the current policy would mean greater risk in its repayment. This view is still subscribed by many people.

Our society, like any other free society, is facing two major contrasting components of domestic pressure on accelerated economic and social development. The first is the pressure for full employment which means that manufacturing industries must expand to create enough work to absorb about 30,000 job seekers every year for the next decade. This would seem to indicate the establishment of more labour-intensive industries. But what labour-intensive industries, which we do not already have, will have a good chance to succeed in world markets? In fact, some of our existing labour-intensive industries are standing on a knife edge due to severe competition from lower labour cost countries. To ensure continual expansion of our industries and thereby full employment, it is necessary for us to broaden our industrial base to include more technologically-advanced industries which require greater capital investment. This is not a luxury as some people think, but a "must".

The second major component of domestic pressure on accelerated economic and social progress is the desire of our labour force for better living standards. In the absence of natural material resources, the accepted way to meet this demand as pointed out by my Colleague Mr P. Y. TANG yesterday,* is to raise our labour productivity, which in its simplest sense means less labour to do the same work. It is generally known that labour productivity can be improved by better methods and better management without the need of additional capital investment. However, there are limitations to this approach and any real break through will ultimately depend on technological innovation and plant modernization. Thus, industry always without exception will gradually become more capital intensive. From where does the required capital come?

The changing pattern of a successful industrially developing community is pretty definite and we can see many comparable examples in the world. We do not have to look far for a good one. Among the various components there are for instance many commercial and government industrial development banks in Japan for extending fixed-term and fixed-interest loans to industry.

I must make it clear that industry is not seeking high risk or non-secured capital but comparatively long term fixed-period, fixed-interest loans for investment in plant and machinery. It is not the normal function of merchant banks to make available finance of this kind,

* 1968 Hansard, page 97.

but a practical way of tackling this problem might be for the existing banks to extend such fixed-period, fixed-interest loans to industry with Government backing. If any bank due to unforeseen circumstances requires to convert its fixed-term loans before maturity into liquid assets, Government can provide the wherewithal to meet such a need. This arrangement is not new to Hong Kong and the Hong Kong Export Credit Insurance Corporation is a good example.

In addition, Government could and should provide loans with attractive interest rate, say 5 per cent, to specific priorities of development for desirable types of industries and in certain geographical areas. This should not be construed as a subsidy to industry as the employment provided, the taxation paid and the foreign income earned by these desirable industries as well as the economic development gained in specified geographical areas must be considered in addition to the direct return of the loans by way of interest.

The major portion of our domestic exports are consumer products and with so many of our near neighbouring countries scrambling into the same industries, the time has come when we should seriously study the production and export of capital goods. And we are foolish not to build on those already existing. Take for example our well established and well equipped ship building industry. The competitiveness of this capital-intensive industry has been and is greatly hampered by its inability to offer potential customers the long-term credit which shipbuilders of other nations can extend. Had we had the long-term fixed-period and fixed-interest loans for the local ship-building industry, I am certain that a substantially greater amount of export business than that which is current in this field could have been acquired to the benefit of our community.

Two years ago when the Export Credit Insurance Corporation was established, doubt was expressed by some people of the need of such an organization. After only over a year's operation, the total face-value of policies issued has now exceeded \$600 million and business is so good that Government has been moved to increase its guaranteed liability to \$500 million. I cannot urge too strongly therefore that Government should offer backing to commercial banks to enable them to extend long-term fixed-period and fixed-interest loans to industry not only for modernization of plant and equipment but also for credit facilities in boosting the export of our capital goods. This is certainly a sure means of fostering and accelerating our industrial expansion and economic progress. Initially, Government could limit its liability to, say, \$500 million which represents about 10 per cent of the total current loans and advances made in Hong Kong.

The next subject, Sir, on which I choose to speak is education and training, particularly in technology, but before doing so, I would like

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to dwell for a moment on the role of primary education in our future industrial development. With our industries climbing up the technological ladder year by year, the educational requirements of the industrial labour force must likewise rise. Today, a large proportion of shop-floor workers in the electronics industry, for instance, must have completed primary education and some have reached the level of secondary education. In the next decade the education requirements for industrial workers must be even higher.

My honourable Friend Mrs LI, speaking earlier, has emphasized the need for free primary education* and I wish to give my whole-hearted support to her recommendation because free primary education is not only socially desirable but also essential for ensuring our continual success in industrial and economic development. In the obtaining circumstances, I do not think our intermediate aim of providing subsidized primary school places for all children requiring them by 1971 is good enough. I am informed that the additional cost involved for the more ambitious objective of providing free, instead of subsidized, primary schools places for all children requiring them would be in the region of \$25 million a year.

I feel as many people do that we in Hong Kong should have free primary education for all children of the appropriate age group as early as possible. I believe that the main obstacle preventing us from having free primary education is purely a matter of finance. In this respect, I suggest that Government should consider the adoption of a Phased Programme extending over a period of, say, three to five years depending on our economic progress. The first phase would be to have the first two years of primary education free for every child of the appropriate age group. In the second phase, if our economy can afford it, then free education can be extended to Primary Classes 3 and 4 in the following year, and again finally to Primary Classes 5 and 6 in the third year.

If our economic progress is not as satisfactory as we expect after the first phase, the second phase can be slowed down by extending free primary education to only Primary Class 3 in the following year and so on at the rate of one additional free primary class per year. Thus we will have free primary education for all children of the appropriate age group within a maximum of five years. With this phased programme, the average additional financial burden on general revenue will be only about \$5 million a year. This sum, in my opinion, is a very small price to pay for very substantial progress in our social welfare.

* 1968 Hansard, page 129.

There is no dispute with the fact that, considering our current requirements, the weakest area of our system of education and training is in technology. It is estimated that there will be about 90,000 children leaving primary schools this coming summer and according to the recent statistics, the progression to secondary, modern, technical and other special courses is about 73 per cent. There will therefore be about 25,000 boys and girls unsuitable for or unable to continue into higher levels of education, and many of them will be left to wander around without anything to do this summer.

Most of these primary school leavers have not yet reached the industrially employable age of 14 years. Even if they have, few industries are willing to employ them until they are 16 years of age due to different regulations controlling their employment. These few years form the famous “gap” which is frequently referred to in Hong Kong, and it is widely advocated that this gap could best be utilized for a comprehensive course in vocational and pre-vocational training.

The Federation of Hong Kong Industries three years ago indicated that there were insufficient places for the training of young persons for industry, and particularly very few places for the age group of 12-16 years. Notwithstanding the work of the Industrial Training Advisory Committee, it appears that conditions are further deteriorating. Last summer, it was reported that over 27,000 young people had applied for about 9,000 places at various technical and vocational training schools in Hong Kong. The recent disturbances have shown how very real is our problem of young people, particularly among those who are unable or unsuitable to continue their secondary education and yet are too young to be employed.

I earnestly request my honourable Friend, the Director of Education, to look urgently into this most important aspect of our youth problem with the aim of turning these young persons into potential skilled producers by providing adequate facilities in vocational and pre-vocational training. The pre-vocational courses should be at least for a duration of two, and vocational three or preferably four years so that the students will be able to acquire the necessary skill and knowledge of the trade for ready employment. This is a most urgent, vast and important problem both socially and economically, and Government must have the courage and determination to solve it.

The weakest and the most urgently needed category of manpower in industry is the mid-level technical personnel, generally known as technicians. There are, of course, reasons for this appalling situation. The first and the main reason is the phenomenal growth both in size and in complexity of Hong Kong industry over the past 15 years, and the second reason is the unsatisfactory development of our technical education.

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The output of technicians for mid-level manpower in technical subjects on per million population per annum basis is reported to be about 2,200 in USSR, 1,450 in Belgium, 1,100 in Italy and about 550 in each of the countries of France, Holland and the United Kingdom. Based on these standards, the output of technicians in Hong Kong with a population of about 4 million people should be between 2,200 to 8,800 per year. I would like to know from my honourable Friend, the Director of Education, the annual output of properly trained technicians in Hong Kong over the past 5 years.

Sir, in your Budget Address* you indicate that more emphasis on technical education would be made next year. This was indeed very welcome news. The opening of the Morrison Hill Technical Institute is long over-due. This new Technical Institute with an enrolment capacity of about 1,200 full time students will, I understand, mainly be used for the training of craftsmen (presently being done by the Technical College at Hung Horn). I wish to congratulate my honourable Friend, the Director of Education, for making such a good move as it will enable the Technical College with an enrolment of approximately 2,000 full time students to concentrate its resources on the training of technologists and technicians.

My honourable Colleague, Mr P. Y. TANG, has already spoken about the unsatisfactorily meagre amount of money spent on our vocational and technical education† and pointed out the imbalance in the allocation of funds for use at different levels of technical education. I must agree that we should avoid the unbalanced output of technologists, technicians and craftsmen. A generally accepted ratio for an industrial community manufacturing somewhat technologically advanced products is 1:4:12. In this respect, it would greatly help industry in its planning if Government could disclose its plans for achieving a reasonable balance in the outputs of technical personnel at various levels in Hong Kong.

Manufacturing industry in Hong Kong has been criticized for its reluctance to offer first employment to engineering graduates of the University so as to enable them to acquire the necessary post-graduate practical training for professional qualifications. The reluctance is due to two main reasons. Firstly, few graduates after training remain with the companies which provide the training. Secondly, the graduates demand a comparatively high salary in industry during the period of training. This problem, in fact, is not confined to manufacturing industry but, as recently disclosed, also extends to other fields such as advertising.

* 1968 Hansard, page 49.

† 1968 Hansard, page 98.

In view of the importance of such post-graduate training for technologists, the Hong Kong Joint Group of the Institutions of Civil, Mechanical and Electrical Engineers is taking the initiative of forming a Graduate Engineer Training Committee to try to solve this problem in a satisfactory manner for the benefit of Hong Kong as a whole. It is proposed that industry provide the trainers and training facilities, the University and the Hong Kong Joint Group be responsible for the supervision, and Government be invited to make monetary grants to the engineering graduates for training of up to 24 months duration. It is further suggested that graduates who receive such training must undertake to remain working in Hong Kong for a minimum number of years after the completion of their practical training.

In accordance with Government's declared policy on industrial training in Hong Kong, the high level technological training such as that just described is a joint Government and university responsibility. I therefore hope that Government will give prompt and very sympathetic consideration to this worthwhile scheme when submitted by the Graduate Engineer Training Committee.

Sir, I now turn to another specific subject of higher education in the two universities of Hong Kong. I am informed that there is a general understanding between Government and the two universities that the universities should not duplicate teaching facilities or compete with each other. In view of our limited resources, this arrangement certainly deserves support. Therefore, it is understandable that the younger Chinese University has no faculties for engineering, medicine or architecture.

We all know that there are two basic streams of candidates for university education. One is from the Anglo-Chinese Secondary Schools and Secondary Technical Schools. This stream of students after passing the English School Certificate will undertake two more years in the lower and upper form 6 for matriculation into the "English" University of Hong Kong.

The other stream to university education is from the Chinese Secondary. These students after passing the Chinese School Certificate will be required to take only a one-year course to sit for the Chinese University Matriculation. Students coming up through this second stream are clearly handicapped as they have no reasonable hope of passing the advanced level subjects for admission to the "English" University to study engineering, medicine and architecture unless they change their stream after, but preferably before, taking the School Certificate Examination. Even then, they usually have to waste a couple of years following such a shift. This wastage of time and money is very undesirable

[DR CHUNG]

not only from the view point of the students and their parents but also because it means unnecessary occupation of the already short secondary school places.

I suggest that Government should take the initiative of reviewing the educational system with the objective of the two universities conducting a Common Entrance Examination for both streams. The examination papers (with the exception of language papers, of course) would be bilingual and the answers could be written in either English or Chinese. We have heard a great deal about the need for equality of Chinese and English in our community life. Let us start from the Matriculation Examination. After all, in all the papers, again except in language, it is the knowledge of the subjects that counts and not that of the language. Of course, those students who wish to enter the “English” University must pass the English paper and those to enter the Chinese University the Chinese paper.

Turning now to a completely different subject, Sir, I think we all remember how so many in our community got all hot and cold when we changed the temperature scale from Fahrenheit to Celsius some years ago. Our change of temperature unit was prompted by the change earlier in the United Kingdom. Now, Britain is going metric. As early as in May 1965, the British Government announced that by 1975 practically all of the British industry would have made the change-over. Already a quarter of the time has passed.

When I use the phrase “going metric”, it does not simply mean the redesignation of inch standard with the metric equivalent. The standard modules of the whole imperial system will have to be abandoned and completely replaced with those of the metric system. At present, Australia, Canada, New Zealand and the United States are the most important countries that have still not decided to make the change-over. But the movement in favour of the change is gathering momentum—particularly in USA. A Metric Study Bill, tabled in January 1967, was approved the following month by the House of Representatives Science and Astronautics Committee. It is also reported that several leading aircraft and motorcar manufacturers are doing preliminary planning for the change and it is predicted that the change-over in USA will come about in approximately five years.

In 1966 the British Government set up a Standing Joint Committee consisting of representatives from Government, Confederation of British Industry, trade unions and British Standards Institution to encourage, assist and review the progressive adoption of the new system in the United Kingdom. The Committee will also make recommendations to Government for providing positive assistance to industry in needed areas

and for carrying out a national campaign of publicity bringing out the implications of the change-over to the general public and the various trades.

I believe that we can no longer ignore this wind of change in the two major world systems, and suggest that Government promptly consider the establishment of a Standing Joint Committee on Metrication in Hong Kong with terms of reference similar to those of the Committee in the United Kingdom.

Finally, Your Excellency, I most whole-heartedly associate myself and industry with the remarks of this community's indebtedness to you, Sir, and your senior Officials for the resolute leadership which guided this somewhat frail craft through the turbulent storms of last summer. And we all share your hope. Sir, that from now on a more reasonable spirit will prevail in our community.

Sir, with these comments I have pleasure in supporting the motion before council.

THE COLONIAL SECRETARY:—Sir, after my honourable Friend's marathon I would like to move that further debate on the Resolution before the Council be adjourned to a later meeting.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

ADJOURNMENT

THE COLONIAL SECRETARY moved the adjournment.

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 27th March.