

30th March, 1948.

PRESENT: —

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K. C. M. G.)

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL G. W. E. J. ERSKINE, C. B., D. S. O.)

THE COLONIAL SECRETARY (HON. D. M. MACDOUGALL, C.M.G.)

THE ATTORNEY GENERAL (HON. J. B. GRIFFIN, K.C.)

THE SECRETARY FOR CHINESE AFFAIRS (HON. R. R. TODD).

THE FINANCIAL SECRETARY (HON. C. G. S. FOLLOWS, C.M.G.)

HON. V. KENNIFF (Director of Public Works).

DR. HON. I. NEWTON (Director of Medical Services).

DR. HON. J. P. FEHILY, O. B. E. (Chairman, Urban Council).

HON. D. F. LANDALE.

HON. CHAU TSUN-NIN, C. B. E.

HON. LO MAN-KAM, C. B. E.

DR. HON. CHAU SIK-NIN.

HON. LEO D'ALMADA, K. C.

HON. R. D. GILLESPIE.

HON. M. M. WATSON.

MR. ALASTAIR TODD (Deputy Clerk of Councils).

MINUTES.

The Minutes of the meeting held on 19th March, 1948, were confirmed.

PAPERS.

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the Annual Report of the Colony for 1947.

MOTIONS.

THE CHAIRMAN, URBAN COUNCIL, moved that the amendment made by the Urban Council under section 4 of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, to the by-laws under the heading "Laundries" in Schedule A to the said Ordinance, be approved. He said: Sir, under section 5 of the Public Health (Sanitation) Ordinance, the approval of this Council is required for the amendment to the Laundries by-laws made by the Urban Council on 16th March, 1948.

As it stands at present, Laundries by-law 9(6) requires the provision of separate rooms for the reception of dirty clothes and the storing of clean clothes but experience has shown that strict compliance with this requirement is very difficult.

The object of the present amendment, a copy of which is attached to the Order Paper, is to allow the Urban Council to exercise its discretion and waive the requirement of separate rooms, if and when it is satisfied that suitable alternative arrangements are made for the reception of dirty clothes and the storing of clean clothes.

THE COLONIAL SECRETARY seconded, and the motion was carried.

BIRTHS AND DEATHS REGISTRATION BILL, 1948.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Births and Deaths Registration Ordinance, 1934."

THE COLONIAL SECRETARY seconded, and the Bill was read a Second time.

On the motion of the ATTORNEY GENERAL, seconded by the COLONIAL SECRETARY, Council then went into Committee to consider the Bill clause by clause.

Council then resumed.

THE ATTORNEY GENERAL reported that the Births and Deaths Registration Bill, 1948, had passed through, Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded, and the Bill was read a Third time and passed into law.

APPROPRIATION FOR 1948-1949 BILL, 1948.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to apply a sum not exceeding one hundred and forty-nine million five thousand and seven dollars to the Public Service of the financial year ending 31st March, 1949."

THE COLONIAL SECRETARY seconded.

HON. D. F. LANDALE: —Your Excellency: This is the third occasion that I have had the privilege of addressing this Council in a Budget Debate. If for no other reason than that of being consistent I must preface my remarks by repeating a plea I made on the two previous occasions.

The Estimates were tabled before this Council only ten days ago, since when many amendments, typographical and otherwise, have been circulated or otherwise made known to us. In the time given I submit Sir, that it has not been possible to give them the consideration that they are due. I fully appreciate the difficulties my Honourable Friend the Financial Secretary is up against, and I understand the delays in presenting the budget earlier are due largely to two main causes—delays in getting replies from Whitehall and delays in the Government Printer's Office.

As to the former, this I consider a most serious defect in our Colonial Administration. This point was brought to the notice of Lord Listowel during his recent visit and I hope on his return he will take steps to remedy the matter, and may I respectfully suggest Sir, that you take every opportunity of keeping this matter well before the Secretary of State.

As for the delays in the Government Printer's office; this clearly needs looking into and steps taken to improve matters. The method in which the Estimates have been presented to us is disgraceful and entails a lot of unnecessary work and time being spent in finding one's way about them. Even in the Bill that is now before this Council there are typographical errors in the schedule which should not have occurred.

I should now like to refer briefly to one or two items in the Estimates, after which has of necessity been a very cursory study of them. I understand Sir, you intend to refer these to a Select Committee; I shall therefore confine my remarks to the general rather than to the particular, leaving the latter to be discussed in Select Committee.

There are two items of general application I should like to refer to under Revenue.

The first is in connection with Land Sales—I question whether it is prudent to include the proceeds from land sales as an item of general revenue. Land is the Colony's main capital asset and, as

a matter of policy, I should like to see the proceeds of land sales credited to a Special Capital Account which could be used for future capital expenditure. Had this policy been adopted earlier in the Colony's history I venture to say that our finances would be in a stronger position than they are today, I do not consider even now that it is too late to adopt this policy.

The other item of Revenue I should like to mention is the sum of one million dollars derived from the S.T. & I. importations. In his address presenting the budget my Honourable Friend the Financial Secretary gave us as one of his reasons for not issuing more than one-third of the authorised sum for Rehabilitation Loan that it had been possible to use "the large floating balances available on the S.T. & I. Trading Account to finance capital expenditure." No information is available as to how large these balances are, or whether the million dollars referred to is merely a balance after it had been 'raided' for capital expenditure. I should like some further information on this point.

There are two or three observations I would like to make on Estimates of Expenditure.

The inclusion of the new head 'Subventions,' in which is shown the Colony's main charitable contributions, is admirable, and I fully support the individual items but, lest this new procedure should give the impression that the Colony's grants to charity are limited to \$733,000, I should like to draw attention to several other charitable votes that appear under other heads.

Under head 32—Secretariat for Chinese Affairs—an item of \$900,000 is voted for the relief of destitutes, and again under the head 19 Medical Department there are two votes for grants in aid of the Alice Memorial and Affiliated Hospitals, and the Tung Wah and Associated Hospitals amounting in total to \$2,625,000. Thus our charitable vote in reality is something over four million dollars. I am not questioning the individual items but there must be a limit and in future I would like to suggest to my Hon. Friend the Financial Secretary that he includes all charitable grants under the new head so that we can more readily see what the total cost amounts to.

Another observation I would like to make on expenditure is in connection with the maintenance and upkeep of Government vehicles. Under nearly every head in the Estimates there is an item 'Upkeep of vehicles.' In some cases the amount is negligible, in others quite considerable. Under head 28 Public Works, Estimates sub-head 7, the maintenance of Government vehicles is estimated at \$1,100,000 which, together with the individual items I have referred to, gives a total cost of maintenance, upkeep and running of Government vehicles, at something over two million dollars. This seems to me inordinately high, and I would like to ask my Honourable Friend the Financial Secretary if the total cost of maintenance and running of Government transport could in future be shown under one sub-heading in the

P.W.D. Estimates. I would also like to ask him for an assurance that Government transport is being run as efficiently and economically as it can be.

My last observation on the Expenditure items is perhaps of the more general nature.

In my Honourable Friend the Financial Secretary's speech it would appear that there is some confusion as to the treatment of Revenue and Capital Expenditure. There are a number of Capital items that are being treated as Revenue, and vice versa.

On the Revenue side, as I have already said, we have a Capital item in land sales being treated as Revenue, and we have a Revenue item in the profits of the S.T. & I. Department being treated as Capital. On the Expenditure side we have, under Public Works Extraordinary, a sum of fifty million dollars of Capital Expenditure which we are trying to finance out of Revenue.

I doubt the wisdom of this policy. I should much prefer to see these items of capital expenditure taken out of the annual budget and financed out of loan funds. Presumably all the items set out in head 29, that is P.W.D. Extraordinary, are urgently required, and if we are to continue to finance them out of revenue it may be many years before they are completed, especially if my Honourable Friend the Financial Secretary's forecast of a falling off in revenue is correct.

A revenue of approximately one hundred and fifty million dollars is indeed a formidable sum to obtain from a place like Hongkong. Situated as we are, on the fringe of China, there is no limit to the revenue we could and perhaps should expend on Social Services and the like; but we must cut our coat according to our cloth. My Honourable Friend the Financial Secretary, quite rightly, has sounded a warning that we must expect a falling off in the volume of the Colony's trade on which our revenue largely depends, and you Sir have hinted at a possibility of increasing the rates of taxation. Compared with other parts of the Empire nobody could say we are over-taxed, but our general position is not really comparable with any other part of the Empire in that unduly high taxation here would drive business elsewhere.

Before I could support any move for increased rates of taxation, I should need first to be convinced that our administration is being run as efficiently and economically as possible, and that there is no waste. For this reason, Sir, I welcome your decision to appoint an Efficiency Expert to overhaul the machinery of Government; and secondly, I should need to be convinced that our taxes on their present rates were being equitably, economically, and incorruptibly collected.

These were my doubts when the Inland Revenue Ordinance was being debated in this Council, and no figures have yet been produced to allay these doubts.

HON. CHAU TSUN-NIN, C.B.E.: —Your Excellency: By way of preface, I would like to echo the general satisfaction we all feel at the large surplus of income over expenditure during the past financial year. I also note that it is estimated that there will be another surplus in the coming year of about one million dollars. These are encouraging signs.

At the same time Sir, I would like to say that the estimated expenditure of some one hundred and forty-nine million dollars for the coming financial year is a colossal sum for such a comparatively small place as the Colony of Hong Kong. Furthermore, when one examines the budget more closely and finds that nearly half this figure—or a sum of some sixty-four million dollars, —is to be spent on "Personal Emoluments" alone, one really begins to appreciate the byword about "the high cost of Government." I am sure the people of Hong Kong must have read with pleasure Your Excellency's remarks about Government's desire to obtain the services of an efficiency expert. While no one would say that Hong Kong Government servants, as a whole, are overpaid, there are reasonable grounds for believing that there is some 'dead wood' in certain departments, some superfluities on our Civil List. At our last meeting, the Hon. Financial Secretary admitted that personal emoluments formed an unduly large proportion of the total estimate, and expressed Government's concern. That concern is shared by the people of Hong Kong. If these superfluities were eliminated, it might well prove possible both to increase the salaries and allowances paid to the remainder and, at the same time, reduce the total outlay on personal emoluments. I would, Sir, most strongly urge that the efficiency expert be obtained and put to work as soon as possible, and that this matter be treated as urgent and given "top priority."

On the subject of Income, I noted with some alarm the Hon. Financial Secretary's hint that there might later be an increase in taxation if we were not to cut drastically expenditure on necessary items. I would, in turn, utter a solemn warning that the Colony cannot bear any further burdens. Far from prosperity being just around the corner, I feel that there is every sign of at least a mild recession in the course of the next year or so. I cannot see this Colony being able to bear any higher rates of taxation for quite sometime to come. This applies in particular to the standard rate of 10 per cent in the Earnings and Profits Tax. The Bill would not, I venture to assert, have been passed as smoothly as it was, had the Standard Rate been fixed above 10 per cent., and I do sincerely hope that Government will not raise the figure for sometime to come.

As in past years, one of my principal interests in the Estimates is in the provision for Education. There are today some fifty thousand children in the Colony who have no school to go to—a very deplorable state of affairs. I therefore welcome Government's decision to aid the private schools with building grants alone to the extent of nearly one and a quarter million dollars. If we are unable to build more

schools, then we should give every assistance we can to private enterprise. I note, too, in this connection Government's decision to rehabilitate the former King's College and also to erect two new schools; I do hope that work on all three will be pushed ahead as soon and as rapidly as possible.

While I was very happy to observe that Government is conscious of what I might call the wide gap existing between supply and demand in the world of education in this Colony, I am disappointed to see such scanty attention being paid to another acute problem, the housing question. It is true that some building is going on in the Colony, both Government and private, but it is utterly inadequate and does not even touch the fringe of the demand. Too many privately-owned buildings are still being held by the Government and the Services, far too many when one considers that it is now two and half years since the Colony was re-occupied. I therefore, Sir, most strongly urge Government to push on more rapidly with other building schemes, with a view to returning requisitioned properties to their owners at as early a date as possible.

On the question of the finances of the Colony as a whole, I would like to say that, as a general principle, I am not in favour of State or Government-controlled lotteries. At the same time, where there is need to raise funds for some specific, highly urgent, public projects for which no funds are available in the ordinary course of events—a tuberculosis sanitarium, for instance—then I can see no logical argument against a State lottery, but every reason for it. Money required for any urgent public purpose could well be met by the holding of such a special, specific lottery. We have precedent for it in other parts of the British Empire, while anyone who has seen the large amount of money passing over the counters at the Races one can appreciate how successful a State lottery would be in a place like Hong Kong.

Finally I would like, on behalf of the Chinese community, to endorse Your Excellency's remarks at our last meeting on the question of the recent Customs Agreement recently concluded with China. The signing of this agreement has strengthened the bonds of friendship existing between this Colony and its great neighbour, and will, I hope, help to eliminate smuggling and promote the cause of future trade and the prosperity of both parties.

HON. LO MAN-KAM, C.B.E.: —Your Excellency: In this, the third Budget Debate since the British re-occupation of the Colony, my Honourable friend the Financial Secretary is once again to be heartily congratulated on his clear and masterly handling and exposition of the Colony's finances. I feel sure that the sound and conservative way in which he has framed the 1948/49 Budget, without drawing on the anticipated surplus of some 31 million dollars, and his insistence that "we shall not be out of the wood financially until we have built up a really substantial reserve," will receive the whole-hearted support of this Council.

As usual the Estimates will be considered by the Unofficial Members of this Council in Select Committee. As the Financial Secretary indicated in his speech, this year he introduced an innovation. At his invitation the Unofficial Members had an opportunity of having a final review of the Expenditure Estimates before the Budget was introduced, and of hearing in person the Heads of the larger spending Departments on various items of expenditure. This innovation is fully appreciated by the Unofficials.

Another welcome innovation this year was Your Excellency's review, so comprehensive in scope and so informative in substance, of the actual and prospective economic condition of the Colony, of the progress made in the past 12 months, and of Government's plans for the future.

Some of the topics on which I had intended to speak were dealt with by you, Sir, in your review. I therefore propose to touch on them first.

Housing:

As I understand it the position is this: in pursuance of the Government announcement issued in August 1947 twenty applications were received for housing schemes: of these only nine complied with the conditions stipulated by Government, and "detailed examination of those nine is now being undertaken." Over eighty applications for individual house sites have been received. Nineteen of these have been approved leaving sixty-one or more. Of these sixty-one applications or more, "forty-eight are being further investigated." I do not know what has happened to the balance of the remaining thirteen or more applications.

I deem it my duty to say in this Council that members of the public, have been greatly dissatisfied with the intolerable delay in connection with their applications. For months on end no reply could be obtained from Government. The "detailed examination" and "further investigation" would appear to take an unconscionable time. I yield to none in my admiration of the energy and ability and the unselfish devotion to the public weal of my Honourable friend the Director of Public Works. I know this delay is not his fault. But it exists and Government should know that it exists and that it is resented, and take steps to remove the cause of this delay.

Education:

You, Sir, have estimated that the number of children in the Colony without education is 50,000 and you have pointed out that even if we were to exclude from this total a certain proportion as transients, we shall require at least 60 new schools at a cost of 90 million dollars. I venture to think that Your Excellency's estimate may possibly err on the conservative side, but even so the problem is obviously a grave and pressing one.

It is of course obvious that if a few more scholars could be accommodated in each of the primary schools for the poor, the resulting increase in the number of students may be appreciable. This may necessitate a slight judicious relaxation of the existing Code governing hygiene and accommodation—a code which, though based on minimum standards, was introduced before the War when house and accommodation hunger with its resulting overcrowding in living quarters, especially among the poor, never reached anything approaching the acute and impossible stage it has attained today. I may say that at a meeting of the Education Board held a few days ago, this question, with its pros and cons, its possible dangers and safeguards, was fully discussed, and I have every hope that the result of that discussion will not be unfruitful.

Fisheries and Agriculture:

In my last Budget speech I had occasion to complain that at least two really revolutionary schemes were put through or continued by emergency powers, one relating to the fishing industry, and the other to the marketing of vegetables. The fishing scheme involved the destruction of a wholesale business which had existed since the early days of the Colony, and both schemes depend on the right, conferred by emergency legislation on the new organisation created in each case, to compel the landing and the sale of the fish and vegetables at specified points and in specified places.

This year the Unofficial members of this Council had the pleasure and privilege of listening to an exposition of these schemes by the able and gifted Secretary of the Development Secretariat, to whose genius the Colony owes much. But I believe I am right in saying that Your Excellency's address is the first and only public statement on the schemes. Those affected will at least have the satisfaction of knowing the Government's version as to why they were introduced, how they work, and what benefits have been conferred on the fishermen and farmers. But I must, say the pending Police Court case, which is of course *sub judice*, makes disquieting reading.

Health—Tuberculosis:

It is gratifying to know that something in earnest is being attempted to combat this scourge. There is one point to which I would like to invite the consideration of Government and of the Anti-Tuberculosis Association. It seems to me that all that we in Hong Kong can do is to provide the means whereby acute and infective cases can receive urgent treatment. Unless a patient can spend sufficient time in a sanatorium in a place of suitable climate, and gets completely cured a relapse would be inevitable, and so the first effort of a temporary cure would be wasted. It has occurred to me that there must be many places within reach of Hong Kong by air, in which the climate is ideal, and in which some small bungalows could be erected and a small but efficient staff maintained. To these clinics local patients would be sent where they can hope to

effect a permanent cure, in the same way as those who can afford it may now look forward to permanent cures in places like Switzerland. As a complement to any scheme for temporary cure the provision of a suitable place for convalescence and complete cure seems to me to be essential. Perhaps it could be made more or less self-supporting.

Political:

The traditional policy of this Colony is to maintain the friendliest relations with China. The Unofficial members of this Council have noted with unfeigned pleasure Your Excellency's affirmation of your desire and determination to maintain and strengthen those relations and your reference to giving practical proof of your desire to help China by the conclusion of the Customs and Financial Agreements. I venture to predict that you will find that the Unofficial Members of this Council will be only too willing and ready to do their best to assist you in implementing this policy. Perhaps I may be allowed to cite their co-operative action in regard to the Banking Ordinance 1948 as an indication of their attitude in this matter.

Personal Emoluments:

The question of the Civil Establishment and the possibility of the reduction of its redundant members was touched on by you, Sir, and dealt with more fully by the Financial Secretary. The Financial Secretary points out that the estimated cost of providing for Personal Emoluments covering basic salaries and high cost of living allowances comes to just over 64 million out of a total expenditure estimate of just over 149 million. Under Head 20 Miscellaneous Services there is an item of \$1,750,000 for Transport of Government Officers. Then under Head 21 Pensions the total estimated expenditure for 1948/49 is just over 6 million. Then I understand the total bill for uniforms comes to another 1½ million. I therefore make out the total bill for the cost of the Civil Service in the current year to be, not 64 million, but something like 73 million. I may mention that the expenditure for the Civil Service for the year 1936/37, which gave rise to a debate in this Council which I had the honour to initiate, was only just over 14 million dollars!

We are delighted to hear that at last the services of an efficiency expert will soon be forthcoming. Until the public is satisfied that all proper retrenchment in personnel has been effected, any suggestion of increased taxation cannot be expected to evoke any ready response.

Treasury Control:

As regards the Financial Secretary's speech I venture to think that the most unsatisfactory and depressing statement contained therein is that which refers to the outstanding alleged liability of the Colony in respect of the amount expended in London on the Volunteers, repatriation passages, relief payments, etc. The Financial

Secretary says that Government is in correspondence with the Secretary of State with a view to obtaining an early settlement of this whole question of war expenditure.

As soon as the Unofficial Members of this Council heard about this matter we made it quite plain to Government, and I now repeat categorically in this Council, that we should not agree to regard as a liability of the Colony War expenditure sanctioned by the Imperial Government in relation to the Colony as a unit of the British Empire. It is intolerable that on account of a liability which we repudiate the Colony remains subject to Treasury control.

What is Treasury Control and why was it imposed?

I understand, Sir, that Treasury Control means that, as long as it exists, this Colony cannot in theory expend a dollar without the Treasury's prior approval. It was imposed on the Colony because, as I understand, the Colony, on the resumption of its Civil Government, had no funds of its own with which to carry on, and had to rely on advances from H. M. Treasury.

I believe the usual occasion for the imposition of Treasury Control is when a Colony, through recklessness or improvidence or maladministration gets hopelessly into debt and has to look for financial aid from the Imperial Exchequer. I can fully appreciate this. After all in the case of insolvency of individuals, the municipal laws of all civilised states make provision for the control and administration of a bankrupt estate, and impose stringent conditions on his obtaining a discharge from bankruptcy.

But what has all this got to do with Hong Kong? Why had the Colony no funds with which to carry on on the resumption of Civil Government? Surely the answer is that Hong Kong, as a unit of the British Empire, was captured and overrun by a ruthless enemy, that all local Government credit balances were confiscated by the enemy, that all its accumulated resources in London were spent on its behalf when Hong Kong itself was in the throes of the enemy occupation! And what was Hong Kong's record before during and after the War?

After the European War had broken out, Hong Kong proceeded to pass a special War Budget to meet "War" expenditure which, in those pre-war days, was considered a staggering amount. Further, the Colony, as its contribution to H. M. Government towards the prosecution of the War, donated the sum of 5 million dollars towards the construction and equipment of two mine-sweeping vessels, four harbour defence vessels, and two ferry tenders, and a cash gift of £ 100,000. When the Pacific War came, Hong Kong lads fought the enemy with great gallantry and valour, and many of them made the supreme sacrifice. After the War, the Colony concentrated its effort on rehabilitation.

Sir, our sympathies are entirely with Great Britain in her temporary financial stress, and our sympathies are the more profound because we know this stress is entirely the result of her all-out total War effort in defence of Democracy. But if, realizing her temporary financial position, we abstain for the time being from putting in claims which we would otherwise feel entitled to make for financial assistance in regard to undertakings which may fairly be regarded as more than local in scope for example, the Hong Kong University, surely we have every right to expect that she would not wish to continue to impose on us a control which we resent because of its implication, and to which we object because of its delays and frustrations.

Because of this control many questions have been and are being still held up. I may mention one of such questions in which I have taken some little part and which is of vital and pressing concern to so many Government Civil servants, namely the question as regards payment to members of Government who were not interned during the occupation.

Sir, the Unofficial members of this Council are indebted to you for giving us the opportunity of meeting Lord Listowel. To his visit to the Colony we would like to associate ourselves with your expression of welcome. It is right that the public should know that the Unofficials took the fullest opportunity of that meeting in placing before him in most unmistakable terms their views on this and other matters. I can only hope that the settlement of the Colony's alleged liability which has been outstanding for some two years can soon be reached satisfactorily to the Colony, and that Treasury Control would be removed without delay.

Hong Kong War Memorial Fund:

I wish to record my regret that Government should have announced in November 1947 that it would cease to contribute to this Fund on a dollar for dollar basis as from the beginning of this year. I know of no object which should be entitled to a higher priority on the finances of this Colony than this Fund. I cannot imagine a fairer basis on which appropriations from public funds should be made than on the basis of dollar for dollar of voluntary subscriptions. I hope Government will review this question towards the end of the financial year and in the light of the financial position of the Colony then obtaining.

Playing Fields:

There is only one other general topic on which I desire to speak and that is the question of security of tenure of playing fields. Urgent rehabilitation and constructive work, which is so necessary if only from the point of view of public safety, is held up on account of the prevailing uncertainty as to how long such fields can be retained, and I urge Government to come to a decision and announce

it as soon as possible. In this connection I would like to have an assurance that Government does not intend to resume the South China ground at Caroline Hill. In relation to the whole population the amount of open ground for the Chinese for sport is negligible and grossly inadequate and I believe that this is the only Chinese football ground on the Island. I warn Government that the deprivation of this ground will be met with grave resentment.

Conclusion:

Before I conclude I would like to record one personal reflection. If, at the time of the British re-occupation, anyone had ventured to predict that the Budget for 1948/49 would present a financial position now placed before us, he would have been characterised as an irresponsible optimist. The Financial Secretary attributes this state of affairs to a year of exceptional commercial prosperity. That the boom year which has just passed has had a most welcome effect on our revenue is of course true. But it is also true that this position could not have been attained if it had not been for the infinite care, foresight and planning which you, Sir, with the assistance of your able advisers devoted to the rehabilitation and trade revival of this Colony, and for your ever readiness to consider representations and constructive suggestions from the public.

You, Sir, are fortunate, and the Colony is fortunate, in the fact that you have as the holders of the key posts in Government the present occupants of those offices.

DR. HON. CHAU SIK-NIN: —Your Excellency: As my colleagues have already dwelt upon most of the points raised in the estimates which form this Budget, I shall confine my remarks to certain salient points that seem to me to require some special attention.

I must voice my strong feeling of perturbation at the exceptionally high cost of administering the Government. The large sum of over \$64,000,000 out of an estimated \$150,000,000 is to be expended, but there is nothing tangible to show for it other than ordinary routine administration.

It is, however, comforting news to learn that the Colony may expect the early arrival of an efficiency expert whose duties will include the drastic cutting down of unnecessary expenditure, the weeding out of inefficient Government employees, the co-ordination of rambling ramifications of various departments and the improvement of our public services. His appointment has been long overdue.

There is one detail of the Government allocation for Education to which I should like to draw attention.

Under the present estimate a yearly grant of 1½ million dollars is made to the Hong Kong University, and a further 4 millions can be drawn upon from the Loan Fund for rehabilitation of war-damaged University buildings.

Your Excellency has said that the future of this Colony necessarily depends on the proper education of its children, yet surely Government is putting the cart before the horse in allocating such a large sum of money to the University for the education of approximately 280 students when there is such a crying need for primary schools.

If a large portion of this 5½ million dollars could be made immediately available for the rehabilitation of existing government schools and the building in the near future of new schools, it would go a long way towards solving the problem of the 50,000 to 100,000 children who are now without, and cannot hope to have, any education at all.

It seems to me a great injustice that the lower middle class taxpayer should contribute to the education of these comparatively small number of University students when in all probability he is unable to get his own child into any school at all because there is such a gross shortage of primary education facilities.

Government should build and staff essential schools before carrying out the proposed large scale rehabilitation to an organization which, however admirable in its purpose, caters for such a small proportion of the community. Let us first make sure that the average taxpayer subscribes to the education of his own child before being called upon to subscribe to the specialized education of a privileged few.

If, as may be argued, the University is essential to maintain the prestige of Britain, and the education of students who neither come from or intend to work in the Colony, then surely the cost should be forthcoming from the Imperial funds.

While I am on the subject of the University, I hope I am not deviating from the main theme when I say that it is regrettable that in the reorganization of the University its Alumni Association was not consulted as to its own representatives.

Before concluding my remarks on Education, it seems to me that King's College has taken an undue time in rehabilitating. With the complete loss of Queen's College, and King's College being the only rehabilitable school building that can be restored to usefulness without complete rebuilding from foundation, work should be expedited so that the long waiting list of students may be reduced.

Apart from the provision of primary and secondary education, this Colony needs more technical schools. That there is real and urgent need of these technical schools there can be no question. The war years have killed off either by starvation or war casualties most of the skilled labour in the Colony, and the skilled labour is badly in need of new recruits. The existing Government Technical College is doing pioneer work in this line of education, while the Aberdeen Industrial School, to mention but one institution undertaking such education, is so popular that there is always a long waiting list of applicants for admission. It is therefore hoped that Government will give some special attention to this matter, and establish more technical schools as early as possible.

Speaking further on the subject of Education, it is noted that Government has now discontinued the free supply of milk to school children. I do not question the benefit to the health of the children enjoying this supply of milk, and I do feel that it has been a commendable step in the right direction. However, this free distribution of milk cost the taxpayer \$1,300,000 last year, and its discontinuance by Government in the abnormal circumstances of the Colony's finances will enable the money to be applied to more urgent problems, such as the establishment of children's clinics and tuberculosis hospitals, both of which I consider of great importance to the well-being of the community. Later on, when the finances of the Colony are more balanced, it is to be hoped that this free supply of milk to the children will be restored.

With regard to the Medical Department, I am happy to note that Government is making energetic efforts to combat tuberculosis. However, the compulsory notification of tuberculosis cases, with resultant enquiries and disinfection, etc., is giving rise to much resentment among the community. Tuberculosis should be treated as separate and distinct from small-pox and cholera, and other notifiable diseases. While notification is undoubtedly necessary for the good of the community, care must be taken that compulsion does not tend to drive the cases underground, thus nullifying all efforts intended for the public good. In order to overcome all resentment, the public should be educated to the desirability of notification and isolation of the patient, and their co-operation should be enlisted voluntarily.

I am deeply perturbed by the continued lack of medical facilities for the poor. Our hospitals remain sadly inadequate to meet the needs of the public, and there is an urgency for the establishment of a children's hospital. Cases requiring hospitalization often find difficulties in obtaining hospital space, so congested are most of the hospitals. Private hospitals are beyond the means of the average patient, so that the poor are hard put to it when ill. It is our duty to care for the poor when sick—our duty to humanity at least demands this.

During the Budget debate last year some reference was made to the Mental Home the conditions of which were said to be far from satisfactory. I regret to note that little improvement seems to have been made in this connection, and I earnestly hope that early action will be taken by Government to see that this Home is brought up to date in accordance with modern methods of caring for the unfortunate inmates.

Mention of the compulsory notification of tuberculosis cases recalls that the present system of accepting only certificates for small-pox and cholera signed by the Medical Officer of Health as regards passengers travelling between Hong Kong and other Far Eastern ports has created great dissatisfaction among the medical profession, not only in Hong Kong but over the world, as well as among the whole community. This system was in force for sometime

before the war and was felt to be most disagreeable, and as the result of a conference between the Hong Kong Chinese Medical Association and the Medical Department under the then Director of Medical Services Dr. Selwyn-Clarke, the certificates issued by registered medical practitioners were duly recognized by the Government and could be counter-signed by the M.O.H. However, after the liberation of the Colony, the Medical Department once again reverted to the former disagreeable practice. Both the Hong Kong Chinese Medical Association and the British Medical Association have since taken up the matter with the D.M.S., and conferences and correspondence exchanged but without any satisfactory result: the D.M.S. said that Government had no discretion in the matter.

Two statements by the B.M.A. were published in the British Medical Journal; page 41 of its issue of 22nd March, 1947, reads as follows: —

International Certification.

“The Ministry of Transport has given an instruction that intending passengers to Hong Kong and Singapore must, before disembarking, produce a certificate of vaccination signed by a medical officer of health or a practitioner in the Government service, not by a private practitioner. Inquiries at the Ministry of Health have shown that, in so far as the United Kingdom is concerned, no such requirement is made; it is the authorities in the Far East who have made the stipulation. The Secretary of the Association has addressed a vigorous protest to the Colonial Office, through which Department the Ministry of Health is itself taking the matter up. It is of the more importance to have this question righted at the outset because the system of international certification of vaccination and inoculation which the World Health Organization of the United Nations will finally adopt has still to be determined, and equality of certifying status for all medical practitioners should be established at the outset.”

On June 21st, 1947, the B.M.A. made another statement in the B.M.J., page 127 of which reads: —

*Certificates of Vaccination required by
Passengers to Hong Kong and Singapore.*

"The attention of the Council has been drawn to instructions issued to passengers to Hong Kong and Singapore that they must be able to produce certificates of vaccination signed by a medical officer of health or Government medical officer, and not by a general practitioner. The question has been raised with the Colonial Office, and the Department has replied to the effect that the position had already been taken up with the Governments concerned and that the Government of Hong Kong did not intend to proceed with the requirement."

An extract from the South China Morning Post of the 16th October, 1947, under the heading of "Small-pox Incidence—Indian Protest against Hong Kong Regulations" reads: —

"The expert committee on the quarantine of the World Health Organization today decided to support the India Government in its protest against the regulations established by the Governments of Hong Kong, Singapore and the Malayan Union for vaccination certificates. These regulations insisted that vaccination certificates should be signed and counter-signed by a Government or Municipal medical officer. The Quarantine Commission recommended to all Governments that the "immigration authorities should give intelligent consideration to certificates signed by medical practitioners." —Reuter.

It will be appreciated that the primary object of inoculation and vaccination is to protect the health of the community. If general practitioners could not issue certificates, many people who have no immediate intention of leaving the Colony would hesitate to do so for fear of being re-vaccinated or re-inoculated for a second time should sudden departure from the Colony materialize. This state of affairs would not only discourage the community from taking the advice of the Health Authorities to get vaccinated or inoculated but would actually defeat the original purpose which the Health Authorities have in view.

With limited available depots for inoculation and vaccination, many people bitterly experience the inconvenience of forming queues to wait for such inoculation and vaccination, not to mention the unavoidable exposure to the cold, strong sun and rain. This complaint has already been brought to the notice of Government before.

The Medical Department insists that this is the ruling of the Far Eastern ports and not of Hong Kong, but it has been brought to our notice that this system originated from Hong Kong and that other ports in the Far East have to follow suit in reciprocation. The General Secretary of the Chinese Medical Association in Shanghai which represents the whole medical profession in China, replied to a letter from the Hong Kong Chinese Medical Association that all medical practitioners in China registered with the Chinese Government are eligible to issue certificates valid in all China ports including Hong Kong; and that on the other hand, certificates issued by the medical profession in Hong Kong for passengers coming to China bear the same status and are therefore equally accepted.

There are cases where passengers possessing certificates given by the medical practitioners in Hong Kong are accepted by the Canton authorities, but when the same passenger returns to Hong Kong his certificate is not accepted by the Hong Kong authorities.

The medical profession feels very strongly that it is an insult to the profession to retain this restriction, and it has a very deep grievance in this matter. The B.M.A. has already referred the whole matter to London Headquarters for information and advice.

If the excuse of Government for such restriction is fear of false certification by certain practitioners, such culprits could be severely dealt with when found, but it is not British justice to penalise a whole profession on account of a few culprits. Even if the excuse is that in some countries as the D.M.S. stated, the status of the medical profession is poor, the technique of vaccination or inoculation does not require very highly specialized skill; the present system of allowing nurses and public vaccinators to do the work does not justify the excuse made.

In view of all these grievances and discontent with regard to this matter, it is sincerely hoped that Government will remove this restriction so as to secure the co-operation of, and restore harmony with, the medical profession and all concerned at the earliest possible moment.

Some weeks ago it was my pleasure and privilege to witness, with my colleague, the Hon. Leo D'Almada, the graduation ceremony of the Police recruits whose smartness and efficiency evoked our admiration, so unlike the 'lo kang' of former days. However, it seems to me that there is something lacking in the happy running of this most important department of our Government. I refer to the lack of provision of living quarters for members of the Police Force, particularly the locally recruited men. It is not sound policy to have these men housed haphazardly. Apart from inevitable undesirable association with people of doubtful integrity, it would be difficult for the Commissioner of Police to marshal his forces should an emergency arise. It therefore becomes apparent that it is not only desirable but essential that the Police should be housed in or near their respective Stations.

I wish to take this opportunity to urge the Commissioner of Police to impress upon his men the necessity of dealing with hawkers, rickshaw-coolies, passengers of trains or steamers, etc., with less undue force. It is the frequent complaints of the harsh treatments received at the hands of the Police that tend to give the guardians of law and order such a bad name among the community. Some force may have to be used in dealing with recalcitrant offenders, but in handling hawkers and other minor delinquents less force should be used.

The present grant for the Royal Observatory should be appreciably increased so that its personnel and equipment may be brought up to date. Our Observatory is of paramount importance to this Colony. Apart from its usefulness during the typhoon season, it has many other important functions to perform which are little known to the public, and its efficiency would mean much to the future development of the Colony.

In my Budget speech a year ago, I deplored the lack of amenities for the community. The present Budget still falls to make provisions for them; and while it is understandable in the prevailing circumstances that all cannot be provided for in the coming year, there is no reason

why we should not make the best possible use of available facilities at only small expense. I refer to the sea-bathing beaches. It is now a year since Government made some hazy pronouncement on this important matter, but nothing further appears to have been done. The summer is now almost upon us, and we still lack the facilities for sea-bathing—an amenity as pleasant as it is necessary in our climate. I sincerely hope that this question will be tackled energetically, and that some definite information as to government policy will before long be furnished the public. It is to be hoped that in its re-allocation of bathing-sheds, Government will bear in mind the prior claims of the Hong Kong residents. The real Hong Kong residents have the first claim on our Government, for they are the ones who helped to lay the foundation of our present stability, and should therefore be the ones to share in the fruits of our labour.

The first step towards restoring the bathing facilities to the public should seem to be the re-opening of both the Kennedy Town and North Point bathing beaches to the general public as well as to the associations and clubs which possessed their own sheds before the war. At present the poorer classes cannot afford the luxury of a trip to Repulse Bay, or any other bay, for a swim, as the cost would be beyond their meagre means. To my personal knowledge, before the war there was on occasion an attendance of some 20,000 people at the South China Athletic Association's Pavilion at North Point on *one day* alone. This shows the popularity of sea-bathing among the poorer classes—a pastime essential to their health and well-being. Government's objection to re-opening of these beaches is said to be for reason of health, but if before the war bathing could be permitted there, then there is no reason why it should be banned today. Pending the opening of more roads to distant beaches within easy transportation means, I urge that Government should re-open these pre-war beaches to the public.

I note with some surprise that the upkeep of motor vehicles, as given in the estimates, calls for the huge sum of over \$2,200,000 for the current year. It is earnestly hoped that this service is for essential work only, and that wherever possible a saving should be made.

There is a public service of which I am critical. I refer to the present Postal Service which is quite inadequate and not too efficient. Business people and others expend varying sums of money in sending their mail by air in order to ensure its rapid receipt, and yet on arrival in Hong Kong this same mail is held up longer than necessary.

We really need a larger and more modern Post Office to deal with the increasing volume of mail to be handled as a result of our increased importance as a trade centre, and also in view of the continued increase in our population. Our present Post Office is sadly out of consonance with the importance of this Colony.

Now, unfortunately and unhappily, I feel it my duty to bring to the notice and knowledge of Government the fact that it has become necessary for the Department of Supplies, Trade and Industry

to receive better supervision and control. While it is not possible, as is usually the case, to produce tangible evidence of malpractices and maladministration, it is common knowledge that favouritism exists in this Department. I shall quote but two cases of blatant favouritism as reported to me. A certain firm was refused a permit to ship quite a small quantity of rubber to Korea, but within two days another concern secured an export permit to ship over twice the amount to the same country. In the case of the sale of rice, special considerations were shown to some well-favoured firms. There are a few other things, including the Japanese trade which are giving rise to a lot of adverse criticisms and call for enquiry. It is high time Government examined carefully the running and organization of this important Department, and I think that a small Commission should be appointed to enquire into the allegations that have so frequently been made.

Mention may also be made of the case of cotton yarn allocation. It is known that a sole agency was formed for the handling of this commodity. The question here is whether any other private agents were given the chance to compete, and on what terms the agency was given.

In regard to the supply of rice, the price of rationed rice has increased from 30 cents to 54 cents a catty, yet the quality is generally poor, and in many cases it is unfit for human consumption. A lot of people now refuse to draw their rations, as they find the quality so bad sometimes that even animals would not eat it. It is hoped that the Rice Control Department will see to it that future allocations for this Colony will consist of better quality rice.

Coming to the Revenue side of the Estimates, I note with some concern that Water Revenue is expected to yield approximately \$5,000,000 for the current year. Water forms an absolute necessity to the community, and Government should not therefore make money on it. It is true that the expenses of maintenance should be borne by the public, but no more than actual expenditure should, I think, be charged for.

The possibility of increasing the present already heavy taxation in the near future to meet increased cost of Government was adumbrated in Your Excellency's address on the Budget a week ago. It seems to me that the wiser policy would be to cut down expenditure rather than to increase taxation, as after such a long period of disorganization and disruption to trade the public should be given a breathing space of a few more years to recoup their heavy losses sustained by war. True, the past year has been an exceptionally favourable one to many, but there are already signs of a gradual falling off in trade. A wise policy would seem to permit the Colony to continue its reconstructive efforts without upsetting its equilibrium by undue interference, lest we kill the proverbial goose that lays the golden eggs.

HON. LEO D'ALMADA, K.C.: —Sir, Speaking fairly well down the list has this advantage; that one can cover a good deal of ground by saying generally that one endorses what has fallen from the earlier speakers, which I do on this occasion, and in particular I endorse what the senior unofficial member has had to say regarding the allocation of the proceeds of land sales. Also I support the Honourable Dr. S. N. Chau's suggestions that some enquiry should be instituted into the Department of Supplies Trade and Industry, not because I am possessed of the same amount of information as he seems to have, but by reason of the fact that rumours have been too current in the last few months to be dismissed as mere rumours, that in this Department a number of the personnel have feathered their own nests to great profit. One has heard of people who have left the Colony having provided themselves with nest eggs out of all proportion to their earnings, their legitimate earnings from their employment in that Department, and in view of that, coupled with what Dr. Chau has mentioned, it seems to me high time something was done about it. I mention this in passing, by way of a joke, —and it isn't a good joke. —People say to one another that the Department to join nowadays is the Supplies, Trade & Industry though pre-war the Imports and Exports was the best.

I have three topics of my own to mention this afternoon. My Chinese colleagues have spoken of the necessity of providing more money for education in Hong Kong. Children being what they are, those in Hong Kong are little likely to show any gratitude to my colleagues on their behalf. I propose to win popularity with them by urging something else on their behalf. My Honourable friend the Director of Public Works informs me that he has allocated for Children's Playgrounds the enormous sum of \$110,000. In proportion to the whole of the budget that seems to be a deplorably small sum. I speak now particularly on behalf of the children of Kowloon. I do not know, Sir, whether you have recently been along Chatham Road in Kowloon. Adjoining it is a strip of land that bears the courtesy title of Children's Playground. Off Cox's Path is another square patch of bare land known as Cox's Path Children's Playground. They are both in a shocking state for both are in need of rehabilitation very badly and they are, so far as I know, the only playgrounds available for children in Kowloon. None is provided for the children who live further in, along Prince Edward Road, Waterloo Road and in Kowloon Tong. It seems to me that it should not be difficult for Government to allocate very much larger sums to what is after all almost as necessary for the benefit of the children of this Colony as schools.

My other topic concerns Kowloon itself. Anyone travelling on the roads of Kowloon in the last few months could quite accurately and truthfully describe the experience in an article entitled "Bouncing round Kowloon and the New Territories," because our roads are in a shocking state. You seem to move from bump to pothole and from pothole to rut, and it is high time that a really serious effort was made towards improving these roads which have lacked maintenance

for a number of years. I will say this on behalf of the Public Works Department, that there has been an improvement in the last month or two, but that is only by way of patch-work, and I am sure the Director of Public Works would be the first to admit that that is really unsatisfactory because it can only be of a temporary nature. \$2,000,000 are allocated in this year's budget for road repairs. I hope that a considerable proportion of that will be spent in Kowloon.

It was pleasant to note from Your Excellency's speech the other day and from what the Honourable Financial Secretary has said, that a serious attempt is to be made in the direction of retrenchment in Hong Kong, because quite clearly our expenditure has reached very very serious proportions. I wonder whether in this matter of saving money a good deal might not be done by more careful scrutiny of tenders for contracts accepted by Government? I say that because in the course of meetings of the Finance Committee we had occasion to ask the Superintendent of Prisons about an item under head 24 of the Estimates which provides for \$1,400,000 for the subsistence of prisoners at Stanley. On the face of it that doesn't seem a large sum because one knows that there are very large numbers of prisoners who have got to be accommodated in the prisons of this Colony. But the Superintendent was kind enough to tell us that that figure is so large because the tender really amounts to a sum of \$2.50 per prisoner per day, say \$75 a month. Without knowing very much about the cost of food in this Colony, I think I know enough to say that that is an excessive sum when it comes to feeding upwards of 2,000 people. I am strengthened in that conviction by the fact that in Your Excellency's speech the other day you mentioned that the standard of health in Hong Kong had been very good in the last year by reason particularly of the better standard of nutrition. That could only have come about by better wages and I question whether the bulk of the population of Hong Kong can afford to spend, and does spend, anything like \$75 a month per head for its food. It seems to me, Sir, that the Tender Board which dealt with and accepted this tender, was, shall I say, a little too tender to the tenderer? I know that it is inevitable that you must make some allowance for the fact that anybody dealing with Government starts off with the intention of "soaking" Government, and it is impossible perhaps for Government to cut down upon the tenders in the same way as any private concern might do with its own contracts. It seems to me however that in this case at any rate we are allowing too large a margin of profit to the contractor concerned. I recall that a few years before the war there was something approaching a scandal connected with this kind of contract, that is, affecting prisoners in the local gaols. I hope I am wrong when I think that this, the prison contract, borders on the scandalous, but it would take a good deal to convince me that I am very far wrong. That is the only tender I have been able to examine, because in the matter of tenders for other things such as public works I have no information which would entitle me to criticise them; but if that Prison tender is indicative of the way in which Government accepts contracts from

outside concerns, it seems to me we could go a very long way indeed towards reducing expenditure by a general directive to the effect that the Board or Boards which consider these tenders should examine facts and figures and obtain as much information and facts as possible before making their final decisions upon any particular contract. That, in my submission, should effect a saving which, if not equal to what we would expect from this expert, —this efficiency expert, who is coming to Hong Kong, would certainly be one worth considering in these days when expenditure is already so high

HON. R. D. GILLESPIE: —Your Excellency: I listened with great interest to your review of the progress made by Government during the past twelve months and plans for the future. I think Government is to be congratulated on the results it has achieved since the Occupation.

I was particularly interested in the progress made by the Department of the Secretary for Development, both as regards Fisheries and Agriculture. The figures for the sales of Fish and Vegetables since the Co-operative Marketing Organisation schemes were formed are really remarkable.

I was glad to hear, Your Excellency, that you have asked for an allotment of £ 50,000 from the Colonial Development and Welfare Fund for the mechanisation of the fishing fleet and a similar amount for the establishment of an agricultural experimental station at Kamtin, and I hope that both these grants will be approved.

It was disappointing to learn that no Director of Fisheries has yet been appointed, and I hope that Government will spare no effort to find a suitable man for this important post.

There is one point that I think worth mentioning. The Fish Marketing scheme was set up by Proclamation during the Military Administration. It would seem to me that the time has come when this Proclamation should be replaced by an Ordinance approved by this Honourable Council.

As the Honourable Financial Secretary pointed out in introducing the Budget, the effect of the Salaries Revision is apparent throughout the estimates, but everyone will agree with him that, since the Occupation, the Public Services had been underpaid. Personally, I do not think the Salaries Revision went far enough in the upper brackets, and I consider the Heads of Departments still inadequately paid.

At the same time, I should like to endorse very strongly the recommendation of the Salaries Commission that Government should have power to call on any Officer who is not considered efficient to retire at 45 years of age. This might cost a little more in pensions, at least to commence with, but that would be more than made up in the long run by increased efficiency. It seems to me essential that Government should have some means of lopping off “dead wood.” Every business firm has.

I was glad to hear that the possibility of retrenchment is not being overlooked, and that Government are bringing out a first-class Efficiency Expert. I hope he will comb through every Government Department, because I believe he will find many of them over-staffed. Before the War, when salaries of clerks, messengers and other junior employees were low, it did not matter very much if there were more than necessary in every department, but nowadays, with salaries four or five times what they were then, it matters a great deal.

I have noted with satisfaction Government's desire to help China in her difficulties, as shown by the conclusion of the Customs and Financial Agreements. I would, however, be very much interested to know to what additional expense Hong Kong will be put, through the Import and Export, or other departments, in implementing these Agreements.

Honourable Members may remember that last year I drew Government's attention to the very dreary conditions under which the Colony's mentally afflicted are confined. The then Director of Medical Services in his reply agreed that the Mental Home was quite out of date and that proper facilities did not exist for the treatment of mental cases. I hope Government will bear in mind the need to build a modern Mental Home, in congenial surroundings, as soon as possible.

With regard to revenue, it is satisfactory to note that the amount to be collected under the Earnings and Profits Tax is now estimated at \$30,000,000.00 against the original estimate of \$16,000,000. I think everyone would like to know how many firms and how many individuals have paid Earnings and Profits Tax, and what proportion of the total received has come from Asians, and what from Europeans. I hope Government will publish these figures.

HON. M. M. WATSON: —Your Excellency: The Honourable Member who has moved the second reading of this Bill has referred to the fact that the Unofficial Members have sat with him and the Honourable Colonial Secretary as an Estimates Committee. This has involved a fairly thorough examination of the Estimates in detail and it has been apparent I think that the Senior Officials of the Government are as anxious as the rest of us that our revenue should not be used except in a beneficial manner and that reasonable economy should be shown in departmental expenditure.

A further point of general interest appears to me to be that with your Excellency's address, the speech of the Honourable Member and the Reports tabled by him it would be a poor heart that felt he had not enough material for this important budget debate.

It appears to me, Sir, that the whole Budget position is dominated by the undetermined position regarding the moneys claimed in London for the War period. The Members of this Council are aware that Government are as desirous as anybody else that this question should

be cleared up, until when the financial position of this Colony will remain thoroughly unsatisfactory. It is to be hoped that with the War over nearly three years ago that a final decision on this important question may be reached before the Honourable Member has to prepare his next Budget.

In the early part of his speech the Honourable Member stated that it sounded a little odd that he is forecasting that after 1950/51 Special Expenditure would be met from current revenue when only a third of the loan issue has been made. On reading his further remarks the oddity seems to me to remain apparent unless his suggestion is that rather than pay interest charges it is better to pay out of current revenue.

I cannot pretend to expert knowledge in financial matters but I feel that if it were necessary the interest charges should be increased rather than raise extra revenue for expenditure which we hope will render benefits to the Colony for many years to come.

The past year, particularly I think the earlier part, has undoubtedly exceeded in prosperity anything the most sanguine anticipated immediately after the War. The result has been what the Honourable Member has described as a very satisfactory revenue surplus but in this connection I do not know, from his speech, whether he has taken into account the adjustments that will in many cases have to be made in the collection in the Earnings and Profits Tax for this year. Adjustments of tax paid on the basis of the year 1946/47 can be claimed when the actual figures for the year become available and it is probable that with the slowing down in the latter part of this year of assessment a very considerable adjustment will have to be made in many cases.

It may be that allowance has been made for this sum but it does not so appear.

The estimate of \$40,000,000 to be collected from this tax for 1948/49 including arrears from this year seems to me to be satisfactory and shows that this was the proper way of raising the very considerable sums of money that were needed as I cannot believe that the alternatives to this tax suggested at the time when the bill was being debated would have brought in anything like that sum. It has also I think brought in this figure without disturbing the cost of living in the sense of making it higher for the poorer classes a result which appears to me to be all important in view of the increase in that crucial matter over the pre-war figure.

On the revenue side we again come to the question of Land Sales, which have been very high, being included in the current revenue but despite many references to the suggestion that they should be applied to capital expenditure this still seems to be a case where Government has started to ride a tiger and must now hang on.

On the other side of the sheet one welcomes the fact that the recommendations of the Salaries Commission are now being implemented. Against this however we have the very serious fact, it is very satisfactory to note that Government are concerned over the matter, that such a large proportion of the budget is devoted to personal emoluments.

The control of such emoluments, that is to say the size of departments, is a very obvious and difficult one for Government and I observe that an efficiency expert is expected to deal with this question. I do not envy him his task and he would probably be more effective if he conducted his operations from London and did not come under the charm of our heads of departments. However I have not yet met an efficiency expert and it may be that my fears are unfounded but I would still wish to say that a matter which is causing grave concern to Government is also one upon which the public are equally concerned.

One of the items that is always cropping up as being something which does not ring true is the cost of motor vehicles. It is certainly enormous and one has the feeling that perhaps this item, difficult as it must be to control when it is spread out all over the Colony, may well profit from the investigations of the efficiency expert.

The vote for the University is welcomed and it is sincerely hoped that this outstanding institution in the Colony will in due course resume its former importance and influence in this part of the world.

A cognate question is the money to be spent on education. Nobody I think will cavil at the proposed allocations for this purpose but with this question is bound up the further question of population. As we know there has before been a flow to and from South China of population so that at times we have suffered here from a dearth of inhabitants.

The probabilities at the moment seem to be that the flow will not yet, at least to any extent, start to go from the Colony. An interesting suggestion by a very well known journalist has been made that a commission might be appointed to inquire into the question of immigration. The congestion in this Colony at the present time may be described as terrific, I have recently had some experience of the state of affairs in connection with the Tenancy Tribunals. The suggestion of a commission is one which might usefully be considered by Government as although it might arrive at the conclusion that it is or was impossible or impractical to carry out restrictions on immigration there would possibly emerge useful conclusions on the various aspects of the whole subject of over population.

The Honourable Member has given I think good and sufficient reasons for his other items of expenditure and I have therefore nothing further to say on these items except to add my voice to the general and urgent request that the matter of the site of the airport be settled without further delay. The life of the Colony has centred round

its harbour and will continue to do so, but for the same reason that that has been the case it is now necessary to attract and ensure that overseas transport by air should find it equally desirable to use this Colony as seagoing traffic has heretofore found it to be.

With these remarks, Sir, I beg to support the motion of my Honourable friend on this Bill.

THE FINANCIAL SECRETARY: —Your Excellency: It will I think meet the convenience of unofficials and officials if we now adjourn this debate in order to give the official spokesmen an opportunity to reply more adequately to the many important points which have been raised during the debate this afternoon. It will also I think be convenient if the Appropriation Bill and the Draft Estimates of revenue and expenditure for 1948-1949 could now be referred to a Select Committee to consider in detail any final adjustments which it has been necessary to make since the printed Estimates were framed.

H.E. THE GOVERNOR: —Are these suggestions agreeable to Honourable Members—that the debate should be adjourned until Thursday, and that the Bill with the Draft Estimates should be referred to a Select Committee consisting of the Colonial Secretary as Chairman, and as members, the Financial Secretary and all the unofficial members of this Council?

This was agreed to by all members.

ADJOURNMENT.

H.E. THE GOVERNOR: —That closes the business, gentlemen; Council will adjourn until 2.30 p.m. on Thursday.