

OFFICIAL REPORT OF PROCEEDINGS.**Meeting of 4th March, 1953.****PRESENT:**

HIS EXCELLENCY THE GOVERNOR

SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM,
G.C.M.G.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

LIEUTENANT-GENERAL SIR TERENCE AIREY, K.C.M.G., C.B., C.B.E.

THE HONOURABLE THE COLONIAL SECRETARY

MR. ROBERT BROWN BLACK, C.M.G., O.B.E.

THE HONOURABLE THE ATTORNEY GENERAL

MR. ARTHUR RIDEHALGH, Q.C.

THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS

MR. RONALD RUSKIN TODD.

THE HONOURABLE THE FINANCIAL SECRETARY

MR. ARTHUR GRENFELL CLARKE.

THE HONOURABLE THEODORE LOUIS BOWRING, O.B.E.

(Director of Public Works).

THE HONOURABLE DOUGLAS JAMES SMYTH CROZIER

(Director of Education).

DR. THE HONOURABLE YEO KOK CHEANG

{Director of Medical and Health Services).

THE HONOURABLE KENNETH MYER ARTHUR BARNETT, E.D.

(Chairman, Urban Council).

THE HONOURABLE CHAU TSUN-NIN, C.B.E.

DR. THE HONOURABLE CHAU SIK-NIN, C.B.E.

THE HONOURABLE LEO D'ALMADA E CASTRO, C.B.E., Q.C.

THE HONOURABLE MAURICE MURRAY WATSON.

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.

THE HONOURABLE LO MAN WAI, O.B.E.

THE HONOURABLE NGAN SHING-KWAN

THE HONOURABLE HUBERT JOHN COLLAR, C.B.E.

MR. ROBERT WILLIAM PRIMROSE *(Deputy Clerk of Councils).*

MINUTES.

The Minutes of the Meeting of the Council held on 11th February, 1953, were confirmed.

PAPERS.

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

<i>Subject</i>	<i>G.N. No.</i>
Draft Estimates of Revenue and Expenditure for the year ending 31st March, 1954.	
Memorandum on the Estimates 1053/54.	
Report of the Sub-Committee of Finance Committee on the Programme of Capital Expenditure 1053/54— 1957/58.	
Sessional Papers, 1053:—	
No. 8—Annual Report by (lie Chief Officer, Fire Brigade for the year 1951-52.	
No. 9—Annual Report by the Director, Commerce and Industry for the year 1951-52.	
The Emergency Regulations Ordinance, Chapter 241.	
Emergency (Special Constabulary) (Amendment) (No. 2) Regulations, 1953	A. 36
The Police Reserve Ordinance, Chapter 233.	
Police Reserve (Amendment) (No. 2) Regulations, 1953	A. 37
The Companies Ordinance, Chapter 32.	
Authorized Auditors List (Admission) Rules, 1953.....	A. 38
The Regulations Governing the Award of the Volunteer Reserve Decoration to Officers of the Hong Kong Royal Naval Volunteer Reserve	A. 39
The Regulations Respecting the Long Service and Good Conduct Medal for the Hong Kong Royal Naval Volunteer Reserve	A. 40
The Distress for Rent Ordinance, Chapter 7.	
Distress for Rent (Fees Amendment) Order, 1953.....	A. 41

<i>Subject</i>	<i>G.N. No.</i>
The New Territories Ordinance, Chapter 97.	
New Territories (Amendment) Rules, 1953	A. 42
The Public Order Ordinance, Chapter 245.	
Tai Lam Chung Reservoir Closed Area Order, 1053.....	A. 43
The Public Health (Food) Ordinance, Chapter 140.	
Slaughter-Houses By Laws	A. 44
The Defence Regulations (Continuation and Modification) (No. 1) Order, 1948.	
Possession of Gold (Goldsmiths) (Amendment)	
(No. 3) Order, 1953	A. 45
The Colonial Air Navigation Order, 1949.	
Hong Kong Air Navigation (Fees) Regulations,	
1953	A. 46
The Colonial Air Navigation Order, 1949.	
Hong Kong Air Navigation (Radio) Regulations.	
1953	A. 47

ADDRESS BY THE GOVERNOR. THE BUDGET 1953-4.

H. E. THE GOVERNOR:—

Honourable Members may recall that I referred to 1950 as a year of ups and downs and to 1951 as a year of downs and declining trade. The best I can do for the past year, that is, 1952, is to reverse the order and call it a year of downs and ups. Although the total volume of merchandize trade for 1952 shows a substantial fall of over \$2½ thousand million, or 28% compared with 1951, over \$2¼ thousand million, or 85%, of that fall occurred during the first six months. The Colony's trade figures are down and there does not seem much hope of an increase in the near future. "If only the Government would remove the restrictions on trade", some people say, "then everything would be fine". That is easier said than done. As Honourable Members are aware, this Government is not control minded. If we stood on our own and had to consult the interests of nobody but ourselves, I doubt if we should have any controls at all; for our economy, indeed, our very livelihood, depends on the maximum freedom for trade and commerce. But we do not stand alone. We are a member of the Commonwealth; we are associated with the United Nations, and with the International Monetary Fund, and we are within the sterling area. We have obligations to all these.

We are bound, for example, to impose and maintain, with the utmost strictness, restrictions on the import and export of strategic materials in accordance with the resolution of the United Nations; and we have to maintain controls on exchange in accordance with our obligations as a member of the sterling area, a membership which, in return, carries many privileges. All these restrictions are maintained at the minimum, and I can assure Honourable Members that our special position as an entrepot port is realized and is given full consideration, even to the extent that a free market in one currency is tolerated here. We are constantly keeping a watch on these controls and on the effects that they necessarily have on the economic life of the Colony. While we have not given up hope that there may be some minor relaxation, I cannot say that the outlook for the future is particularly bright. I do, though, know the people and business-men of Hong Kong, and I know their ability and their capacity to overcome difficulties. This may perhaps sound like whistling to keep up one's courage, for it is pinning one's faith on that intangible thing, human nature. But this restrained confidence, or non-pessimism, of mine, which, incidentally, I find is shared by the majority of business-men with whom I have spoken during the last few months, is justified by Hong Kong's previous history, and also by the fact that we have, generally speaking, not fared so badly during the past twelve months as seemed likely a year ago. Moreover, there has been an improvement in the volume of trade since the middle of last year. And this despite the lack of any positive stimulus such as a removal of restrictions on trade. I feel therefore that I am on good ground in pinning my faith on our business-men and the community generally. They cannot, of course, be expected to perform miracles, that is why my confidence must be restrained. We will be making the best of a bad state of affairs. A state of affairs that we in Hong Kong can do little or nothing to rectify. The solution lies elsewhere. What we, and the rest of the world, want is peace, real peace, and a general easing of tension, especially in the Far East. And of this there seems scant prospect at the moment.

So far as the financial position of Government is concerned, it is anticipated that our revenue for the financial year ending on 31st of this month will be \$359,205,130, as against the original estimate of \$290,762,200. In other words, revenue during the current financial year will be \$68,442,930 more than was anticipated a year ago. \$50 millions of this extra \$68½ millions is under the head of Earnings & Profits Tax. A great part of this is arrears which should have been collected in previous years but

went uncollected because the Inland Revenue Department was then understaffed. Now that the staff is adequate, at any rate for the time being, they are able to get down to the task of assessment and collection. Due allowance must be made for this special circumstance before drawing conclusions from the fact that the revised estimate of revenue exceeds the original estimate. Another factor to be borne in mind is that Government revenue estimating always tends to be conservative, and deliberately and rightly so in times like these. In connexion with this last factor it should be noted that the duties on liquor, tobacco, toilet preparations, entertainment tax and meals and liquor tax, have been running at a lower rate than they were a year ago. In short, it would be incorrect to deduce from the outturn of Government's revenue that it has been a year of prosperity. We must remember the drop of nearly 30%, as compared with the previous year, in the value of our trade.

Education

Despite the none-too-bright economic situation of the Colony during the past two years, it has been the policy of Government, as I have stated before in this Council, to carry on with its various projects of development of one kind and another. I am sure that this is right. There is so much to be done that we can't afford not to go forward, and nothing is more wasteful than to proceed by fits and starts. We should proceed steadily according to plan: always ready, however, to modify the *tempo* as may be necessary. A good example of this steady progress may be seen in the number of children attending school. In 1948 the number was 110,000; in 1949, 130,000; in 1950, 150,000; in 1951, 169,000; in 1952, 195,000; and to-day it is over 200,000. It is also interesting to note that there are now just about twice the number of children attending school in the Colony as there were at the outbreak of the Pacific War in 1941. This is not a bad record, especially when it is borne in mind that on re-occupation we had to start almost from scratch.

The great majority of the 200, 000 are, of course, in primary schools, and-while many of them will end their formal education at that stage, others will go on to the secondary schools in a proportion of roughly 1:4. Primary education has thus a dual purpose: on the one hand it must develop in a complete form for children leaving school at the end of the primary stage, those basic skills that are necessary for living and employment; while on the other it must offer an easy progress to the higher forms of training and instruction. To achieve the first at the cost of the

second would be to deny to many children a full development of their aptitudes; while to secure the second without the first would be a repudiation of the principle that the educational present of one child should not be mortgaged for the educational future of another. It is, and has been for some years, the policy of Government to help our primary schools in adjusting their curricula and teaching methods to satisfy both needs; and that policy is amply justified by the results already apparent. Many pupils now holding scholarships and free places in Government and Aided secondary schools are the children of manual workers, who would by any other system have been denied the chance of going beyond the primary stage.

There are now over 1,000 registered schools in the Colony, employing nearly 9,000 teachers. Many of these teachers, though permitted to teach, are not professionally qualified to do so. Our teacher training programme has thus to consider not only the training of further teachers to staff new schools and make good the natural wastage in schools already in existence, but also the provision of facilities that will enable the unqualified, but potentially good, teacher to secure qualified status. The opening of the Grantham Training College has added greatly to our ability to do both; and from now on we may expect a gradual diminution in the number of teachers who are either without professional qualification or have had their training outside the Colony. As a further stimulus to higher teaching standards provision is made in the 1953/54 draft Estimates for the payment of qualified teachers in Subsidized schools according to the Primary Teachers' scale laid down for similar teachers in Government and Grant-in-Aid schools.

In the Resettlement Areas the provision of schools is one of the many problems with which Government is faced, and it comes upon us at a time when we are already occupied fully with the plans for school expansion contained in the Fisher Report. It is proposed to allocate \$500,000 for assisting the building of certain schools in these areas and thereafter to admit them to the Subsidy Code.

In my Budget Speech last year, I commented on the progress that had been made in education for citizenship. That progress, I am glad to say, continues; and with it there is a growing realization that Hong Kong, while linked in so many ways with the Commonwealth and the rest of the free world, has, as a community, its own completeness. Education as we know it can never be based on a parochial concept; nevertheless, it must be

closely related to local needs. The introduction of a Hong Kong Chinese School Certificate Examination illustrates the application of this principle. Under the Director of Education the most important of our Chinese Middle schools, both government and voluntary, formed a syndicate entrusted with the duty of controlling the examination. The courses leading to this examination are designed for Hong Kong students and in accordance with democratic ideals of education. There is no longer any need for our students who study in the medium of the Chinese language to look elsewhere for a certificate that will carry official recognition. Nearly 1,000 candidates entered for the examination last June, and this year an even larger number is anticipated.

The logical development of this policy lies in similar provision for vernacular students in the realm of higher (post-secondary) education; and both Government and the University are now giving careful attention to this aspect of the Report of the Committee on Higher Education.

Health

Pressure on all Medical Department institutions continues to be great, partly because of the increased population, but also because it would seem that the population is developing a greater appreciation of the services provided and is making more use of them. Thus, hospitals and clinics continue to be very crowded and in certain instances are not able completely to meet the demands placed on them. Tuberculosis is still our greatest health problem and one important activity directed to meeting this problem was the B.C.G. anti-tuberculosis inoculation campaign which was carried out with the assistance of W.H.O. and U.N.I.C.E.P. This campaign has proceeded with greater rapidity than expected and, by now, practically all school children in the Colony have been tested and, where appropriate, inoculated. It is intended that this campaign shall continue, but not as originally visualized as a mass campaign directed to the population. It has been found by experience that only a very small percentage of adults in the Colony require B.C.G. inoculation, and thus the continuing campaign will be directed to new-born babies, the pre-school child and new entrants to the schools.

Agreements have been entered into with W.H.O. and U.N.I.C.E.F. for maternal and child health projects under which these international organizations will provide certain equipment and the services of expert personnel to assist the Medical Department in providing maternal and child health services in resettlement areas and in the Colony generally.

Resettlement

Reference was made in last year's Budget Speech to the programme for resettlement of squatters. The squatters were estimated to number about 300,000, living in some 45,000 huts, and were to be resettled in an equivalent number of huts, of which 10% were to be cottages of an approved type of simple fire-proof construction using small pieces of land in the urban area, while the remaining 90% were to be directed to large areas out of town where they could re-erect their original huts under control. It was recognized that life in these "Grade B" areas would not be easy and that there might be some reluctance on the part of the squatters to settle there, but funds were provided for the provision of drinking water to all areas and for the opening up of access roads, so that land in the settlements could be made available for industries, especially those removed from the squatter areas, and also that settlers unable to find employment in the new settlements could travel in to their jobs in town.

The development of the "Grade A" areas has proceeded satisfactorily, indeed it is ahead of programme. By the end of January last there were 12 of these areas under development and their population was 14,322, living in 2,095 "approved" and 463 "tolerated" houses. There were also 41 shops and 17 factories and workshops operating, besides 180 cottage industries. But the development of the "Grade B" areas has not proceeded according to plan. One of the four areas originally allocated for this purpose was temporarily unavailable and the oilier three are now reported to have a capacity much less than was thought. In these areas at the end of January the population was 18,316, living in 214 approved type houses and 3,347 huts or shacks, with 72 shops and 4 workshops, besides 102 cottage industries. One area in particular, that situated about a half-mile south-east of Kai Tak, has proved generally unattractive to settlers, and though 2 factories and 33 cottage industries are now established there, some more incentives, besides better means of access, will be necessary before this area can be properly industrialized and the community given a sound economic basis.

The thanks of the community are due to the many philanthropic persons and charitable organizations who have helped the settlers by donating cottages and building materials, and to the Hong Kong Settlers Housing Corporation, who have built 716 cottages on a non-profit basis.

Education and health in the settlements have not been neglected. 7 schools, 5 churches and 7 welfare centres are now open, and 2 maternity and child health clinics are being established with the assistance of U.N.I.C.E.F.

In the uncleared areas there were several large and many smaller fires, and one extensive fire in the old "tolerated" part of one resettlement area. The only way to put an end to these disasters is to divide or split up the squatter areas, and there must be no doubt that in regard to squatter clearance Government's policy remains the same—to clear the squatters with as much expedition as possible and to resettle them, if possible in fireproof buildings, but at least under proper control. Difficulty has arisen in organizing large clearances by reason of the division of authority between three departments, and it has been decided that the authority for actually ordering clearances should be concentrated. Now it may be asked: Why is the responsibility for clearance not entrusted to the Urban Council together with the responsibility for settlement? It certainly appears logical that one authority should handle both parts of this important problem. But in the execution of squatter clearances, particularly large ones, there are a lot of factors necessarily involved which are not the concern of the Urban Council, and there are other departments necessarily concerned to whom it would not be proper for the Urban Council to give, or to appear to give, orders, notably the Public Works Department and the Police Force. The approving authority for clearances to take place will therefore remain the Colonial Secretary, but since squatting is the illegal occupation of land the squatter clearance powers will be concentrated in the Director of Public Works, who will, however, have the assistance of the Health Inspectors and other Sanitary Department staff who were formerly engaged on that work. He will prepare programmes of squatter clearance in consultation with the Fire Brigade, the Health Authorities and the Police, and will then submit them to the Colonial Secretary for approval. But, it may be asked, since it is logical that one authority should handle clearance and settlement, why not let the Director of Public Works handle resettlement also? There are many reasons for not changing the present responsibility for resettlement, not the least important being that it would imply dissatisfaction with the way the Urban Council has handled this difficult problem, and no such dissatisfaction is felt.

Clearance, then, will remain the responsibility of the central Government and resettlement the responsibility of the Urban Council. Once a decision has been taken that an area is to be cleared the Urban Council will be advised,—as far in advance as possible,—so that they can make their plans for resettlement.

Things have not gone entirely according to plan; but in the main they have, bearing in mind the magnitude of this human problem. The plan is a sound one, though it may require modifications from time to time. It cannot be solved overnight. The root cause is the grave shortage of housing, particularly housing for the lower income brackets. This shortage has been vastly aggravated by the staggering numbers of refugees who have poured into Hong Kong.

Housing

The building of cheap bungalows in resettlement areas is not, therefore, the fundamental solution to our housing problem. For one thing, land in the urban areas is so scarce and so valuable that one-storey development in resettlement areas must be regarded as only a temporary palliative to reduce the menace of fire and pestilence which hangs over the illegal squatter areas. The main housing problem is the provision of multi-storey permanent housing at low rental for not less than 100,000 families now living in unhygienic and overcrowded conditions. This problem is one of such magnitude that it has been considered advisable to proceed in the first place by way of small pilot schemes, so that the necessary experience may be gained for the larger schemes which have become imperative. The two pilot schemes to which I referred last year have been completed: one of a hundred flats at North Point, completed in April by the Hong Kong Model Housing Society, and one of 270 flats which were erected at Sheung Li Uk by the Hong Kong Housing Society and completed in September. The North Point site was granted free by Government and funds were provided on loan by the Hong Kong Bank. Even with this assistance the Society has found it necessary to charge rentals of \$140 a month exclusive of rates, an indication of the difficulty of providing permanent housing at rentals which the poorer members of the community can afford to pay. The Sheung Li Uk flats, built by the Hong Kong Housing Society, were financed by a loan of \$2 millions from the Colony's Development Fund and by a free grant of \$144,556 from the Colonial Development and Welfare Fund to cover the cost of site formation. The loan is repayable in forty years with interest at 3½% and the land was granted at half upset value. Two types of flats have been provided; one for six persons at \$70 a month, and one for four persons at \$56 a month, both these figures being exclusive of rates. Government is under a great debt to these two Societies for thus laying the foundation of the larger Government schemes to which the Officer Administering the Government referred in

his speech at the opening of the Sheung Li Uk flats in September of last year. The experience these Societies are gaining in the difficult financial, administrative and management problems associated with property of this type will, I am sure, prove invaluable.

The problem of creating an organization to administer large housing schemes has been carefully studied over the past two years. A Government official has visited Singapore and reported on the workings of the Improvement Trust in that Colony, and Unofficial Members of Council and others with experience in the management of property have devoted much time to the study of the ways and means of tackling the housing problem in a big way. Although a final decision has not yet been taken, our first conclusions are that a Housing Authority, responsible for the provision and management of adequate housing for the poorer members of the community at minimum economic rentals, should be created, and that this body should be assisted by loans from the Colony's Development Fund and the grant of land on easy terms. Alternative proposals have, however, been made to Government, which would mean that the construction of houses, and their management as parts of estates thereafter, would be in the hands of private enterprise, and Government's assistance would be limited to providing loan funds and land. While this knotty problem is still under consideration, it has been decided to offer the Hong Kong Housing Society a second site in Kowloon on which to erect further blocks of flats.

In addition to the main assault on the problem of housing shortage, I have hopes that support will be given by flanking attacks carried out by landlords and large firms. So far as landlords are concerned, it has already been proposed that Government should make it possible for them to replace old tenement buildings by providing accommodation for the present occupants of such buildings. More could also be done by those large firms which have not so far taken advantage of the scheme by which land can be granted at half the upset value for comprehensive schemes to house employees. It is hoped, therefore, that both landlords and large firms will be willing to make their contribution to the solution of Hong Kong's gravest problem.

Hawkers

Another problem of general interest is that of hawkers. This has been the subject of close study during the past year. Experience has shown that the total number of hawkers tends to remain static, and that hawking is regarded as a necessary

and unavoidable means of obtaining a living for a comparatively large section of the population. Restriction in the number of licences has not served to restrict the number of hawkers: and on the other hand it is desirable that hawkers should be licensed, for the licensed hawker is subject to a measure of control for the safety and convenience of the community. Many hawkers operate only during certain hours. Government is therefore considering a scheme whereby, wherever possible and suitable, open pieces of ground should be put aside for hawkers' pitches to be operated during certain hours only. Outside those hours, the areas would be cleared and available to the public for use as open spaces. If Members can envisage a combination of Hyde Park and Covent Garden, they will realize what is in mind. It is hoped that the consequent increase in pitches, and the licensing and control of a larger number of hawkers, would all aid the solution of this difficult problem.

Kai Tak

When speaking in the Budget debate a year ago the Colonial Secretary gave a report on the proposed development of Kai Tak. The position is that in August, 1951, a Ministry of Civil Aviation team under the leadership of Mr. Broadbent visited the Colony to draw up a plan for the improvement of Kai Tak Airport. This plan was subsequently accepted by Government and a firm of consulting engineers was appointed to report on the engineering aspect and to estimate the cost. Messrs. Scott and Wilson arrived in the territory in October of last year and commenced investigations. Further study of the Broadbent plan as a result of the air operators' requirements and the consulting engineers' investigations indicated the need for a review of the runway layout. Mr. Grace of Messrs. Scott & Wilson in conjunction with the Director of Public Works and the Director of Civil Aviation formulated a revised plan which envisaged both operational and constructional advantages. The Director of Civil Aviation was sent to London to discuss in detail with the Ministry of Civil Aviation and others these modifications with particular emphasis on the provision of a one runway airport only. The Ministry of Civil Aviation accepted the advantages of the main modified plan, but considered that a one runway layout was too restrictive for the operation of jet-engined transport aircraft for landings and take-offs to the north-west. They recommended, however, that the consulting engineers should confine their study to the one runway scheme and that a decision whether to abandon, leave as it is, or improve the secondary or

07 runway should be postponed pending further investigations. Work on the project is now in progress. A senior official of B.O.A.C. with "Comet" experience came out last week to examine the one runway proposition on the spot.

The position at the moment therefore is that there are three possibilities:—

- (a) a single runway jutting out into Kowloon Bay with the abandonment of 07 runway,
- (b) a single runway as above but retaining 07 runway as it is,
- (c) a single runway as above and also extending 07 runway.

Of these three alternatives, (a), that is the single runway and the abandonment of 07 runway, would be the best from the non-flying point of view; in particular it would enable us to remove the building height restrictions on the flight funnel to 07 runway.

Until we receive the reports and estimates of the consulting engineers and other experts no final decision can be taken.

Since these matters were last debated in this Council, Her Majesty's Government has confirmed that the offer of an interest-free loan of £3 millions, originally made in connexion with the proposal to build a new airfield near Deep Bay, remains open for any agreed scheme to provide the minimum requirements for modern airfield standards at Kai Tak.

Japanese Fish

Concern has been expressed at the landing in the Colony of fish from Japanese vessels. I can assure Honourable Members that the quantities have not been sufficient to affect the local market adversely. A watchful eye is being kept on the matter, and Government is ready if necessary to use its powers to prevent too much being landed.

Public Services Commission

So far no report has been published of the work of the Public Services Commission,—this will be done in future,—and I should therefore like to express now my appreciation of the work done by this body. Since its establishment in August 1950 to the end of last year the Commission has advised on more than 2,000 individual cases of appointments, promotions, or passing of

efficiency bars. In addition, their advice has been sought by Government on more than 350 other matters, mostly rather complex ones, affecting the public service. The existence of the Public Services Commission as an independent body advising Government on these matters contributes greatly, I feel sure, to confidence in the minds both of the public and Government officers in the procedure of appointments to, and promotions in, Government service. In this connexion I should like to recall a remark I made in my Budget address in 1940. I then said that more than 200 posts were held by local appointees which formerly were held by expatriate officers. Since that date some 300 more posts, which were then held by expatriates, have been filled locally. An important factor in the policy of increasing the opportunities of local candidates to fill the higher posts is the assistance given by scholarships under the Colonial Development and Welfare Scheme and from other sources.

Urban Council

Legislation is being introduced this afternoon to increase the number of elected members on the Urban Council from two to four. There are certain other proposals affecting the constitution of the Urban Council which are still under consideration. Whilst these matters cannot strictly speaking be called controversial, they are somewhat complex to work out in detail. It has therefore been thought best to proceed with such legislation as can, with the electoral machinery involved, be got ready in time for the next Urban Council elections which are due to be field in May, and to deal with the other matters later.

General

Honourable Members, a year ago I reported that the total volume of trade for 1951 was a million tons less than it was in 1950. To-day I have told you that trade for 1952 was 28% less than for 1951. "Poor old Hong Kong!", some may say. But,— when almost in the same breath I report that the Public Works building programme in the current financial year was a record, that that for 1953/54 will be even larger, that we are planning or carrying out vast reclamations, a great reservoir at Tai Lam Chung, a 1,000 bed hospital in Kowloon,—it is hardly surprising that people who don't know Hong Kong and its spirit will be extremely puzzled. They just won't be able to make us out. But we are not foolhardy, and we know what we are doing. We believe in deeds rather than words. We know that we are far from perfect: that there are many things in the Colony that

could be improved. The surest way of improving them, we believe, is to get on with the Job to the best of our ability and with the minimum of fuss and bother. That, Honourable Members, is the spirit of Hong Kong, and nowhere is it better exemplified than in this Council. (*Applause*).

APPROPRIATION FOR 1953/54 BILL, 1953.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding three hundred and twenty seven million seven hundred and twelve thousand three hundred and thirty three dollars to the Public Service of the Financial Year ending 31st March, 1954".

He said: Sir, this Bill does not have the usual Objects and Reasons appended to it. The Objects and Reasons are to be found in the draft estimates of Revenue and Expenditure for the forthcoming financial year which are now in the hands of Honourable Members, accompanied by an explanatory memorandum, but as these estimates are a somewhat formidable set of figures, I propose with Your Excellency's permission to give a summary as brief as possible of our present financial position and of the prospects for the year on which we are now about to enter.

The full details of our Revenue and Expenditure during the financial year 1951/52, and of our position on the 31st March, 1952, are to be found in the report of the Accountant-General which was laid on this table three weeks ago. Speaking in this Council twelve months ago I gave revised estimates for Revenue and Expenditure for that year which disclosed an estimated surplus of just under \$3 millions. Once again my estimate proved to be somewhat less accurate than it should be. Actual revenue for that year came to \$308½ millions, an excess of 12½ per cent over the revised figure, and a record, not only in the total amount, but in being for the first time in excess of \$300 millions. On the other side of the picture actual expenditure for the same year came to something over \$275¾ millions, falling short of the revised estimate by 9 per cent. The net result of these errors in estimating is that the surplus of \$3 millions which I then forecast was converted into a surplus of almost \$32¾ millions. I am confining myself as far as possible to round figures in order to avoid confusing Honourable Members with odd dollars and cents, but the exact figures are all to be found in the report of the Accountant-General or in the draft estimates.

But this surplus of \$32¾ millions by itself is a little misleading. During the same year our investments depreciated by almost \$6½ millions, a serious drop which followed on the new monetary policy adopted in the United Kingdom and the resultant fall in the value of gilt-edged securities. Since the 31st March last there has been some improvement in the value of these investments, but the effect on our balance sheet at that time was serious. At the same time we had outstanding advances totalling over \$4¼ millions against a possible future loan. This is the result of our former decision to raise \$150 millions by borrowing, whereas in actual fact we only raised \$50 millions and subsequently decided to charge off anything above this figure as ordinary expenditure. Thus from our surplus of \$32¾ millions the total of the two figures approximating \$10¾ millions has to be deducted, giving an effective surplus of \$22 millions for the year; perhaps in the circumstances a not unsatisfactory result.

During the same year our trading and financing operations resulted in a disposable surplus of just under \$15½ millions. This fell to be transferred to the Development Fund, but as the figure was not ascertained until after the statement of assets and liabilities had been finalized, the figure for the Development Fund in that statement, which is given at \$57½ millions, is in effect understated by the amount of the profit. The effective total for the Development Fund at the beginning of the present financial year should therefore be \$73 millions.

Thus on the 1st April, 1952, that is, the beginning of the present financial year, our position was as follows—and here I propose to inflict the actual figures on Honourable Members: Our General Revenue Balance stood at \$219,232,413.80; our Development Fund stood at \$57,501,806.94 with a further \$15,420,881.47 to be added; our Trading Reserve Fund stood at \$28,676,869.06; our Waterworks Renewals and Improvement Fund, to which I shall refer later, stood at \$1,478,915.81. All these figures are after revaluation of investments. Of the General Revenue Balance of almost \$220 millions only about \$70 millions were in a form other than cash or dated securities, and of this \$70 millions approximately \$54 millions were tied up in reserve stocks of food and fuel.

On the same date the public debt of the Colony amounted to \$62,703,000, or less than one fifth of the estimated revenue for the forthcoming year, against which we had sinking funds totalling almost \$13 millions. Debt has been reduced by approximately \$1¾ millions since I spoke in this Council twelve months ago, and

it will be reduced by another \$4¾ millions in August of this year when the 4 per cent Conversion Loan, 1933, will be redeemed.

I think that on these figures the financial position of the Colony at the commencement of this year could not be regarded as unsatisfactory.

I now come to the course of events during the current financial year, that is since the 1st April, 1952. There have been two marked features during the year. One has been the remarkable results achieved by the Inland Revenue Department as a consequence of the increases in establishment which were authorized and were put into effect twelve months ago. The estimate of Earnings and Profits Tax which was approved by this Council for the current year was \$60 millions. It now appears fairly certain that the actual collection of revenue under this sub-head will be \$110 millions.

The other feature of the year has been the fact that collections of certain Heads of Revenue have been running at a rate lower than during the past year. Your Excellency has already referred to this point and has voiced the concern which it has aroused. I should say that during the past few weeks the position so far as Liquor Duties are concerned has improved, possibly because of the usual tendency to withdraw from bond in anticipation of bad news on Budget Day; on the other hand the yield from what I might describe as "Other Duties", comprising duties on hydrocarbon oils, table waters, and toilet preparations, has further deteriorated, and a fortnight ago was running at the lowest level for three years. Fortunately at the time the Estimates were drawn up, there were signs that this might happen, and the estimates were accordingly deliberately put at a conservative level. It now appears that despite the falling away from last year's level, the over-all estimate of yield from Duties will be exceeded.

The approved estimate of revenue for the year was \$290¾ millions; it has now been revised to \$359¼ millions, that is, an increase of \$68½ millions, almost entirely due, as I have indicated, to the very fine work of the Inland Revenue Department. The excesses on other Heads of Revenue have been of a much less startling nature, perhaps the only one worthy of mention being the Post Office, which, thanks to the revision of air mail rates, has more than made up for its poor showing last year.

We commenced to tap one new source of revenue during the year. Registration of businesses began some time after the start of the financial year and, after an intensive advertising campaign, the volume of registrations far exceeded our expectations, the last figure that I have seen for applications being in excess of 50,000. With a fee of \$200 this should indicate an annual revenue of \$10 millions, but there has been a large number of applications for remission or reduction of fee, and we cannot safely reckon on an annual revenue of more than \$8 millions. The Department of Commerce & Industry has done well. It is now dealing with these applications at a rate well in excess of a thousand a week, and there is every reason to hope that despite the late start, the estimate of \$4 millions for this year will be exceeded. The returns that have been filed are of considerable interest to the Inland Revenue Department, and there is already a steady demand from the public for certified copies.

The original estimate of \$288½ millions for expenditure during the current year has now been increased by \$5½ millions to \$294 millions. As usually happens, there have been savings thanks to unfilled posts, unfulfilled orders, and so on, but these savings are being more than offset by additional expenditure. I shall not attempt to detail all the items; I will merely remind Honourable Members of the very heavy bills we have had to meet in relief for the victims of fires in the squatter settlements; of the additional contribution of \$8 millions to Her Majesty's Government; of the purchase of the French Mission Building; of the writing off of the sum of \$4¼ millions outstanding in the 1951/52 accounts as an advance pending reimbursement from loan; and of the appropriation of a further \$2 millions to deal with similar advances during the current year. Moreover, work on the Causeway Bay Reclamation, and on the Central Reclamation, has cost more than was expected—not because the cost was underestimated — but because the work is going quicker than anticipated.

Thus on the basis of the revised estimates of revenue and expenditure, we now estimate that the surplus for the current year will be \$65 millions. It may indeed be more. Honourable Members no doubt realize that revision is on the basis of the working of the first six months of the financial year, revised wherever possible, and so far as the estimates timetable permits, on the further experience of the following three months.

Now at this stage, before going on further, I shall, with Your Excellency's permission, digress for a moment and say something 'about the system of accounting of Colonial Governments, and of the changes that are now taking place. In former days the system considered right and proper for Colonial Government accounting was that all income of whatever kind should go in on one side of the account, and that expenditure of whatever kind should appear on the other side. The difference between the two should if possible be a surplus, and the surplus should in due course be added to the General Revenue Balance which constituted the Colony's sole reserve. Specific reserve funds were not favoured. For example, at one time this Colony used to have a Widows and Orphans Pensions Fund, but in accordance with general policy this was abolished many years ago. At the present moment contributions by Government servants to the Widows & Orphans Pensions Scheme are credited to Revenue and pensions paid out by Government are charged as ordinary Expenditure. And, despite the existence of Currency Funds, it is still the case that the cost of new coins is met from general revenue.

But this somewhat elementary system of accounting has over a period of years now come to be realized as somewhat archaic. The question of re-establishing the Widows & Orphans Pensions Fund has been under discussion with the Secretary of State and is now agreed in principle subject to the surmounting of some considerable practical difficulties. Before the war we established a Waterworks Renewals and Improvement Fund which was I believe intended to be tied up with a new system of Waterworks accounting, but its purpose was lost sight of during the war years. Since the war we have established two special funds, one a Development Fund which takes the profits from our trading and financing, and the other the Trading Reserve Fund which was started at \$30 millions, also taken from our accumulated profits on trading and financing. For some considerable time past we have been considering the establishment of further reserve funds. We could, in addition to a Waterworks Renewals and Improvement Fund, have set up a Railway Renewals Fund, and we could no doubt set up other kinds of depreciation funds or renewal funds. But, when we still fail fundamentally to differentiate between capital and recurrent expenditure in our accounts, it seems hardly appropriate that we should go to this length. We propose rather to follow a precedent which has been set in at least one other Colony, and that is, to establish a Revenue Equalization Fund which will avoid the necessity for establishing any specific renewal or depreciation funds and will involve the

winding up of the existing Waterworks Renewals and Improvement Fund. The idea behind this new Revenue Equalization Fund was evolved in the times of the great depressions in the past. Some old residents here may recollect the general strike in 1925, and the depression in the middle thirties. I myself recollect the latter event. It will no doubt be remembered that there was a large scheme for building a city hall, new Government offices, and a new Government House in those days; but when the depression struck and revenue commenced to fall, the Public Works programme was jettisoned, the salaries of Government servants were cut, and the building of a city hall was postponed from that date until now. We have always had in mind this danger of a depression, or to use the more fashionable term, "recession", occurring at a time when we are very heavily committed to large programmes of development in the field of public works, health, education, social welfare and so on. As things stand at present we should have no option but to cut very drastically on our programme, for if a depression were to come, increased taxation alone would not meet the position.

Thus we propose to establish this Revenue Equalization Fund specifically for the purpose of meeting any serious shortage of revenue for a particular year, or for meeting any nonrecurrent increase in expenditure in any particular year. There is for example the possibility that we might have some disaster such as a typhoon which would involve us in very heavy expenditure for repairs and rehabilitation. If that were to happen now and were to cause a deficit on the year's accounting, despite an immediate pruning of all other expenditure, the Colony's credit would suffer; but with the establishment of this Fund built up in prosperous times, specifically for this purpose, we would be justified in carrying on our normal activities and meeting the extraordinary expenditure as well. Now this Fund would carry a temporary shortfall in revenue, but I must make it absolutely clear that it can only carry a *temporary* shortfall, and that the ideal of having revenue and expenditure in balance must always be aimed at. We propose gradually to build this Fund up to the level of one year's revenue, and as a first step to transfer to it from the General Revenue Balance the sum of \$100 millions, a process which in accordance with Colonial accounting instructions, is a little involved, and which will have the effect of artificially swelling both revenue and expenditure figures by this amount for the year which is just about to close. This artificial swelling of the total on each side I should mention, has been deliberately left out of the figures which I have already given.

The Waterworks Renewals and Improvement Fund will then be wound up at the close of the financial year, and any outstanding balance will also be transferred to the new Fund.

Before this digression I mentioned that I now estimate the surplus for the current year at \$65 millions. I propose, subject to the approval of this Council, to appropriate \$10 millions of this surplus to the new Revenue Equalization Fund to which I have referred, bringing the credit balance up to \$110 millions, plus any small balance left in the Waterworks Renewals and Improvement Fund at the end of the year. I propose to appropriate a further \$10 millions to the Development Fund, to which I shall come back later; and I propose to transfer \$2 millions to the Rehabilitation Loan Sinking Fund, bringing it up to approximately \$11 millions, against total bonds outstanding of roughly \$46½ millions.

This leaves \$43 millions of the surplus outstanding to swell the General Revenue Balance. As I mentioned earlier, this balance stood at \$220 millions at the beginning of the year. The transfer of \$100 millions to the new Revenue Equalization Fund reduces it to \$120 millions, and the addition of \$43 millions from the year's surplus should bring the figure back to \$163 millions. This I feel is adequate for our financing of reserve stocks of food and fuel and for our petty cash requirements.

The Development Fund, as I mentioned earlier, started the year at \$57½ millions, to which was subsequently added \$15½ millions, making \$73 millions. Against this total we have the following commitments:—

Tai Lam Chung Scheme	\$40 millions
Housing for lower paid workers. 15 millions Sports Stadium	15 millions
Housing for non-expatriate	
civil servants	5 millions
Total	<u>\$62½ millions</u>

We accepted a further commitment of \$5 millions in the course of the year when we underwrote a new share issue of the Hong Kong Telephone Company, but in the event we were only called upon to take up 2,605 shares.

The last mentioned commitment on the list I have given, is, I think, the only one that has not yet been made public. Government, when it recruits expatriate officers, accepts the liability to house them. It does not accept such a liability for non-expatriate officers, but there is at the least a moral obligation to do something to help under present conditions. Accordingly, it has been agreed in principle that where non-expatriate officers form co-operative groups to build blocks of flats for their own use, Government will give them the land at half price, and will advance the cost of the land and building, subject to strict safeguards, on easy repayment terms, at 3½ per cent per annum. The sum of \$5 millions has been set aside for this purpose.

It is expected that disbursements from the Fund during The current year will total \$9 millions, of which \$7 millions will be in respect of Tai Lam Chung. Details are to be found on page 114 of the draft Estimates. Expenditure definitely anticipated for next year is \$14¼ millions, and token allocations bring the estimate up to almost \$16½ millions.

The usual source of income of the Fund this year has almost dried up, and the contribution from the Supplies Division of the Commerce & Industry Department in respect of the profits on trading and financing during the current year, is not expected to exceed \$2 millions. The reason for this substantial fall from last year's \$15½ millions is largely due to the fact that the profits from the financing of trade with Japan disappeared with the closure of the open account. It is also due to Government's deliberate policy of keeping the prices of foodstuffs and fuel at the minimum possible. We were compelled to raise the price of rice during the year, but even now we are selling certain shipments at a loss. We also had to raise the price of meat on more than one occasion. But, thanks to a fall in freight rates from Calcutta, we were able to make two reductions in the price of coal; and we were able to effect three successive reductions in the price of sugar. An available surplus of under \$2 millions on total sales of approximately \$180 millions is, I think, sufficient to absolve Government of any suspicion of profiteering on the necessities of life in which it has to deal.

The smallness of the contribution to the Fund, to be expected from its usual source of income, is one of the reasons which have prompted me to suggest the appropriation of \$10 millions from this year's surplus. I also propose, again subject to the concurrence of this Council, to appropriate to the Fund another small sum. When Civil Government was re-established, it received

many claims, and it made many claims in respect of events which occurred before the outbreak of hostilities in 1941. These were dealt with through the medium of a deposit account, styled "1941 Balances Recovered", which now has to its credit a total of approximately \$2¾ millions. Pre-war problems have now been almost all cleared, and it seems appropriate that the deposit account should now be closed, and the balance transferred to the Development Fund. Thus at the close of this financial year, if these proposals commend themselves to this Council, the Development Fund should show a balance of approximately \$76¾ millions, plus accrued interest, plus appreciation of investments, to which will later be added the profits of the Commerce & Industry Department, estimated at not more than \$2 millions. We shall then have about \$25 millions of uncommitted funds, available for suitable projects of local development, unless housing, or rehousing, needs more money than we have allocated for the purpose, as indeed seems very probable. Statements of the income and expenditure of the Fund and of its assets and liabilities will appear in the next annual report of the Accountant-General.

Expenditure on Loan projects is falling off. This year we expect that it will amount only to about \$2¾ millions, but we have already allocated a round \$2 millions to go some way towards clearing the advance, and the net figure appearing as an asset in the next balance sheet should be in the region of three quarters of a million dollars.

There are two liabilities not yet finally determined for this year. One is in respect of those former servants of this Government who went on pension prior to salary changes. They have, subject, in the case of expatriate officers, to a means test, been receiving small additions to their pensions, additions so small that hardship has been suffered in many cases. The Secretary of State has now approved this Government's proposals for a more generous increase in the pensions of those who retired before the consolidation of salaries, and also in the pensions of widows and orphans. I should add that there is to be no increase in pensions based on current salaries. The initial annual cost of these increases, which take effect from 1st October last, is in the region of \$2½ millions, and I am not yet in a position to say how much will fall to be paid this year.

The other liability is in respect of the revision of the scheme of cost of living allowances, which has been under discussion with the Secretary of State. There have been many representations from Government Servants that the existing scheme of allowances, at least within certain salary brackets, operates very

much to their disadvantage when the Retail Price Index keeps rising, and there seems to be much substance in the arguments which have been put forward. Until the proposals have been approved, in their final form, it is impossible to say what they will cost, or how much will be expended in the course of this financial year.

The main point of interest in the estimates of expenditure for the forthcoming year is the considerable staff increases which are again shown, and which are detailed in the memorandum. The increases in staff actually granted are much less than those requested.

When a request is preferred for additional staff it is argued either, that existing staff is inadequate to cope with existing work, or that additional responsibilities have been assumed. Sometimes, indeed very frequently, both arguments are put forward. Your Excellency has already stated that our policy is to advance steadily and not by fits and starts. This policy, when applied to the second argument I have quoted, inevitably necessitates considerable pruning of departmental demands; there is so much that needs to be done in this Colony, that it behoves us to see to it that too much is not attempted at once, lest with a large untrained staff the last state might be worse than the first.

The first argument that I quoted is difficult to rebut, more especially as during the past year several complaints have reached me about delays in dealing with public business. But in at least one or two cases where applications for staff increases have been requested to meet these complaints, there has been some ground to suspect—I put it no higher than that—that the delays have been due less to inadequacy of staff than to an accumulation of what is popularly known as red tape, which has tended to clog the administrative machinery. This is a state of affairs which almost inevitably results from an over-rapid expansion with untrained or half-trained staff. The public service here, I think, has since the war had a fair reputation with the public for efficiency and courtesy; and that reputation should be jealously safeguarded. Undue form-filling, unnecessary correspondence, minor queries, and so on, should be avoided. Any department which finds itself in arrears with its work, should, before appealing for additional staff, go seriously into the problem of simplifying its routine, of stream-lining its procedure, and here the general public can help by bringing specific complaints to the notice of Heads of Departments, who in most cases have their time fully occupied and who are obliged to delegate their routine duties on a very considerable scale.

But I am afraid that even after allowing for all these factors there is no question that so long as we continue with our present policy of development of educational services, social services, medical services and so on, staff has to go on increasing. The net increase in monthly paid posts for next year is 817, bringing the total to 22,021.

There is a side to this question of staff increase which is frequently overlooked. Staff must have places to work in, especially if they are clerical staff. The office accommodation, position is already acute, and we have had to revise the plan of the new Government offices by the addition of an extra storey. We have also bought the French Mission adjoining, to meet part of the accommodation problem. The first result of granting staff increases is a demand for yet more accommodation. Not only more accommodation, but more money for uniforms, more money for telephones, more money for fuel, light and power, more money for travelling expenses, and so on. And, in the case of expatriate staff, we incur an obligation for housing. The increases in expatriate staff granted over the course of the last two years have already caused a most acute housing problem, and we have been driven to the point where we are compelled to build more flats to house the many Government servants now being accommodated in hotels and boarding houses at very heavy cost.

The estimates of expenditure show nothing like the same drastic changes of form that were very apparent last year. Miscellaneous Services under Head 18 has been further contracted in that the old block vote for Chinese New Year bonuses has been removed, departments being now required to bear the cost on their own votes. The sub-heads under the same Head which provided for payment of rent on buildings occupied by Government have also been removed and transferred to the Quartering Authority. It seems more appropriate that, seeing he supplies the estimate and spends the money, the vote should be under him.

Another noticeable difference is that the Sanitary Department now shows a third division—the Gardens sub-department. This is not a new set-up, but a transfer from the Department of Agriculture, Fisheries & Forestry in accordance with a policy decision recently announced.

One minor item in the estimates which would most likely escape notice is the fact that under the Colonial Secretariat Head,

the item inserted for Expenses of the Tokyo Office, has been considerably reduced. The reason is that Government with the agreement of the Chamber of Commerce, has decided, provisionally, that the Tokyo Office shall be closed down 'at the end of June, its continued existence being no longer justified.

I do not propose to elaborate on the memorandum which is now in the hands of Honourable Members by going into great detail on individual heads, and repeating the information already available; but I would invite attention to one or two outstanding points of interest.

The Education Department, Head 9, once again shows a considerable increase. Excluding the University and the cost of building new Government schools, shown under Public Works Non-Recurrent, the total cost of Education for the forthcoming year is estimated at almost \$27 millions, an increase of over \$5 millions on this year,—an increase in part due to the development of schools in resettlement areas, and in part due to the proposal that trained teachers in subsidized schools should receive the same salaries as do teachers in Government schools. This proposal costs \$2 millions, annually recurrent. Personal emoluments for the Education Department go up by just over \$½ million and the total estimate for the Education Department itself goes up from \$10 millions to \$10,650,000. The great increase has been in the subventions of one sort or another to non-Government schools shown under Head 38. This year they total over \$11 millions, next year they are estimated at over \$16 millions. There is no question that the cost of education is going to continue to increase rapidly year by year. Many more schools are being planned, and when they are completed, more staff and more recurrent expenditure will be required. I leave the matter with Honourable Members. If we decide to go on developing our educational facilities, as we are doing, we face the certain prospect of increased taxation. The alternative is to place a financial limit on further development, and to refuse to meet the demand for more schools.

The increase in the staff of the Fire Brigade, under Head 10, is offset by a corresponding decrease in the staff of the Medical Department, and is due to the fact that the Medical Department ambulance service is being taken over by the Fire Brigade. It is obviously inefficient to have two independent ambulance services, and the Fire Brigade was chosen to run the combined service.

The increase in the total provision for the Railway is more than accounted for by the fact that provision of \$3½ millions for new rolling stock which has been on order for many months, and indeed for many years, has been transferred from the Loan Schedule in accordance with our policy of clearing up our outstanding Loan commitments.

In the Medical Department, Head 17, despite the transfer to the Fire Brigade of the Ambulance staff, there is again a considerable increase in both the over-all cost of the department, and in personal emoluments. What is even more disturbing is that the increase in personal emoluments is not caused by any great increase in the number of institutions which have to be staffed, for the only new institution for which additional staff has been provided is the new Anti-tuberculosis and Dental Clinic in Wanchai. As Honourable Members are aware, there are many other new schemes on hand, such as the Tsan Yuk Hospital, a home for chronic lunatics, a Nurses' training scheme, and either a new Kowloon Hospital, or a very considerable extension to the present hospital; and when they are completed and put into operation, there will be more big jumps in staff and in recurrent expenses. Practically all the additional staff which is provided in the draft estimates is to cope with existing work. In some of the clinics the rush is such that the doctor in charge can devote no more than three minutes on the average to each patient, and it is felt that more staff must be provided. But here again it seems the moment to pause and consider the situation. Are we to continue to supply medical attention and give health advice to anybody who cares to go to one of these clinics and get it for a maximum charge of \$1, a charge which is imposed really in order to keep away minor cases of scratches and bruises which would otherwise crowd out the more serious cases? It almost appears as if we are introducing a form of national health service without imposing on the participants in the service the obligation of paying their weekly or monthly contribution to maintain it. The answer probably is that the public conscience will not tolerate the spectacle of the unfortunate poor queuing up at clinics, and that there is an obligation on Government to provide facilities at the expense of the general taxpayer. If that is accepted, then we shall carry on and provide all these facilities, but here again I feel it my duty to place the facts on record. These services cost a great deal of money; if we continue extending them it is certain that the taxpayer will have to dip his hands into his pockets much more deeply in the course of the next few years.

Despite the elimination of more sub-heads from Head 18, Miscellaneous Services, there has been a considerable increase in the total amount allocated, mainly due to the provision of \$5 millions for the purchase of Japanese assets. This is a token figure which may either be too much or too little—probably too little. The fact of the matter is that we have been occupying a number of these Japanese assets for some considerable time, and with the appointment of an Administrator to liquidate them we now have either to purchase or to quit. I fear that in most cases we shall have to purchase. Then there is a vote of \$2 millions for Coronation expenses. This may seem a large sum, but the cost of illuminations and decorations for eight Government buildings and for the centre pieces, to which considerable publicity has been given, is alone estimated at \$600,000. Then there are two quite new votes which are in the nature of token votes; one a contribution of \$1 million to the Development Fund and one of \$1 million to the Revenue Equalization Fund. If we have a good year we may be able to increase these, but if things go badly we need not spend them.

The establishment of the new Government printing department, shown at Head 23, has been more than justified. For the first nine months of the financial year 1951/52 the cost of Government printing and binding was just under \$2,100,000. After the nine months we set up our own Printing Department, but working on the nine months' average, the total cost of printing and binding for that year under our former contract would have been \$2,800,000. The revised estimate of total expenditure for the Government Printing Department for the present financial year, including a certain amount of special non-recurrent expenditure on equipment is just over \$1½ millions, as against \$1¾ millions provided, so that the saving in one year, which has been brought about by the termination of our commercial contract and setting up of our own Department, taking into account also the fact that we now retain the proceeds of sale of our publications, and of *Gazette* advertising, exceeds \$1½ millions. More savings can be expected if we can provide the Printing Department with a somewhat more modern building than the former part of Victoria Gaol in which it is housed at present. For this reason I am anxious that new premises shall be supplied, and in such case the Government Printer gives me to understand that he will effect further savings of the order of \$200,000 a year.

The Rating and Valuation Department, Head 32, is one which operates with little or no publicity. With a very small staff it is, in its unobtrusive manner, responsible for the production of revenue from Rates alone, leaving Property Tax out of

account, totalling over \$30 millions a year. In the course of the budget debate last year, one Honourable Member gave expression to sentiments very similar to my own, when he suggested that before seeking new sources of taxation, every effort should be made to see that the existing taxes were paid by everybody liable. This Honourable Member is already aware that the principle he enunciated has been applied in the case of Earnings and Profits Tax. I propose that it shall also be applied in the case of Rates. The Commissioner tells me that with his present staff he cannot keep up to date with his valuations. In response to my query as to what additional staff was required he assured me that with one additional surveyor and one inspector he could reasonably expect to bring in at least an additional million dollars a year. This seemed much too good a proposition to pass, and the necessary staff was accordingly added to the estimate.

Yet another Rating and Valuation surveyor has been added for quite a different reason. Round about 1035 the decision was taken by the Government of that day to commence the collection of rates in the New Territories. The existing system in the urban area by which rates are based on rental value was not then, for some reason, considered appropriate for the New Territories, and the system of rating adopted and enforced only in the first instance in the three districts of Taipo, Yuen Long and Tsun Wan, was applied only to buildings, and was based on the value of the buildings, not on the rental value of the tenement. I think it was intended at the time that the system should be extended, but the war intervened and nothing very much happened. The position has been under review for some time, and Government has now made the decision in principle that the urban system of rating by rental value shall be applied to the urbanized areas of the New Territories. A great deal of money is now being spent there on roads, police, education, health, and development generally, and it seems only reasonable that the residents of the area should themselves bear some part of the financial burden which has hitherto been largely borne for them by their fellow citizens elsewhere in the Colony. Nothing can be done until a new rating surveyor can be recruited, and the necessary provision has been made. So far the decision has been only one of principle. The questions of the order in which the various districts shall be tackled, of the rate to be applied, and of the exemption limits, have still to be thrashed out.

Just to show the inadequacy of the present system, I might mention that the total yield of rates in the three urban districts

in the New Territories in 1951/1952 was \$68,337.70. Outside these areas there are many fair-sized factories, hotels and residences which pay no rates at all.

The estimate for the Sanitary Department, Head 35A, goes up by over a million dollars, thanks to additional staff and to replacement of old vehicles, and Squatter Resettlement goes up by \$1½ millions, a 50 per cent increase on this year.

The total for Subventions, Head 38, shows a very considerable increase over last year. A good part of the increase is due to the increase in subventions for educational purposes, to which I have already referred, but there are a number of others, some of a non-recurrent nature. For example, the sum of \$260,000 is provided as a special subvention to the Good Shepherd Sisters who are proposing to build a home, for fallen women, on the Clear Water Bay Road. There is also an item of \$500,000 as a dollar for dollar grant to the Alice Memorial Hospital which proposes to build a new maternity block. There is a special subvention of \$75,000 to the Tung Wah Hospital for the purpose of rehabilitating the former leper huts at Sandy Bay for conversion into a home for chronic invalids.

New recurrent subventions include \$150,000 for the Salvation Army, which has undertaken the running of the new Boys' Home at Castle Peak, and \$50,000 to the Good Shepherd Sisters. Some of the older subventions have been increased, but many remain the same; just as with private donors to good causes, Government is anxious to help public-spirited organizations as much as possible, but must have regard both to the urgency of the need and to the length of the public purse.

The programme of Public Works for the forthcoming year, in accordance with what has now become the usual procedure, was considered by a Sub-Committee of Finance Committee, whose report was accepted by the full Finance Committee, and is before Honourable Members to-day. I would like to take this opportunity of expressing my appreciation of the services rendered by this Sub-Committee and of the care and thought that they devoted to the problem. All the works which they have recommended are included under Head 30, but it will be noticed that the forecast of capital expenditure which appears on page 116 of the estimates differs from that appended to the Report in the allocations of expenditure for particular years. The revision was necessitated by a reconsideration by the Public Works Department of its capacity for coping with the programme.

The cost of Public Works for next year will exceed \$47 millions—another record. But I would point out that not all the works are being carried out at the cost of public funds. The Tsan Yuk Hospital is being paid for by the Jockey Club. The jockey Club has also contributed \$2½ millions towards the cost of the Causeway Bay Reclamation which is estimated at over \$17 millions. The Tramway Company and the Hong Kong Electric Company between them are meeting the capital cost of the new Primary School at North Point; a group of private donors has raised sufficient money to build and equip the new school on the Peak, and Sir Robert Ho Tung has contributed substantially to the Schools for Girls which bear his name. None the less, the Public Works Programme is formidable and the bill that has to be met from public funds is also formidable.

Among the new schemes, the one to which the Sub-Committee probably attached the greatest importance was the Yaumati intercepting sewer and outfall. I believe that for many years past there have been certain areas in Yaumati and in Homuntin where it has not been possible to permit flush sanitation, the reason being that although the streets there have sewers, there is no adequate main intercepting sewer and no outfall. We considered that this need, which has been felt for so long, was one that should be met without further delay. Full plans and drawings are not yet available, but a rough estimate of the total cost is \$4 millions, and the sum of \$1 million has been provided for the forthcoming year. This very desirable municipal development will ultimately, I hope, pay dividends by way of increased land values, better land development in the districts concerned, and increased revenue by way of rates and property tax.

It will be noticed that provision is made for the development of Kai Tak Airport, to which Your Excellency has referred. The sum provided is \$48 millions, a sum which represents the equivalent of the £3 millions promised to us as an interest-free loan by Her Majesty's Government. It is proposed that \$2 millions shall be spent during the forthcoming year, but here again the sum is something of a 'spot' estimate, and is balanced by an equivalent figure in the Revenue estimates, being the amount which will be made available by Her Majesty's Government by way of loan during the forthcoming year. Even though the new layout of the Airport has not yet been decided, I think it may be taken for granted that the cost will be very considerably in excess of £3 millions, and that this Colony will have to meet the excess as it arises, as well as to shoulder the liability for repayment of the loan.

Until a definite decision has been made as to the new layout of Kai Tak, it is not possible to proceed with the new Kowloon Hospital. Under the first Kai Tak proposals it appeared quite clear that the present site of Kowloon Hospital would be untenable, and a decision was made in principle to rebuild the Hospital on the present King's Park recreation grounds. Now it seems just possible that it may not be necessary to move the existing hospital, but until the final decision is taken on Kai Tak, it is not possible to proceed with the new hospital scheme.

When we were considering this scheme for a new hospital in Kowloon, it was brought forcibly to our notice by the Director of Medical and Health Services, and also by the Keswick Committee, that if we were proposing to increase the number of hospital beds as was suggested, we should first have to increase the output of nurses, the existing output being little more than adequate for the existing hospital accommodation. We have therefore been driven to the point where, having accepted the necessity for increased hospital accommodation, our first step must be to train more nurses. This can only be done at the Queen Mary Hospital, and accordingly it is proposed to extend the training of nurses there, and to build a new nurses' hostel. This has proved beyond the capacity of the Public Works Department, and the hostel will be designed by a firm of private architects. Designing is already in progress and it will be seen that the total cost is estimated at \$1 million, of which \$600,000 is to be spent during the forthcoming year.

The sum of \$1½ millions has been inserted as the cost of the new Government Printing Works and Stores, on which it is hoped to spend \$½ million in the forthcoming year. I have already expressed my desire that this new accommodation should be provided. All the Government Printer needs is a large sized one-storey building, but apart from the fact that we wish to set a good example in making proper use of valuable land, we once again find that our accommodation for stores is not adequate. It is therefore proposed to build in the first instance a two-storey building with foundations strong enough to take a third storey at a later stage if necessary. The stores for which accommodation will be provided on the upper floor are those maintained by the Civil Aid Services, which are now scattered about in various places, and should be kept in a proper store and accounted for. The \$1½ millions covers the two-storey building.

It will be observed that there is once again a heavy building programme for the Police. It is hoped that considerable progress will be made on the new Police Headquarters, and that some time next year it may be possible to vacate Oriental Building.

One other item of note in the Public Works programme is under Social Welfare, being a camp for disabled destitutes. The proposal is that a permanent camp should be constructed, probably on Lan Tau Island, as a refuge for the lame, the halt, and the blind, of the Colony, who will there be provided with accommodation and with some means of earning their own living. The cost is shown as \$1 million, but the latest estimate is over \$1¼ millions, and it is expected that the annual running cost thereafter will be of the order of \$1 million.

I have already referred to the urgent need for providing more Government quarters. The proposal is that the former Marble Hall site should be intensively developed, and the cost is estimated at \$5 millions. On completion of this project the recurrent cost of subsidizing officers now accommodated in hotels will be reduced.

The total estimated expenditure for the forthcoming year is \$327,712,333. This is the first time that the estimate has gone over \$300 millions. It exceeds this year's approved estimate by \$39 millions and the revised estimate by almost \$34 millions.

Revenue has been estimated on as liberal a basis as possible, and I do not think that I have been unduly conservative in my expectations from the various Heads, except possibly in the case of revenue from Duties, where the position is one of some uncertainty in the light of what I have said earlier this afternoon. Earnings and Profits Tax has been put at \$100 millions. Possibly the only other item which I need mention in a survey of this kind is the fact that our estimate for interest from investments has been increased. This is not only due to our larger reserves, but to the better interest rates which are now obtainable. The Revenue estimate includes a figure of \$2 millions, being the first instalment of the interest-free loan of £3 millions from Her Majesty's Government for the development of Kai Tak. It also includes the donations for public works to which I have referred totalling \$3,910,000.

The total estimate of Revenue is \$348,642,700 which is, like the Expenditure estimate, a record and also exceeds \$300 millions for the first time.

Thus the estimated surplus for the forthcoming year is \$20,390,367; just under \$21 millions; which on the face of it is a fairly satisfactory figure. There is just one warning I should give, and that is with reference to the question of revision of cost of living allowances to which I referred earlier. If the revised system is approved by the Secretary of State and by this Council, it is possible that it may run away with six or seven million dollars, and if the scheme is back-dated as proposed, and this year's bills come into the forthcoming year, a large part of this surplus might be cut away at one stroke. It is therefore proposed that no applications for supplementary votes shall be entertained for the first half of next year, however desirable or even necessary the schemes, unless they are necessitated by re-votes or unavoidable staff changes.

There is another possible commitment against this surplus which I think I ought to mention. For some time past there have been discussions with the Military Authorities about the Military lands question, which is an old one in this Colony. Discussions have been on the lines that the Army might surrender Murray Parade Ground, Murray Barracks and the Detention Barracks—that is—both sides of Garden Road, and that this Government should meet the cost of reprovisioning elsewhere. No decision has been made or can yet be made as to how the financing of this large scale move will be arranged, and it is too early to say that we have any commitment at all, but the fact must be borne in mind that if and when negotiations are carried to a successful conclusion, there will be a heavy call on our cash and possibly on our general revenue.

Even taking these possible additional commitments into account, I feel that the financial prospects for the forthcoming year are fairly good, and it is with much relief that I find I do not have the unpleasant duty of recommending additional taxation.

In a general survey of this kind, it is something of a problem to decide what points are worthy of mention, and what are not. With facts and figures coming in on all sides, I find it a matter of some little difficulty to pick out the salient points. But I trust that in my attempt to present the over-all picture I have not, on the one hand, gone into too much detail on points of lesser importance, and on the other hand, that I have left out no important point in which principle or policy is involved. At a later stage I shall be glad to answer any queries that Honourable Members may have.

The survey carries us through the next financial year, and he would be a very rash man who would now attempt to forecast what might happen after that period. But I think that the trend is fairly clear. There is no question but that recurrent expenditure is going to rise and going to go on rising year by year, so long as we continue our present policy of expansion. Whether the rise in recurrent expenditure can be offset in part by a reduction in non-recurrent expenditure, such as Public Works, is a question which will depend on the public, whose demands for additional facilities have to be considered. Government's policy is to do its utmost to see that the taxation which is now on the Statute Book is levied on all alike, in a fair and equitable manner, and that evasion is reduced to the minimum. This policy is already being applied as rapidly as possible in the Inland Revenue Department; it is to be applied in the Rating and Valuation Department. Moreover, it has recently been arranged that a survey is to be made to ensure that the establishment and organization of our Preventive Service is adequate for the tasks that it is called upon to do; and in the event of reinforcement being judged necessary I shall come back to this Council and ask for the necessary funds.

One difficulty which we are experiencing in trying to improve our revenue collections is lack of office space, and even the completion of the new Government offices in three years time may not solve the problem. Meanwhile we propose to open a Treasury Branch Office in Kowloon this year.

On the expenditure side every effort is being made to cut out inefficiency and to see that the best value is obtained for money spent. Two examples of this, to which I have referred this afternoon, are the big cut in our printing costs, and the ending of our duplication of the Ambulance service. Another, to which I referred last year, is increased mechanization of accounting. Inquiries are now afoot as to the adequacy of the administration in both the Medical and Education Departments, where, judging by recent audit reports, it appears that the ordinary humdrum administrative side, by which public funds are safeguarded, has failed to keep pace with the enormous technical development. In short, Government is doing its utmost to see, on the one hand, that revenue within the existing scheme of taxation is stepped up to the maximum possible, and on the other hand, that money is not being wasted. Only by these means can the imposition of additional taxation be deferred.

I must apologize for having taken up the time of Honourable Members for so long. I would conclude by thanking the

Unofficial Members for their support and guidance during the year that is past, and I would also like again to express my thanks to my assistant, Mr. Sorby, who has prepared the estimates and the memoranda which have been circulated, and who will shortly be relieved of his somewhat monotonous duties, to go to a more responsible post in another department. (*Applause*).

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

TRAINING CENTRES BILL, 1953.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to provide for the establishment of training centres for the training and reformation of offenders who have attained the age of fourteen years and have not attained the age of eighteen years, and for purposes connected with the matters aforesaid."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 to 10 were agreed to.

Schedule.

THE ATTORNEY GENERAL:—Clause 8 of the Schedule. Sir, I beg to move one minor amendment, that is to delete the opening words of Clause 8(1) "in any case where" and to substitute therefor the word "if".

The Schedule, as amended, was agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Training Centres Bill, 1953 has passed through Committee with one amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

URBAN COUNCIL (AMENDMENT) BILL, 1953.

MR. K. M. A. BARNETT, moved the First reading of a Bill intituled "An Ordinance to amend the Urban Council Ordinance, Chapter 101."

He said: Sir, coming at the close of a long session I am sure Honourable Members will wish me to be brief. But this Bill is I think, too important for its First reading to be passed over without some explanations of the origin of the proposals therein embodied, and the reasons why the Bill is being moved today.

In September, 1952, the Unofficial Members of the Urban Council presented to me, for transmission to Your Excellency, a unanimous report embodying proposals for the reform of the Urban Council, by increasing the number of elected members, by enlarging the electorate and by improving the voting arrangements at elections.

The most important proposal made, namely that the membership be increased from thirteen to fifteen and that the two additional members should be elected, required submission to Her Majesty's Government in the United Kingdom, and its acceptance was announced by the Right Honourable the Secretary of State for the Colonies in reply to a question in the House of Commons on October 20th, 1952, and was referred to by Your Excellency at the meeting of this Honourable Council held on October 22nd.

The other proposals made fell into two classes: those which, if accepted, could be put into effect without difficulty and those which could not. But since the term of office of elected members of the Urban Council was due to expire on June 3rd, 1953, it has seemed to Government advisable to embody the former into a Bill which could receive consideration in time for its provisions, if approved, to come into force before this year's elections, rather than to miss the tide by waiting for finality on the whole of the proposals. This decision is without prejudice to the remainder of the proposals, and should not be taken to imply that they have been rejected or shelved.

Sir, the Bill in the hands of Honourable Members is accompanied by Objects and Reasons to which there is little that I need to add. Sub-clauses (b) and (d) of Clause 2 give effect to recommendations of the Unofficial Members of the Urban Council, with the exception that persons in the service of the Crown are still excluded from the franchise. Proposals made by the Urban Councillors for the further enlargement of the franchise, which

as I have said require more protracted examination, received publicity some time ago, and I need not detain Honourable Members by alluding to them here.

Sub-clause (a) of Clause 2 provides for the appointment to the Council of the Social Welfare Officer. This appointment will, I am sure, give much satisfaction. The close touch maintained by this officer with district associations such as Kaifongs will be of inestimable value to the Urban Council. Sub-clause (c) removes the anomaly whereby under the principal Ordinance any persons whatsoever, whether resident in the Colony or not, could have been nominated as candidates.

Clause 3 gives effect to the recommendation of the unofficial members of the Urban Council that the elected members should sit for two years, with half their number retiring (but eligible for re-election) in alternate years. It extends this recommendation to the appointed unofficial members also. Clause 5 provides for the possibility that the election this year may not be held on the precise anniversary of last year's, and will also enable the appointed members to take office at the same time as the elected members.

Finally by clause 4 it is placed beyond doubt that the Urban Council has power to make Standing Orders to enforce good order. The Standing Orders of that Council at present follow, wherever possible, those of this Honourable Council, and include provisions similar to those of Standing Order 23, for the "naming" or suspension of a member who disturbs the good order of its meeting by what is usually described as "unparliamentary" conduct. I do profoundly hope that no occasion will ever arise when this provision must be invoked, but if it should, then the Council's powers to protect itself against disorder at its meetings, even by the extreme step of suspension, should be placed beyond challenge.

The Urban Councillors also proposed that there should be not less than two polling stations, one each in Hong Kong and Kowloon. This proposal does not require an amendment of the Ordinance, and steps are being taken to include the necessary provision in the Urban Council Election Rules.

Sir, during the past year the responsibilities of the Urban Council have increased, and further increases are in prospect. The burden on each individual member is heavy, and the enlargement from thirteen to fifteen members for which this Bill provides

will give welcome relief and should enable the Urban Council to discharge its duties to the greater satisfaction of the citizens of Hong Kong and Kowloon.

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:—

1. The main objects of this Bill are to provide that there shall be four elected members of the Urban Council instead of two and to remove certain anomalies that have revealed themselves in the composition of the electorate and other matters.

2. The increase in elected members is made (by clause 2) by amendments to subsections (1) and (2) of section 3. The same section is amended to provide, by the addition of a new subsection (subsection (2A)), that candidates may only be selected from amongst those who are themselves electors. Subsection (4) of this section previously provided for the second part of the electoral register by specifying in ten paragraphs the classes of persons who were exempt from jury service under the Jury Ordinance, but by so doing it created anomalies. Clause 2 therefore replaces subsection (4) by provision that all who possess the basic qualifications for jury service but who are given exemption under the Jury Ordinance, with the exception of Crown servants and foreign government employees having no business of their own in the Colony, may be placed upon this part of the register. The effect will be that subject to the possession of basic jury qualifications women will be enfranchised, together with certain classes such as barristers’ clerks and the non-editorial staff of daily newspapers who were inadvertently disenfranchised by the Ordinance as it previously stood.

3. Provision is made by clause 3 that the term of office of appointed and elected members shall be two years, half of each class being replaced each year. Accordingly, half the members to be appointed and elected this year will remain members until 1954 and the other half until 1955. It is administratively convenient that elections shall take place in March rather than later in the year, and such provision is made with effect from 1954.

4. The opportunity has been taken (clause 4) to remove doubt about the power of the Council to make provision by its Standing Order for the preservation of order at its meetings.

5. Clause 5 makes provision for the continuance in office of the present appointed and elected members until an election to take place in May of this year.

6. Minor amendments to the Urban Council Election Rules designed to improve existing election machinery are in the course of preparation and do not necessitate any amendment of the Ordinance itself.

ADDRESS BY THE GOVERNOR.

SIR ARTHUR MORSE, C.B.E.

H.E. THE GOVERNOR:—Next week there departs from the Colony on retirement a man who, since Liberation, has probably done more for Hong Kong than any other single individual. It is therefore fitting that tribute should be paid to him and that record of that tribute should be enshrined in the pages of Hansard. (*Applause*).

Anyone in the position of Chief Manager of the Hong Kong and Shanghai Bank is bound to have considerable influence on the Colony. It may also be reasonable to assume that the person occupying the post of Chief Manager will be an honourable and upright man, wanting to do his best for the Colony. But he would probably say—and no one could blame him for saying it—that “What is good for the Bank is good for the Colony”. Sir Arthur Morse has not said this. What he has said and has acted up to is: “What is good for the Colony is good for the Bank”. There is quite a considerable difference between the two. I am not so foolish as to suggest that Sir Arthur, as Chief Manager, would deliberately sacrifice the interests of the Bank if they came into conflict with the Government of Hong Kong, but undoubtedly his guiding motive has been the welfare of the Colony and the Bank as one unit. (*Applause*).

I know, as I am sure you, Honourable Members, also know, of a number of occasions when the Bank has done certain things which, from the purely banking point of view, could hardly be justified, but which certainly could from the point of view of the Colony as a whole. This was done as the result of the policy formulated by Sir Arthur. When to this is added the progressive-ness; the far-sightedness and the breadth of vision of Sir Arthur,

it is little wonder that the Colony has benefitted enormously, not only from his tenure of the post of Chief Manager of the Bank, but also from the fact that he has been a member of Executive Council since the re-establishment of Civil Government. (*Applause*).

Other men in other places and in other times have brought blessings to their communities as Sir Arthur has to us here, but not infrequently they have maintained an Olympian aloofness and have not descended into the plain where such things as sporting clubs, children's playgrounds, Boy Scouts associations, and the like have their existence. But Sir Arthur is a man with a warm heart and a genuine fondness for his fellow human beings, especially the young people, and I doubt if there has ever been an instance of a worthwhile voluntary organization that went to Sir Arthur for help that did not get it. That help, too, often meant many weary hours of his time, in helping the organization concerned to get itself sorted out and established on a sound footing. Such help is help indeed.

In short, Sir Arthur is a very great citizen of Hong Kong. It is therefore not an unfitting climax to his career that he should be the senior representative of the Colony at the Coronation of Her Majesty Queen Elizabeth II. (*Applause*).

Honourable Members, on your behalf and on behalf of everyone in Hong Kong I thank him for what he has done and wish him and Lady Morse every happiness in the future. (*Applause*).

ADJOURNMENT.

H.E. THE GOVERNOR:—Council will adjourn to this day fortnight.