
OFFICIAL REPORT OF PROCEEDINGS**Meeting of 17th March, 1954.**

PRESENT:HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

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

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, C. M. G.

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

(Director of Public Works).

THE HONOURABLE KENNETH MYER ARTHUR BARNETT, E.D.

(Director of Urban Services).

DR. THE HONOURABLE JAMES MALCOLM LISTON

(Acting Director of Medical and Health Services).

THE HONOURABLE LEONARD GEOFFREY MORGAN.

(Acting Director of Education).

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

THE HONOURABLE CEDRIC BLAKER, M.C., E.D.

THE HONOURABLE CHARLES EDWARD MICHAEL TERRY.

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

THE HONOURABLE NGAN SHING-KWAN.

THE HONOURABLE DHUN JEHANGIR RUTTONJEE.

THE HONOURABLE KWOK CHAN, O.B.E.

DR. THE HONOURABLE ALBERTO MARIA RODRIGUES, M.B.E., E.D..

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

HIS EXCELLENCY THE COMMANDER BRITISH FORCES

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

MINUTES.

The Minutes of the meeting of the Council held on 3rd March, 1954, were confirmed.

OATH.

MR. LEONARD GEOFFREY MORGAN took and subscribed the Oath of Allegiance and assumed his seat as a Member of the Council.

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>
Sessional Papers, 1954: —	
No. 6—Annual Report by the Director of Education for the year 1952/53.	
No. 7—Report on the Work of the Public Services Commission, 1953	
The Defence (Finance) Regulations, 1940.	
The Possession of Gold (Goldsmiths) (Amendment) Order, 1954.....	A. 21
The Defence Regulations, 1940.	
The Reserved Commodities (Re-export) Amendment (No. 1) Order, 1954	A. 22
The Legal Officers Ordinance, Chapter 87.	
The Legal Officers Ordinance (Amendment of Schedule) Order, 1954.....	A. 26
The Control of Publications Consolidation Ordinance, 1951.	
The Control of Publications (General Amendment) Regulations, 1954	A. 27

<i>Subject</i>	<i>G. N. No.</i>
The Merchant Shipping Ordinance, 1953. The Merchant Shipping (Explosives) (Amendment) Regulations, 1954.....	A. 28
The Merchant Shipping Ordinance, 1953. Order by the Governor in Council	A. 29
The Conservancy (N. T.) Rules. Order by the Governor in Council	A. 30

APPROPRIATION FOR 1954-55 BILL, 1954.

THE FINANCIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to apply a sum not exceeding three hundred and eighty eight million two hundred and twenty seven thousand four hundred and twenty four dollars to the Public Service of the financial year ending the 31st day of March, 1955."

THE COLONIAL SECRETARY seconded.

DR. CHAU SIK NIN: —Your Excellency, when speaking on the Budget two weeks ago, you closed your address by paying a most handsome compliment to the members of the Legislature, and as Senior Unofficial Member, the privilege falls on me to acknowledge and thank you, Sir, on behalf of my Unofficial colleagues as well as myself, for your very kind words. If we contribute during our terms of office towards making Hong Kong a better place for its citizens it is, Sir, because we have the good fortune of serving under your inspired leadership. My Unofficial colleagues join me in saying that the Colony is indeed fortunate in having Your Excellency to guide it through these difficult years. Your predecessors have left behind no record more lustrous than this which is yours; your successors will be hard put to equal it. By your prudence and sagacity you have set the pattern which we shall always strive to emulate and we pledge ourselves anew, Sir, to serve you and the Colony to the utmost of our ability, always with the aim, in Your Excellency's words of "making Hong Kong a better place for its citizens". If there is any tendency towards our being starry-eyed we know that we can trust your better judgment to bring us back to earth and then there always are the bleak looks of my honourable Friend the Financial Secretary to discountenance any such tendency.

Congratulations must be tendered to my honourable Friend, the Financial Secretary, for his very able exposition of the state of affairs today; I do not, however, share his pessimism for the future, but as this trait appears to be traditional in post-war holders of our purse strings, we accept it with respect in the knowledge that it is infinitely better to be conservative these days than otherwise.

Through the ups and downs of the past year, we have come through with a revised estimated surplus to the end of this month of close on 60 millions dollars—a splendid achievement, this surplus for the year incidentally being approximately equal to the whole of our outstanding public debt; I note that, as hereto-fore, capital expenditure has been written off against revenue and further that the 13 millions spent to date on our huge Tai Lam Chung Water Scheme is to be charged against such surplus; advances to the University totaling \$3,000,000 will likewise be written off; that 25 millions will be added to the Revenue Equalization Fund, bringing that fund up to \$136 millions odd, and the resulting balance of 17 millions carried forward to next year, so that we shall have in hand to start the new year commencing next month almost a whole year's gross revenue as a backing against contingencies. The financial position of the Colony with 350 millions in Reserve is, therefore, sound. Planning for next year indicates that a slim one million dollars surplus may be expected after writing off close on 69 million dollars to be spent for works of a capital nature, including almost 21 millions for the Tai Lain Chung Water Scheme. The only "fly in the ointment" if I may use that expression is the possibility of an upset in the present estimate of expenditure with regard to personal emoluments when the Salaries Commission publishes its recommendations; in view of the figures I have just quoted, however, I personally do not feel that the results will warrant an increase in direct taxation.

Your Excellency has spoken of the steady and increasing development of industry in this Colony, exports of Hong Kong products accounting for nearly 30% of all the Colony's exports and we note that Government intends to continue to do what it can to assist by giving indirect help, such as relaxation of trade controls, simplifying procedure, and cutting down paper work; this we view with much gratification. We have reached a stage in our development and expansion when it is impossible to think

of paying for the many responsibilities that have been thrust upon us out of current income and I fully sympathize with the honourable Financial Secretary in his endeavours to grapple with such heavy problems as Housing, the Resettlement of Squatters, Education, the Kowloon Hospital, the proposed new Airport and our Water problem. The figures given by Your Excellency have done a world of good in publicizing what is well known to relatively few of us in the day to day administration of Hong Kong. The problem of rehousing some 350,000 souls, providing for the squatters in their thousands, teaching the population of school age, (which it will be noted is now being done to the extent of well over the 200,000 mark), providing for adequate technical education, and keeping step with progress in transportation with the new Airport (to cost some 90 million dollars alone) are all "musts" but cannot be envisaged in terms of the Colony's capacity to pay in full out of the revenue of that particular year in which the necessary capital expenditure is incurred, amazing though its recovery has been post-war. To accomplish all this we hope for a greater measure of stability, when thoughts can more properly be turned to long-term financing in the form of loans. For all practical purposes we have no public debt but we will never achieve our immediate ideals by thinking in terms of an increase in direct taxation. I would, therefore, ask our honourable Financial Secretary this year to consider seriously his annual threat of an increase in this form of revenue and concentrate rather on the appropriateness of a substantial loan as the more logical means of achieving the ends to which we wish to pledge ourselves for the lasting benefit of this and succeeding generations.

Your Excellency has made timely reference to the teacher supply difficulty as far as it affects our secondary schools, and particularly our Chinese secondary schools. A university, or at least some institution approaching university status, is the only really satisfactory source from which teachers for these schools may be expected to come, and when the Keswick Report was published I was encouraged to hope that our own University would shortly make this possible by offering certain courses of study in the medium of the Chinese language. So far that hope has been deferred, and, if we regard the references to this matter in the Jennings-Logan Report as a full statement of the case, for reasons that appear to me insufficient. It may well be true that

the University should hold up the institution of Courses in Chinese until its finances are placed on a sounder basis; but surely the authors of this report are incorrect in assuming as a primary reason for delay that Government's policy regarding secondary education in Chinese remains undefined. I am Sure my honourable Friend the Acting Director of Education will support me when I say that it is, and always has been, the intention of Government to maximum and encourage a dual system of education. The institution of a Chinese School Certificate Examination and the expansion to maximum capacity of the Evening School for Higher Chinese Studies are ample evidence of that fact. To my mind there is not the slightest doubt that this Colony needs, and will continue to need, local provision for higher education in Chinese, both as an end in itself, and as means of securing teaching without recourse to foreign sources of recruitment; and I would heartily endorse any attempt to secure this, whether through the University or, if that is impossible, through some other reputable and reliable institution. A due proportion of secondary schools of the right quality, and not secondary grammar schools alone, is an essential part of the whole educational structure.

With other industrial and commercial centres we share a need for the fullest possible development of training that will serve industrial and commercial, as well as clerical and professional ends. The recent report of the Committee on Technical Educational and Vocational Training points the way to achieving this, and I look forward with great interest to Your Excellency's establishment of a Standing Advisory Committee that will concern itself with this important work.

During the past year, progress in primary education has been maintained, and it is a matter of some satisfaction that this should be so despite the lean times through which the Colony is passing, When I speak of progress I do so in terms of enrolment figures and teaching standards although I do not think we are much nearer the goal of universal primary education than we were a year ago. For this we cannot impute the blame to Government or to any neglect on the part of this Council. It is simply a matter of the abnormal rate of increase in our child population. In a recent speech, the Director of Education referred to this matter, and the figures which he quoted are a disturbing reminder

of the threat which a swollen population may offer to all our plans of social betterment.

Basing on Medical Department statistics on births and deaths covering the past seven years it is estimated that the number of children reaching school age by 1961 would be 68,000 or nearly twice the 1953 figure of 34,828. Estimating on the same basis and assuming that all children of primary school age are here to stay and they have a perfect right to do so as they are Hongkong-born-there would be, by 1961, 359,000 children requiring primary education. To meet this and other demands such as Secondary, Technical and Part-time Education, and Teacher-training, the staggering costs can well be imagined.

Not only in Education, but in housing and public health also we are being frustrated by the poverty and congestion that result from an unrestricted birth rate; and no longer can we find even partial relief from this danger by an outflow of our surplus population to other areas. The solution to this problem cannot be an easy one, but the problem itself is too serious to be ignored.

There is one other matter to which I would like to refer, a matter which has already engaged the attention of the Board of Education. That is the continued retention by the Military authorities of certain schools which are urgently needed for their proper purposes. In Kowloon there is the La Salle College which, since 1949, has been used as a military hospital and continues to be used for that purpose despite the passage of more than sufficient time for the Army to make other arrangements. In the New Territories another school, the Pak U Middle School, has continued to be requisitioned for approximately the same period. Now, it is of course for the military authorities to decide on the accommodation that is necessary for defence requirements; but I would remind them that Education also is a factor in defence, and any unnecessary disturbance to our educational facilities is something which they, in common with the rest of the community, should endeavour to avoid.

I cannot leave Education without saying how very much impressed I am with the able and efficient manner in which this important department is organized and run. The great zeal with which the Director applies himself to his onerous duties of administering his department is too well-known to need any further remarks from me.

In regard to the University, it will be noted that for the forthcoming year the recurrent subvention will be increased from 1½ million dollars to 4 million dollars which together with a grant for capital expenditure of 3 million dollars makes a total of 7 million dollars. This represents almost 2% of the Colony's total yearly estimated expenditure. It is understood that similarly large sums will be required for some years to come. The University has become an expensive necessity and if the recommendations of the Jennings-Logan Report are accepted, and it seems to me that we have little choice but to accept the majority of the recommendations unless we are prepared to see the University deteriorate into some second-rate institution, the expenditure will become greater as time goes on. If the community is to carry the University, it is hoped that the University will continue to strive to administer its funds economically and judiciously.

When speaking on the Estimates in 1952, I proposed that my honourable Friends the Director of Medical and Health Services and Director of Public Works should get together and endeavour to improve on the size of the new 400-bed Kowloon Hospital that was then proposed. I suggested that a thousandbed hospital was desirable and more in keeping with the development and continued growth of the population in Kowloon; that the then estimate of \$14,000,000 was a rather generous sum for the size of hospital proposed and I expressed the hope that for little additional outlay we could perhaps have the more substantial institution. The passage of time has seen an improvement in the projected size of the hospital and I am glad to learn that the number to be catered for is now to be 1,200. I hope the estimates will also eventually show an improvement but an improvement in the opposite direction. The earlier figures put the cost per bed at \$35,000 which in my view and experience is an exorbitant cost and one which in these lean days the community should not be called upon to meet. I see from this year's Estimates the somewhat staggering figure of \$44,000,000 for the proposed hospital-which, if anything, is even more than \$35,000 per bed. No one begrudges Kowloon 1,200 beds and I for one am all in favour of them, but not at any price nor anything like \$35,000 each. Prudent estimating must be done from the outset and a conservative approach adopted in the planning of accommodation. We

are not short, comparatively speaking, of luxury nursing home accommodation---the need is for the provision of more hospitals for those of moderate or lower incomes.

With the view to saving my honourable Friend the Financial Secretary another possible headache, I am going to suggest that it is not necessary to demolish the existing hospital. The question of rebuilding the Kowloon Hospital was originally mooted because of the proposed extension to the Airport. In the earlier replanning of Kaitak, it was visualized that as aircrafts would have to come in over the hospital the razing of the buildings and even a shaving off of the hill would be necessary. The revised approach to Kaitak eliminates the need for the removal of the hospital. I do not lay claims to being an engineer of any kind, but it seems to me that the present structures have still quite some years of life in them and I feel that to pull them down, especially now that the earlier exigencies no longer prevail is quite unwarranted and would be a wrongful use of public funds. I would suggest that the buildings remain where they are and that if they are structurally sound, extensions be made upwards or outwards as prove practicable. If it is not advisable to do either of these, then consideration should be given to the erection of additional blocks that will conform to an overall plan so that when, in the course of time, the older buildings really must be demolished, they will be found adaptable and not out of the scheme of things. This suggestion has the added virtue that if ever the financial outlook should at any stage place us in the unhappy situation of being unable to afford an entirely new hospital for 1,200 beds we can proceed piecemeal and erect this block or that block as funds permit. It is of course possible that the site does not lend itself to the incorporation of the desired 1,200 beds if the existing buildings are not demolished, though I believe my honourable Friend the Director of Public Works would not find it beyond his prowess to do so if he so minded. Parts of the Kwong Wah Hospital will need to be rebuilt within the not too far distant future, and I should like to suggest that in the event of there being any difficulty in catering for 1,200 in the Kowloon Hospital, that the rebuilding carried out at the Kwong Wah could easily take care of the deficiency. Both hospitals serve the Kowloon community and in my view it is not really material where the beds are located so long as the overall number is not affected. I

hope that in my endeavour to save my honourable Friend the Financial Secretary a headache, I am not giving my honourable Friend the Director of Public Works one.

The Kowloon Hospital, whether enlarged or renewed, presents problems of staff and particularly the question relating to nursing staff. My honourable Friend the Acting Director of Medical and Health Services is tackling this problem the right way by commencing a training programme at the Queen Mary Hospital well in advance. Staff accommodation at the Queen Mary immediately assumes the status of a priority project and we are glad to see that the erection of a new home for Sisters has already commenced. The cost of this piece of construction and equip-merit is, I understand, over a million dollars and is, in fact, given in item 22 of Head 31 of the Estimates as \$1,400,000. This seems an inordinately high figure for the accommodation of but 45 persons. No one wishes to see our Nursing Sisters meanly housed but this kind of cost gives substance to public criticisms, so often raised, that Government servants are too luxuriously accommodated. If further Nursing Quarters become necessary I hope there will be a substantial trimming down of costs.

Under the same read of the Estimates is seen item 29 "\$5,30,000" for "Housemen's Quarters & Casualty Clearing Station" at the same hospital. The Medical Act which came into force in January of last year requires the compulsory internship of all medical graduates and we have therefore no choice but to erect quarters to accommodate them. The \$530,000 is to accommodate 25 housemen in addition to the Casualty Clearing Station and unless my arithmetic is at fault, it seems to me that the cost of accommodating a Houseman is only a fraction of the cost of accommodating a Nursing Sister. I wonder how this has come about? I am sure my brethren in the Medical Profession will not take too kindly to the thought that their newly qualified members, though admittedly junior, should merit lesser consideration. A scaling up or a scaling down of accommodation compatible with the status of the two seems indicated.

It is very satisfactory to note that with one exception all the items of new building works included in the 1953/54 Estimates were put in hand during the financial year and that no fewer than

30 projects were completed. Hong Kong is a rapidly developing Colony requiring much expenditure on Public Works for the improvement of its transport services, water supply and other facilities and to cater for the needs of the greatly increased population. The programme on which the expenditure during the year has exceeded \$17 millions covers, a wide range of buildings such as schools, clinics, police stations, offices, markets and public latrines, and will enable Government to greatly increase its social services to the public. It is a matter of great Satisfaction that the Colony has at this time such an efficient Public Works Department to carry out the work.

The rehousing of the Shek Kip Mei Fire victims which necessitated survey work, site formation, the laying of drains and tile construction of roads and the, buildings has been a good example of the manner in which this large department works together as a team and what it is able to accomplish in a very short space of time.

The huge loss of \$13,000,00 on our stockpile of rice is indeed to be regretted. The wisdom of Government's policy to carry an emergency stock will not be questioned for the interests of security dictate such a policy. While recognizing the difficulties confronting Government in this business and that, in the circumstances, some loss was unavoidable, one could not help feeling that the loss might have been reduced had Government watched the trend of the market and the condition of the stocks more closely. I should like, in future, to see Government co-operate more with the rice merchants who with their knowledge of, and long experience in, the handling of this essential commodity would be in a better position to offer expert advice to Government on the solution of some of its problems.

I was interested to hear my honourable Friend the Financial Secretary refer to the proposed Cadastral Survey of the New Territories. The development of our rural areas has been so rapid that we have, as it were, been too suddenly overtaken by its progress and our ideas have not yet caught up with the facts.

It is time we stopped thinking of the New Territories as an area apart, the New Territories are as much a part of Hong Kong as is Kowloon. It is the agricultural area of the Colony

as much as Victoria is the commercial centre. The needs and aspirations of our agricultural community should not be considered as a separate quantity but should be studied and granted no less attention.

We have in the New Territories some 200,000 people and an area of about 350 square miles. The farmers are grateful for what Government has already done to improve their lot. They appreciate the efforts that have been made to provide roads, schools, agricultural and medical assistance. But their needs are greater than the amenities available. There is for instance only one small hospital for the whole of this area—the Pok Oi in Un Long with 30 beds, and though this philanthropic institution serves a most useful purpose it cannot be considered adequate.

There is also the problem of education for the children of the New Territories and particularly post-primary education. Most of the 600 villages scattered throughout the New Territories have, by dint of their own endeavours and in many cases with the generous assistance of Government, set up some sort of primary school, but apart from the Un Long Public Middle School, facilities for higher education are practically non-existent. In order to improve the standards of agriculture as well as the standard of living in our rural areas, we must teach our future farmers how to obtain the best out of their land, and consideration ought therefore, to be given to the greater provision of postprimary education with an emphasis on agricultural courses.

I should like to see the cadastral survey undertaken with a minimum of delay and completed not within three years but, if possible, half, or less than half, that time. Subsequent to the survey I hope every effort will be made to encourage the opening up of uncultivated areas to give our farmers the chance of a better livelihood. I understand that approximately 200,000 mow of land is cultivated which, if this figure is correct, is only about 1 mow of land per capita. This is very small indeed and much too little to support one person. The farmers need assistance, financial and otherwise. Government should provide the help they need and the farmers in return will bring the community so much nearer to its goal of being self-sufficient in so far as agricultural products are concerned.

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

MR. C. BLAKER: —Your Excellency, I take this opportunity of offering my congratulations to my honourable Friend, the Financial Secretary, on his able presentation of the Budget. I find small grounds for criticism but there are certain matters which I feel merit further thought.

As a representative on this honourable Council of the Colony's Commercial Community, I should like to place on record the sincere appreciation which business men have of the helpful service given by the Department of Commerce and Industry. Controls on trade, such as those which have had to be applied to our trade with China, are anathema to merchants in a traditional centre of free trade such as Hong Kong and the task of the Department has, therefore, been an unpopular one. In spite of this, the Department has fully gained the confidence of the community and we merchants know that no efforts have been spared to lighten the load. I should like particularly to congratulate the Department on the successful outcome of the discussions with the American authorities which has led to the possibility of a wide range of Hong Kong manufactured goods being exported once more to the United States.

There has been a measure of disagreement between merchants and the Department over the interpretation of the Business Regulation Ordinance. Business men agree that it is right and proper that a corporation or a firm which has two places of business, at each of which business for gain is carried on, should pay the appropriate higher registration fee. But, under the Companies Ordinance, they are compelled to have a registered office and as it is not always convenient to have this registered office at the actual place where business is carried on, it is often located with a professional firm, such as a lawyer's or an accountant's office. The only business transacted from this registered office is the annual filing of the return under the Companies Ordinance, but this, in our opinion, does not constitute the carrying on of business in two places.

Financially this may seem a minor point for me to raise but even a sum of \$400 can be important to a small firm and result in unnecessary hardship and, in any case, it is a question

of principle. I hope, therefore, that appropriate amendment will be made to the Ordinance in the near future regarding this point and various others which have been the subject of correspondence between the Chamber of Commerce and my honourable Friend, the Financial Secretary, so that these unnecessary causes of friction may be removed.

You Sir, in your inspiring address to Council, when this debate opened, made reference to the increasing part which local industry is playing in the maintenance of the Colony's economy and I should like to record my support for the work which Government is doing to help our local manufactures to become firmly established in world markets

I was glad to note that Government is investigating the question of providing adequate land for factories on reasonable terms. At present no less than 85% of our existing factories are not actually owned by the operators and there is little security of tenure, with consequent difficulty in attracting additional capital for modernizing the plant, etc. There is still ample risk capital available in the Colony and, if suitable facilities can be offered, many factories would erect their own buildings.

There is another important point in connexion with industry. It is the question of housing. A great deal is being done at Government expense as regards resettlement for squatters, but I suggest that the question of housing industrial workers also merits further consideration. There are more than 100,000 registered workers in light industries plus another 300,000 dependants and many of these workers are living in poor conditions. Industry here has been making big headway during the past eight years and from being relatively unimportant in the 1930's is now of vital concern to our trade and the general prosperity of the Colony and we cannot afford to ignore the welfare of the labour force. Much has been done, but much remains to be done. It is true that under the comprehensive workers schemes Land can be applied for on special terms, but in practice, I understand land has been difficult to obtain. Perhaps some simplification of the present machinery can be worked out.

Some publicity has been given to the views expressed on this question of Government help for local industry by the Vice-President of the Chinese Manufacturers' Union, Mr. U Tat Chee,

for whose public spirit and hard work on the Colony's behalf none can have anything but the strongest admiration. It is, therefore, a matter of regret to me that I cannot wholeheartedly support all the proposals he has made. The suggestion that there should be employed in the Department of Commerce and Industry a permanent industrial expert whose function would be to advise local manufacturers might be, desirable but, when I consider the vast range of factories in the Colony, I am forced to the conclusion that to find the right man for the job would be an impossible task. He would need expert knowledge of each industry for his advice to be practical, and such expert knowledge can only be acquired through years of experience. It is too much to hope that one man could have acquired such knowledge of textiles, light metals, rubber footwear and all the other industries we have.

I am also doubtful of the desirability, at the present time, of appointing permanent trade representatives in Singapore, Djakarta, Bangkok, Manila and elsewhere as suggested, as it is an expensive matter to maintain full-time offices and not easy to recruit suitable personnel. For this reason I am more in favour of sending a representative from the Colony to visit markets periodically and, in this connexion, I welcomed the decision of Government to send the Assistant Director, Trade Development Division, to the International Trade Fair in Seattle last month. I understand our delegation was able to do some useful work in dispelling incorrect impressions concerning this Colony which persist in parts of America today; and since from knowledge and understanding comes confidence and trust, we may hope to see an increase in the export of our manufactured goods to that country. Whilst I hold that it is the ultimate responsibility of the business community to secure business, Government can do much in the way of promotion. Trade, directly or indirectly, provides a very large proportion of the Colony's revenue. We know full well that in these days if you want trade you must go after it and I believe that part of the function of a Trade Promotion Officer should be to leave his desk and go and see for himself the problems, difficulties and opportunities of other markets. I do not, of course, advocate that he should rove at large around the world, but I do consider it was a step in the right direction to

send a Trade Promotion Officer to assist in the Colony's participation in this American Trade Fair, where potential buyers were able to see a display of the many manufactures we are now able to offer.

Arising out of this I am glad to note the steps which are being taken in regard to promoting our Tourist Trade which is capable of considerable development. As I see it, we cannot afford to let slip any opportunity to make up for the loss of part of our traditional Entrepot Trade upon which our prosperity was founded. The Tourist Trade can surely be developed to advantage in Hong Kong as it has been elsewhere.

There is another point with which the Commercial community is greatly concerned. It is the question of the increasing difficulty of securing suitable land, both for office and domestic buildings. At present the City is cut in two by the Military Lands. As long ago as 1924 this Council accepted the award of Sir John Oakley for the taking over by Government of the Military Lands, but, presumably owing to the political troubles which occurred in the following year, the award was not implemented. The existing old buildings must be very expensive to maintain and one would imagine that the Military Authorities would welcome the opportunity of securing more modern and suitable quarters. I feel that this matter cannot be allowed to drag on indefinitely and that an all-out effort should be made to reach finality.

On the general question of the use of land Government is not yet deriving the full lasting benefits that should come from this major asset. I suggest that the following points be given consideration with a view to Government obtaining a steady income rather than picking up windfalls, which is in fact the present system of land sales:---

Encouragement should be given to increased development of sites where such increased development would not be harmful to the beauty and interests of this Colony. Many blocks of flats and office buildings could be erected to a greater height without harmful effects.

Lessees of Crown Leases, when they apply to renew, or prospective lessees of new land, might be given the option of paying a higher premium or, alternatively, undertaking a

substantially increased Building Covenant. Every effort should be directed to ensure that sites are developed to the maximum.

Further residential areas should be opened up. The initial capital expenditure on roads and drainage would largely be recovered from land sales, and the recurring income from Rates and Property Tax would undoubtedly be substantial.

In considering these factors, I have in mind that a modern post-war European flat normally produces about \$2,000 per annum income from Rates and \$600 from Property Tax.

I also suggest that Government should review the existing list of Reserved Sites and other restricted areas, especially in the light of modern drainage practice. Numerous areas have been reserved for many years and no development has taken place and it would seem reasonable to release all except those which are known to be required within the immediate planning future.

My honourable Friend, the Financial Secretary, has presented, in his able remarks, the possibility of increased taxation in the not too distant future. This is a prospect which cannot be received with enthusiasm by any section of the community. However, we are committed, and willingly committed, to a programme of development in the public interest and this will require to be paid for. I subscribe to the opinions expressed by my predecessor on this Council, to the effect that our coat must be Cut according to our cloth and that due regard must be paid by Government to the standard of business in the Colony and revenue available from this paramount source. There is, however, a further and highly important feature concerning revenue which the honourable Financial Secretary has not failed to touch on in his speech. This is the degree to which increased efficiency in collection can be applied to the established methods of taxation now in force. I am voicing, I feel, the general views of the commercial community when I say that increased revenue is undoubtedly obtainable under the existing provisions of the Salaries & Profits Taxes and at the present rate. To this desirable end the Business Registration Ordinance may assist.

With these remarks I beg to support the motion of my honourable Friend. (*Applause*).

MR. C. E. M. TERRY: —Your Excellency, as the sole survivor of the three members who last year referred to the importance of forward estimating, it falls to me to acknowledge the acceptance by the honourable Financial Secretary of our suggestion, and the very illuminating figures which he has produced in this connexion. Although he has stated that he did not embark upon this statistical exercise with any great enthusiasm, our thanks are due to him for the care with which these necessarily approximate figures have been compiled. If they serve no other purpose, Sir, they do at least serve to reinforce the warnings issued in this Council last year, and now in fact repeated by our honourable Friend, the Financial Secretary, that it would be unwise indeed to embark upon programmes of Public Works and Public Services without full appreciation of their effect upon the Colony's finances, not only in respect of capital cost, but in respect of the ever mounting recurrent expenditure. I hope that some of our ardent advocates of extended services, whether they be in Government or out, will take heed and appreciate that all such services must be paid for in one manner or another by the people of this Colony. The warning that even our present commitments may result in a need for increased taxation, coming as it does at a time of trade recession when both businesses and individuals are finding it hard to make ends meet, is a serious one. At this stage, Sir, I confine my comment to repeating the view so often expressed in this Council, that taxation must be equitably applied and efficiently collected, and increased revenue must not be achieved merely by way of increased demands upon the minority.

Having sat as a member of the Public Works Select Committee I have little comment to make to-day on the existing programme of Public Works, other than to say that it has been subject to extremely careful scrutiny, and, as the honourable Financial Secretary has said, the decision has been taken to get those schemes to which we are committed well underway before committing ourselves to new ones. In this connexion, however, and a propos the question of costs, I feel that the Airport project calls for comment.

The necessity for improvement in the facilities for the handling of aircraft at Kai Tak has been stressed for years, and members of this Council have repeatedly deplored the lack of progress in this direction. We are now confronted with the fact that the estimated cost of the proposed development is somewhere around 50 million dollars, and I find it extremely difficult to believe that the direct benefit accruing to the Colony from the proposed extension will be sufficient to justify this enormous expenditure. I am open to conviction in this respect, but I cannot help feeling that the benefit will largely accrue to interests other than those of the people of Hong Kong, and that these interests could well be expected to bear a proportion of the cost. In any case, Sir, I say again that to-day's taxpayers should not be called upon to shoulder the entire burden of provision for posterity.

Your Excellency, in referring to this subject, said: "We cannot afford to jeopardize the Harbour, for without the Harbour Hong Kong would not be Hong Kong". You also said Sir: "If we want a good Airport it must not be at the expense of the Harbour, although a reasonable compromise is possible". That statement of policy, Sir, is one which I most strenuously endorse, and I express a very sincere hope that whatever form "a reasonable compromise" may take, the efficiency of the Port of Hong Kong, through and by which the Colony largely lives, will not be subordinated to what I consider to be the somewhat nebulous benefits of an extended Airport.

Before leaving this subject, Sir, I would like to stress the fact that some improvement in the existing Terminal facilities for passengers at Kai Tak is badly needed. I understand that even when the new scheme is finalized it will be about four years before the new Terminal envisaged will be built. In the meantime the existing passenger facilities, already proved to be inadequate, will be further strained by an increase in traffic through the introduction of Tourist Services, which I understand are planned by all the large international carriers, together with increased frequencies of operation of normal passenger flights. From figures submitted to me I learn that the traffic density at Kai Tak in peak periods during the coming months is expected to be in the neighborhood of 250 passengers per hour; when

one adds to that the local custom of 'greeters' and 'farewellers' in large numbers, I think the necessity for some improvement in the present accommodation is apparent. I noted recently in the Press that Government is displaying interest in that horrible word "Tourism", and I commend what I have just said to their earnest consideration. I have no knowledge of the cost involved in extending the existing facilities to reasonable proportions, but I should imagine that some improvement could be effected at reasonable cost, having in mind the fact that whatever is provided has to serve for another four or five years.

In the Estimates, Sir, under Public Works Non-Recurrent, Head 31, Sub-head 70, 4 million dollars has again been allotted this year to Reconstruction of Public Motor Roads. This is an expenditure which is absolutely inevitable, and I am sure that those who have watched the development of the Roads Reconstruction programme will agree with me and will appreciate that we are getting value for our money. I should like to congratulate the honourable Director of Public Works on the very realistic reconstruction plan which is being pursued, and the efficient manner in which it is being conducted, with a minimum of inconvenience to road users even when reconstruction of major roads is in progress. The development of this planned programme, it seems to me, is in striking contrast to events in the United Kingdom, where in December last the Minister of Transport said, and I quote "I *hope* to be able to say shortly what we *hope* to do about this pressing need for a proper road programme".

Your Excellency made reference to the increased subventions to the University. The honourable Senior Unofficial Member has already referred to this matter, and I agree with what he has said. I would merely add that to anybody who has studied the Jennings/Logan Report the question must resolve itself simply into "Do we or do we not need a University in Hong Kong?" This question was in fact posed in 1945/46 when the problems of the rehabilitation and future of the University came under close scrutiny—the answer at that time was "yes", and I believe that is still the correct answer to-day. If that is accepted, there can be no question that the necessary funds must be found; I

personally, in my consideration of this matter, have been impressed by the fact that even our increased subventions do not raise the percentage of our contribution to our University's expenditure above or even up to the percentage of the grant to Universities in the United Kingdom made by Her Majesty's Government. The public, however, whose money it is, have a right to an assurance that the money voted shall be properly applied and carefully disbursed, and on the assumption that care will be taken to ensure that this is so, I am in favour of this item.

Getting on to the question of expenditure, personal emoluments continue to account for a very large proportion of our total recurrent expenditure, and attention has been drawn to the net increase of 2,412 posts in Government Service Included in this figure, however, is the transfer of 1,443 of the Daily Rated Staff to Monthly paid employment. This is a policy, Sir, which I fully support, and have in fact advocated for some time. It is obviously absurd that any man should remain in the service of the Government for 20 or more years without being accorded the benefits of permanent employment. Deducting this figure, the net increase in establishment is 969 posts, which at first sight I certainly regarded with some dismay. On consideration, however, it becomes obvious that we cannot expect to extend our Educational, Medical and other services, as they have been extended, without an increase in the staff to run them. It is useless to build a new school unless you provide the Teachers, and if you build a new Hospital you obviously need more Doctors and Nursing Staff. So after careful analysis of the increase of 969 posts in a total staff of over 24,000 I accept it as necessary, but I hope that a sharp eye will continue to be kept on the natural demands of any Departmental Head, faced with increased work, for a commensurate increase in staff; the public must be satisfied that the existing staff are already fully committed.

On page 34 of the Memorandum, para. 123 shows that eleven of these 969 extra posts are required to meet the expanding activities of the Ophthalmic Service. I am delighted to learn that these activities are expanding, but I have grave doubts as to whether the expansion is anywhere near sufficient to meet the need. I touch on this subject with some trepidation; as a layman

I can only attempt to appreciate the facts as I have been able to ascertain them, and I cannot claim any professional knowledge. I do feel very strongly however that more attention and funds should be devoted to the remedial treatment of Eye diseases. I am impressed by the fact that from the poorer sections of the community alone, over 80,000 attendance's yearly are registered at the Government, Chinese Hospital and Free Eye Clinics. I find that only 250 of the actually blind people in Hong Kong are sheltered in the Charitable Institutions of the Colony, and, as far as I can ascertain, there is not one blind person earning his living in any of the registered Factories or Workshops, despite the great strides that have been made in past years in the United Kingdom and other countries in training the blind to earn a living in open industry. It is a well known fact that the onset of blindness in this Colony immediately destroys the economic status of the individual and of his family, with disastrous effects not only on those immediately concerned but on the economy of the Colony as a whole. I am informed, on good authority, that at least 75% of the blindness in the Colony is preventable; that is to say three out of every four people disabled by ophthalmic disease need never have become blind had the proper remedial facilities been available to them. This, Sir, appears to me to be the most important factor in considering this question.

In many other directions we are unfortunately committed to annual recurrent expenditure with very little hope of effecting a lasting cure, or eliminating the problem. I believe that if energetic steps are taken, and the necessary money provided to make a realistic attack on Eye Disease in the Colony, the achievement of reducing it to negligible proportions is possible, and I strongly advocate that Government should give serious attention to this problem. As first steps it seems to me essential that there should be compulsory registration of all those professing to treat Eye Disease, and that a central Ophthalmic Hospital should be inaugurated. I am not qualified, as I have said, to speak on details of such a scheme, but these leap to the mind as first essentials. At the same time I should like to see the development of a Society for the prevention of blindness and the care and training of the blind. Such societies have done fine work in many other countries, and I do not think it beyond the powers of the Hong Kong public, who already do so much to relieve

the afflicted, to shoulder this responsibility. Nevertheless, the primary responsibility rests with Government, and I ask for positive steps to be initiated towards a long-term programme to prevent unnecessary blindness.

In conclusion, Sir, I wish to direct attention to the lack of facilities for the public on the New Territories bathing beaches. The bathing season is nearly upon us, and during that season thousands of people use these beaches daily. The actual condition of many of the beaches leaves much to be desired, and there is a complete absence of life saving and other necessary facilities. A relatively small outlay would be involved in the cleaning up of the beaches and provision of some much needed public amenities, and I hope something will be done now in preparation for the coming season. (*Applause*).

MR. LO MAN WAI: —Your Excellency, the task of an Unofficial Member of this Council in the debate on the Budget is not an easy one. He is not a Member of a political party. If he were, he would have an easy wicket. For when his party is in power, his plain duty would be to vote for the Budget and when his party is not entrusted with the responsibility of Government, it would be his pleasure and duty to speak against the Budget. However, an Unofficial Member has one great advantage over a party Member. He is spared the necessity of making promises before his election and of finding ways, and means of backing out after his election. But not only is an unofficial member so handicapped. His position is made more difficult by the unwritten convention of this Council which prescribes that he should take part in the Budget Debate, although he may have nothing to say on any matter having any bearing whatsoever on the estimates. Speaking for myself, I rather dread this convention, for I have reached the age which debars me from being a member of the junior Chamber of Commerce International. I feel that I cannot resort to the lofty themes which are their prerogatives. On this occasion, however, what I have to say arises directly out of the estimates and Your Excellency's address, and I have no need to rack my brain to think of something to say on nothing or to weary the honourable Members by a dissertation on things in general.

Sir, I feel at least I have performed, to the best of my ability, one duty of an official Member. Francis Bacon in one of his essay says, "some books are to be tasted, others to be swallowed and some few to be chewed and digested, that is, some books are to be read in parts; others to be read but not curiously; and some few to be ready wholly, and with diligence and attention." Following the dictum of this famous Lord Chancellor, I have thoroughly chewed and I hope, with some success, digested Your Excellency's address and the honourable Financial Secretary's speech made at the last meeting. For I have not only listened attentively at the meeting, I tuned in for the broadcast by the Hong Kong Radio in the evening, which incidentally I should like to say was a very good recording, and to make sure of my digestive capacity, I also read the press report next morning

Sir, if I may say so, Your Excellency's address was a most useful guide to any one who wishes to understand the Government policies and problems which are implicit in the appropriation bill, totalling the sum of \$388,227,424.00. It covers so many topics that it is obviously beyond the capacity of one Unofficial to attempt to comment on all the subjects. I propose to confine my remarks on the following: —

(1) Agriculture and Fishery.

(2) Housing.

(3) The University.

The post-war development and progress in the New Territories have been truly amazing, and I think some credit for this should go to the District Commissioners, the Department of Agriculture Fisheries and Forestry and the Department of the Co-operative and Marketing. Government aid to farmers and fishermen will promote the expansion of food production which benefits the whole Community. They are born, they work and die here. I think they have a higher claim to Government aid than the refugee population.

Sir, as Your Excellency has said, this is our greatest problem. I feel it is too complicated to deal with all the aspects in a Budget Debate. I should like to deal with one aspect, namely, building by private enterprise. I take for granted that Government cannot

build all the houses which are needed and that private enterprise has a prominent part to play. I am glad to note Your Excellency's assurance that it is not the intention of Government to get to the stage where subsidized housing will kill private housing. The justification for Government embarking upon building for private individuals of low income is to keep the rent down. This, in effect, means Government subsidies and there is a limit to Government money.

I feel Government can, without subsidy, do a lot in the field of private building, to reduce the cost of new buildings. I have in mind two instances, where Government has acted, quite unintentionally in my opinion, in such a way as to increase the cost of investment in new buildings. The first instance relates to stamp duty. Pre-war, the stamp duty on conveyance on sale of land was 1% of the purchase price. After the war, it was increased to 2%. In addition to this, there was an extra duty called excess duty at the rate of 10% on the difference between the estimated value of the land and building and the purchase price on the first transaction after the war. This was imposed because post-war land values had risen many times and it was considered that the owner of pre-war premises should pay a special tax on the profits made on the first sale after war. Owing to the difficulties and delays in estimating the pre-war value, this excess stamp duty was altered by the imposition of a flat rate of 3% on the purchase price. It could not have been the intention of Government that a purchaser who purchases Crown Land from the Government at the present time and who pays the present market price for the land and who erects buildings thereon at the present day cost, should bear this extra 3% duty and yet Section 6 of the Stamp Duty Ordinance is so worded that on the first sale by such purchaser, the stamp duty is 5%. The result, of course, tends to the increase of the cost of the investment, which is passed on to the tenant in the form of rent.

The other instance relates to the building covenant imposed by Government. On the sale of Crown Land by Government, one of the Conditions of Sale is that the purchaser must complete a building of a specified value within a specified time, and that he must not dispose the land without Government's consent until he has complied with the building covenant, and that on failure to comply, Government has the right to re-enter the land. The

object of this covenant is certainly sound, for it is to prevent the speculator who has no intention of building from holding on to the land with the view of selling it at a high price and to ensure when Crown Land is sold for building purposes, building should be erected within a reasonable time.

In practice, however, this object is not often achieved, for usually an extension of time is granted on payment of a fine. The amount of this fine is based on the loss suffered by Government from not obtaining the rates which would have been payable had tile building covenant been complied with. But owing to the constant rise in land value, it pays a purchaser of Crown Land to pay this fine.

In many cases, the fine is not even paid by the original purchaser, but by a subsequent purchaser who in addition to paying the fine pays a handsome profit to the original purchaser. It may be asked how this is possible, bearing in mind that no sale without Government's consent can be made before the compliance of the building covenant. The answer is that there are people in Hong Kong, who consider that it is a lawyer's business to devise ways and means to evade a legal provision when it is to their interest to do so. As the honourable Members of this Council are law-abiding citizens, I assume they are, not interested to have information on this point.

In view of the scarcity of building sites, I hope the Building Authority will keep an eye on these abuses.

In spite of the malpractice's, I do not advocate the abolition of the restriction on sale before the compliance of the building covenant. But there is a similar provision in the terms of the grant of a Crown Lease upon the determination of the existing Crown Lease. In this case, I see no justification for this provision.

In this case, what Government should be concerned with is the compliance of the building covenant within a certain time. So long as the buildings are erected, what does it matter whether it is done by the holder of the Crown Leases or the purchasers. The holder of the Crown Lease may be a person who has not the money to comply with the building covenant. To apply for

permission for sale, before completion of the building covenant, means legal expenses and delay. I am convinced that this provision tends to delay and to increase the cost of new buildings.

Government can assist building by individuals in another way. I am a firm believer in private enterprise, but in the case of Crown Land, Government expects too much from private enterprise.

Admittedly building sites are scarce in the Colony. The present Government policy is to wait for an enterprising fellow to hunt for a building site. Having found a suitable site, he has to engage an architect to draw sketch plan of the site and to apply to Government for sale either by public auction or private treaty. This process involves delay and expense. To avoid all this, I suggest that Government should make a survey of the available building sites, prepare them and then put them up for sale by auction.

I desire to say a few words on the University. Sir, in Your Excellency's address, the case for the further financial assistance to the University is convincingly set forth. Having considered Your Excellency's review of the situation, I am prepared to give my assent to the financial recommendations contained in the Report of Sir Ivor Jennings and Dr. Logan. They have done a fine job, and I think it was a good idea to have enlisted their services. However, I have the impression that there are still some people who consider the University to be a luxury, and Government's contribution to the University to be an extravagance which should be avoided. I do not share their opinion. On the contrary, I hold the University to be a vital necessity to Hong Kong. Before giving the reasons for this view, I should disclose I have a personal interest in the matter. All my sons were at the University. However, I feel that this does not disqualify me from voicing my opinion.

No one can deny that there is a demand for a University Education in all countries. Owing to this demand, universities in most countries naturally give priority to their own students rather than to students from over-seas. Apart from this factor, all educational experts advise students against going abroad for their university education if there is a university of good standing in their home country.

And finally, the prerequisite for a high post in Government Service is a university degree. How is the policy of Government to fill Government posts by local candidates to be implemented unless there is a University in Hon Kong where they can take their degrees.

The Faculty of Medicine of the Hong Kong University has gained a world wide reputation. I am optimistic enough to believe that with further Government assistance, the University, in all its faculties, will achieve a name of which the whole Colony will be proud.

I now come to the Budget itself. On the expenditure side, I have no comments. The honourable Financial Secretary is not a spendthrift, and he can be trusted as the guardian of the public purse. In performing this task, I know he has to disappoint many Heads of Department.

On the Revenue side, I desire to make some observations on one item in the draft Estimate and on the warning given by the honourable Financial Secretary in his speech of further taxation.

The item which I desire to speak is under the heading of Rates. The honourable Financial Secretary stated in his speech that it had not been possible to fill two vacant posts in the Rating Department. He further stated that the existing staff had been swarmed by thousands of applicants for certificates of standard rent, so that the time that should have been spent in revising estimates had been spent on Landlord and Tenant work, with the result that despite the increases in rents, no real benefit would accrue to revenue and will not be possible to make a general reassessment this year. When this matter was discussed at the meeting of an informal Committee, the unofficial members were informed that these two posts were difficult to fill, because the candidates must have highly trained professional qualifications. It was the unanimous view of the unofficials that this was not a satisfactory situation and that some effort should be made to enlist the services of local men. We are glad to have the assurance from the honourable Financial Secretary that steps are being taken in this direction. The reason why I raise this matter again is because it appears to me an important matter of principle is involved. I refer to the declared policy of Government that the civil servants should be staffed with local persons whenever

possible. The desirability of this policy is well illustrated in this instance, because by having to wait for the available men from the United Kingdom, Government has to forego a large amount of revenue.

Before the introduction of Income Tax, the revenue from rates used to form a major proportion of the total revenue. Even today, the amount collected under this head is a large figure.

Rating is a fair tax and it is easy to collect. Assessing the rateable value in most cases is not difficult. Under the Rating Ordinance, "rateable value" means the rent at which any tenement might reasonably be expected to let, at the time of the valuation, from year to year, if the tenant undertook to pay all usual tenants' rates and taxes, and if the landlord undertook to pay the Crown rent and the costs of repairs and insurance, with any other expenses to maintain the tenement in a state to command that rent.

Where the premises are actually let, as it is usually the case, assessment should not require the services of a highly trained specialist. An assessor Must, of course, be a man of integrity and intelligence. Provided that he is properly paid, I feel we can get local men with sufficient qualifications, to fill the vacant posts. The Head of the Department should, of course, be a professional man. The difficult cases of assessment should be dealt with by him, whilst the simple cases, which constitute the vast majority, could be left to men without high professional qualifications, who would work under his supervision.

We are fortunate in having Mr. Shanks as the Head of the Department. I know from my own experience that he, in addition to his professional qualifications, has all the virtues of the ideal civil servant. He is fair minded, courteous, accessible, patient and hardworking. I am sure, by having local men working under him, revenue will not suffer and rate payers will have no cause to complain.

Whilst speaking on this Department, I feel it would not be out of place if I were to pay a tribute to him and to his Department for the excellent piece of work done in the issue of certificates of standard rent. But for his readiness and co-operative spirit

in undertaking this special task and the efficient work of his Department, the smooth working of the authorized increase in rent could not have been achieved.

Now, as regards the warning of further taxation, I am satisfied that we must go on with the present programme of public works in spite of the ever-increasing demands for schools, hospitals, etc., and that the money must be found. But I am not satisfied that there is no other way except further taxation. When one considers the large amount of revenue that is devoted to capital expenditure and the smallness of the public debt, I venture to say that Hong Kong is unique in financing its capital expenditure out of current revenue. I suggest that the existing circumstances call for a reversal of this policy. There are two projects involving gigantic capital expenditure which are of vital importance to the Colony. I refer to the Tai Lam Chung Reservoir and the new Air Port at Kai Tak. These projects benefit not only the present taxpayers, but also posterity. It is only fair that the cost should be fairly distributed between the present and the future taxpayers. I am sure everyone will agree that the ideal method of financing such schemes is by loans and the only question is whether it is feasible. In my humble opinion, I say that loans for such projects can be raised locally. Hong Kong is the financial centre in this part of the world. The amount of money deposited with the local banks amounts to an astronomical figure. Of course, there will be no response to such loans, unless the rate of interest approximates to that obtaining in the local money market. It will be futile to fix the rate at such low figure as 4%, but the amount of money which could be raised at the rate of say 6% is anybody's guess. Short of such loan, business firms are faced with the prospect of further taxation, because the only available source is by raising the present rate of 12¹/₂%, payable under the Inland Revenue Ordinance. I am sure businessmen would prefer to bear the annual cost of such loan than to have to meet the total capital cost by further taxation. Not only is the interest of the tax payers served by such a loan but it seems to me that Government would thereby afford a sound investment to the innumerable number of persons who desire to save but have not a safe way of investing their money. To make the loan attractive to such persons, it should take the form of bearer bonds with interest coupon attached payable monthly or at least quarterly. I can see no harm in launching such loans because even if they fail, we shall know exactly, where we stand.

Sir, before I end, I wish to say I fully support my honourable friend, Charles Terry, in his remarks on blindness and eye diseases. Although he professed to speak only as a layman, it appears to me that he knew what he was talking about. He has put the case for more Government interest and support in the treatment of eye diseases with eloquence and sound common sense. (*Applause*).

MR. NGAN SHING KWAN: —Sir, Your Excellency's very lucid review of the Colony's activities during the fiscal year now drawing to a close and your candid survey of our future prospects has served to place our numerous problems in their proper perspective, and has inevitably been received with mixed feelings. Whilst on the one hand we have been encouraged by past achievements, we have at the same time been given no assurance that there will be any relaxation in the trading restrictions imposed by the United Nations, and coupled with this we have the prediction of our honourable Financial Secretary that there is a likelihood of an increase in taxation if revenue does not keep pace with our mounting expenditure. Your Excellency did not mince matters in your frank evaluation of the Colony's future potentialities, and it behoves us all to exert ourselves to greater efforts to overcome the recession in trade which is due to circumstances over which we have no control.

Last year the honourable Financial Secretary served us with a warning notice. This year we have received what is suspiciously like a final warning. Unless existing taxes yield more revenue than they do at present, the alternative to further taxation would be to cut down our capital expenditure programme—or to raise a loan to finance it. Whilst none of us feel happy at the thought of paying additional taxes, I am sure we would equally deplore that necessity to curtail our major development projects. We obviously cannot abandon the Tai Lam Chung reservoir scheme to which we are already heavily committed, and which all agree is absolutely essential. As regards our airport, the experts have at long last submitted their proposals for the development of Kai Tak, and I trust that the discussions in London to which Your Excellency referred will proceed with all speed, so that the proposed scheme may be put before this Council at an early date, I have previously contended that Hong Kong should have an airport of international standard,

capable of handling the latest types of aircraft. Now we have been given an estimate of the cost—a very high estimate—but not, I think prohibitive. Approximately half the expense will be met from the United Kingdom loan, and there is also the possibility of assistance from the Colonial Development and Welfare Fund. Government will have noted that while various proposals have been made in the press as to how our new airport should be financed, there has been no suggestion that the scheme should be abandoned or postponed until better times. An airport, however, is not in itself revenue producing, and we shall have to find a means of paying for the new Kai Tak without making a call upon general revenue for some years to come. I presume the estimate covers the cost of new terminal buildings, and trust that their construction will not have to await the extension of the runway, for the existing passenger facilities are far from satisfactory.

Enthusiasm for a new airport must not, however, be allowed to overshadow a project of greater immediate importance to the community. I refer, of course, to the new Kowloon Hospital. The prospect of increased recurrent expenditure can be no deterrent in this instance, and I shall feel much happier when preparations for this badly needed hospital have progressed beyond the planning stage and construction work has actually commenced.

The problem of providing educational establishments for the ever-increasing number of children of school age will continue to occupy our attention during the coming years. Progress in this field is seldom spectacular, but we are moving forward surely and steadily under the very capable guidance of our Director of Education, and I make no excuse for repeating the Statistics quoted by Your Excellency when you told Lis that thirty-nine new school buildings and ten extensions to existing schools were completed last year, and that the number of children now attending school is sixteen thousand more than it was a year ago.

The possibility of having to curtail capital expenditure seems less remote in the field of education than under other Heads. New schools, or extensions to old ones, do not cost anything like

so much as other development schemes, and we must continue to plan for the future on the reasonable assumption that funds will be forthcoming.

If they have not already done so, I strongly urge the executives of industrial and commercial concerns to study the Report on Technical Education and Vocational Training, with special reference to the paragraphs on apprenticeship and part time day release classes for apprentices. Technical Education has not been neglected in the past, and a very sound foundation has already been laid on which future development can be built, but our present facilities were designed to meet the requirements of the older and long established industries in the Colony. There has been a marked increase in local industry in recent years, and the success of these new concerns must depend on their ability to meet keen competition in world markets. They can only flourish by maintaining a high standard of efficiency and with the support of well-trained personnel. The rapid expansion of industry covers a wide range of activity, and the extension of our system of Technical Education to meet all demands must be a gradual process. Expenditure on Technical Education should be a measure of the need and demand for skilled manpower in industry and commerce. I am therefore pleased that Your Excellency stressed the need in these matters for the close cooperation between representatives of Government, Industry and Commerce. I consider this important in order that the most pressing needs can be established, and so that we avoid spending large sums of money on training which can best be undertaken in workshops and which should remain the responsibility of employers. The intention to appoint a Standing Committee on Technical Education is greatly appreciated, and I appeal to all employers for their co-operation in this connexion.

To those who recollect Your Excellency's address on the occasion of the 44th Congregation in June, 1953, and to those who have had an opportunity of studying the report presented recently by Sir Ivor Jennings and Dr. Logan, the heavy financial requirements of the University will come as no surprise. Nevertheless, the prospect of voting the sum of \$4 millions towards the running expenses of the University and a further \$3 millions for immediate capital projects is not one that can be lightly

undertaken, and I may say that it has been the subject of considerable discussion since the presentation of the Budget. The number of students at the University is in the region of one thousand, and it will be seen that during the coming year, and indeed during future years, their education will be subsidized from public funds to the tune of about \$4,000 each, excluding any benefit which they may derive from the proposed capital grants. It is obvious that such a sum could not be recovered by an increase in tuition charges, and while the possibility of adjusting existing fees has no doubt been fully considered during this period of financial difficulty, it has to be remembered that even now the cost of a University degree is beyond the means of many parents whose children must finish their education at the School Certificate level.

This leads me to the question of scholarships and bursaries. If by recurrent grants from public funds Government is to bear a major share in the cost of a University education, then it might well take its financial aid a step further and, by awarding additional scholarships, ensure that part of its subsidy is used for the instruction of students of high academic merit who could not otherwise afford to go to University. It seems a better proposition to pay somewhat more to assist a brilliant but poor student from say Queen's College, than to provide the usual subsidy for the daughter of a wealthy merchant who will probably marry as soon as she graduates and confine herself to domestic life. The student with the scholarship is more likely to make his career in the Colony and justify the faith of the community who supported his education. Sir Ivor Jennings and Dr. Logan devote several paragraphs of their report to scholarships and bursaries, and this is one of the many matters which will require consideration by Government and the University authorities.

As regards the proposed grant of \$3 millions for capital expenditure, it is probably not generally realized that, if the University follows the recommendations contained in the Jennings/Logan Report, priority will be given to two projects of great importance to the public health service—a new Pathology Building at Queen Mary Hospital and a new Out-patient Department. It seems certain that the University will require more capital grants in the future, and I am sure that honourable Members will follow its building programme with close interest.

None will question the value of our University and the part it has played and continues to play in the development of the Colony, but today we are called upon to vote a much heavier contribution towards its upkeep than we have been accustomed to in the past, and I do so in the hope that it will help to bring wider recognition of its degrees.

The sum of \$4 millions has again been set aside under the Five-year programme of capital expenditure for the reconstruction of motor roads, and we are therefore assured that the steady improvement achieved in recent years will be continued. By eliminating known traffic hazards, providing better footpaths, erecting pedestrian refuges and incorporating a variety of seemingly minor alterations, the Roads Department play their part in the constant struggle to reduce traffic accidents. I do, however, share the disappointment expressed by the President of the Hong Kong Automobile Association when he commented on the delay in starting the Garden Road improvement scheme, and I would here endorse a point made by my honourable Friend Mr. Blaker when he spoke about the military lands, for, in addition to the important advantages he mentioned, the resumption of the Murray Barracks area would also permit a better layout at the bottom of Garden Road. As regards street lighting, I think everyone must have noticed the progress that has been made, and with the allocation of \$1.7 millions for 1954/55, further improvements may be expected.

There was an increase in the total number of accidents on public roads during 1953, but it is encouraging to note from statistics published in the *Gazette* that, compared with the previous year, there was a fall in the number of accidents per vehicle, and the Traffic Authorities must certainly be complimented on reducing fatalities by one third.

One of the more important aspects of accident prevention is control at road junctions and, as promised by my honourable Friend the Director of Public Works, last year saw the installation of traffic lights on Nathan Road. In Kowloon also, our road engineers have achieved commendable success in the regulation of traffic by means of roundabouts and islands, and I believe that this form of control could be utilized to considerable advantage at

various places in the Eastern District of Hong Kong. The number of pointsmen on duty at Hennessy Road intersections has been increased, and their presence should be a source of confidence to pedestrians using the official crossings. I hope therefore that police constables, in addition to regulating the flow of vehicles, will be instructed to hold up traffic as necessary to permit pedestrians to cross in safety.

The creation recently of so-called "Silent Zones" on a much larger scale than hitherto has aroused discussion on the merits or otherwise of the "no horn rule", and I have spoken with many responsible members of our community who are not in favour of the arrangement. Personally, I think it will work out satisfactorily, but it does seem certain that the Traffic Department will have to spend more time educating the public on road safety, particularly school children. It is heartening to see the way in which many schools have voluntarily organized patrols to see their pupils safely across the streets in the vicinity of their premises, and I suggest that they might be supplied with portable signs of standard design to warn drivers that children are crossing.

The parking problem is still with us and likely to be for many years to come. The completion of the Central Reclamation has brought temporary relief for the business man who gets to town around nine, finds a parking space and leaves his car there until lunchtime, or until he returns home in the evening. But, notwithstanding the two-hour parking limit at Wardley Street, it is still very difficult to find a parking space in Central during the mid-morning or afternoon, and this is very hard on the person going into Central for a short while who wants to park his car, complete his business and depart from the district as soon as possible, instead of driving round and round searching for a space and adding to traffic congestion. It seems to me that one way of tackling this problem is to install parking meters at a centrally situated car park—say Pedder Street. I feel that motorists with urgent business would be quite willing to pay a small fee on a time basis, and the knowledge that time means money would prompt them to vacate their space and make way for others. It has been argued that if Government financed the construction of underground or multi-storied garages the cost could be recovered over a reasonable period by way of parking charges, and the results of an experiment with parking meters would, therefore, be watched with considerable interest.

The references made by Your Excellency to local industry have given our manufacturers much encouragement as tending to recognize the increasingly important part which they now play in the Colony's economy, and I know that my colleagues have been and will be speaking on the subject in some detail this afternoon, but there is one aspect of industry on which I would like to comment.

Our manufacturers must sell most of their goods overseas, but for the agricultural industrialists there is a large market here in Hong Kong if they can only expand production by modern methods and at the same time maintain their prices at a competitive level. I refer, in particular, to the poultry and livestock breeders. It is well known that we are not self-supporting in the matter of eggs and poultry, and that most of these supplies still come from outside the Colony. We have also seen, in the case of pigs, the effect that restrictions on exports from China can have on our market, and it is in our own interests to increase local production. Your Excellency referred to the importance of applying modern agricultural science to local farming, and I feel sure that our poultry and livestock breeders would warmly welcome any extension of the assistance which Government now gives them, and which is essential to future development.

Sir, I cannot close my remarks without paying due tribute to our honourable Friend the Financial Secretary for the production of a Budget that calls for so little adverse comment. His bold and frank exposition of the Colony's finances has enabled us to obtain a clear picture of our economic situation, and to face the future forewarned and confident in our determination to overcome the difficulties ahead. (*Applause*).

MR. DHUN J. RUTTONJEE: —Your Excellency, at the Budget Session, I believe new members like myself are usually expected to say something against the Government. If that is so I am going to be a bit of a disappointment, for I have very little to say by way of adverse criticism and I should like to tell you why.

Quite recently as you know Sir, I was away from the Colony for more than a month attending the ECAFE conference at Ceylon. During my absence I had frequent opportunities of

meeting representatives from our neighbouring territories. After listening for many weary hours of their tales of woe and to their pleadings for stable prices for their primary products and for foreign capital, more technical assistance etc., etc., I came to the conclusion that in comparison to other governments, the Hong Kong Government must have managed our affairs very well indeed.

All that we asked from our friends around the conference table was that they should keep an open mind on the question of free trade and would take full advantage of the facilities Hong Kong had to offer as the largest entrepot in the East. We tried to impress upon them that if they did so they would get better value from us than they would from tying themselves down under bilateral agreements to particular sources of supply. Unlike most of the others we sought no special favours and no special treatment. We did ask, however, that there should be no discrimination against us.

Although I went away armed with a lot of information about Hong Kong, I was asked surprisingly few questions. While most people were interested enough they seemed to take it for granted that we had managed to solve most of our post-war problems for ourselves. When I dared to suggest that some of their difficulties might possibly be overcome too if they were prepared to work as hard as we did in Hong Kong I was gently but firmly reminded of our refugee problem and of our squatter areas. Some even referred to them as our squalid areas and rightly or wrongly I felt a little guilty and in need of a defensive weapon but there was none that seemed adequate.

In the eyes of our neighbours our reputation runs high. Our enterprise, trading ability and industrial skill are unquestioned and probably unparalleled. We seem to be the envy of every country in the region and perhaps that is why they expect Hong Kong to do almost the impossible; to do more for those who have sought refuge in our midst. If only I had been able to tell them about what we had done at Shek Kip Mei but unfortunately when I left the Colony in January we had barely got beyond the cleaning or clearing-up stage. I visited the area again on my return and I was astonished at the transformation that had taken shape. Here is an achievement we can all justly feel proud of and I don't think we have given it

nearly enough publicity. On 24th December some 60,000 people lost their homes. Within a month, the whole of that devastated area of 25 acres had been cleared, levelled and building sites marked out; and in just over 2 months from the date of the disaster, 12 new blocks of concrete buildings had been completed providing a total of 760 rooms accommodating over 850 families and over 3,300 persons. Houses are being manufactured, if I can use that word in this sense, at a rate unprecedented in the history of the Colony. Dwellings are now coming off the assembly lines at the rate of one complete block every 36 hours or at the rate of nearly 2 dwelling spaces an hour. It shows what we can do when we have free access to suitable areas of land. These buildings may not be regarded as permanent dwellings but they are so infinitely superior to what these poor people had been existing in previously, that I venture to forecast we will not be able to provide anything much better in the way of housing for them for many long years to come. I am told there are some who have condemned the type of construction on the grounds that we should have built more multi-storied buildings and thus made more use of the land. We might have done all sorts of things if we had had time but those who choose to criticise should be reminded that a 6 story block takes 3 or 4 times the time it takes to build a 2 story block and costs run $2\frac{1}{2}$ to 3 times higher for each room. In any case we did not have time to ponder on too many alternatives and we were wise to realize from the start that time was the essential factor. We just had to get something done in the least possible time. I have no doubt our efforts were carefully watched and reported on and that our success in producing such quick tangible evidence in the form of undeniably satisfactory results was a great disappointment to those who were waiting to take political advantage of any unnecessary delay. The odd thing about this emergency housing scheme at Shek Kip Mei is that although 60,000 people lost their homes there, we will only just manage to rehouse three-quarters of that number or some 45,000 people in the same area unless we reduce the present living space allotment from 25 sq. feet to some 20 sq. feet of floor space per person. In my view we should do this immediately. Any arguments against it must surely have arisen from unrealistic and unbalanced thinking. The Shek Kip Mei building scheme is an emergency scheme not a re-settlement or a housing scheme and although it will probably be there for the next 50 years it will still be an emergency scheme. If we packed

in another 20,000 people in these emergency blocks and made a total community of 80,000, each individual would still be far better off and far better housed and provided for than he was before, so on that score I think we should have some pretty straight thinking. A fortnight ago Your Excellency reminded us that there were still some 350,000 people to be re-housed or resettled. Probably this figure is substantially higher if we include the large number of white-collar workers who are crammed together in tenement buildings and paying exorbitantly high rents to be able to live reasonably near to their places of employment. Their need is just as great, perhaps even greater than any other section of the community. At Shek Kip Mei our hand was forced but accessibility to the land was certainly an immensely valuable compensation. Your Excellency has also reminded us that we have no fairy godmother to provide the money or the land. No doubt we could find the money if we had to, but even a fairy godmother would be hard put to it to find the land. Nevertheless I am not satisfied that we are planning along the right lines. I believe that unless we can do more to improve the living conditions of about one-fifth of our population, our failure to do so will become a major local issue within the next few years. The population in the United Kingdom is, I think, just over 50 millions and yet they are building houses at the rate of 300,000 a year, a figure which was considered impossible only a few years ago. Our population is about $2\frac{1}{2}$ millions and is increasing by some 45,000 per year. If the United Kingdom can build 300,000 houses a year at an average cost of nearly £1,500 sterling which provides very superior accommodation compared to our standards, surely we should have been able to do something better than we have done in the past two years when the cost of our very humble requirements was not likely to exceed £75 each. There seem to be so many valid reasons why this matter has not been tackled with the foresight and vigour it deserves. I shall deal with some of the more important of these reasons as I see them. One was probably due to caution following the belief that a large proportion of our population was fluid and would return to the mainland whenever more settled or acceptable conditions had been established there. Your Excellency, the more I see and hear of other places, the more I am convinced that whether we like it or not our $2\frac{1}{2}$ million people are here to stay. Hong Kong is still the vital link in the chain of trade between East and West

and our people will stay where they are, ready to take full advantage of Hong Kong's recovery and where they have experienced the advantages of security and freedom under a stable government with a stable currency. Another contributory reason was the fear that we could not control black-market operators. Some of our foreign friends like to remind us that we in Hong Kong have a grand capacity for looking the other way at the right time. They may be right but in this case I think the best way of dealing with black markets is probably not to worry too much about them and keep on producing the goods in short supply. Another reason was the delay over deciding which was the best type of standard construction. It is here, I think, we have gone wrong, not so much in the type of small house now being built in the resettlement areas but in the tendency to over standardize to the exclusion of any other type of small house, particularly the small transportable prefabricated type which could be used in thousands to replace the present matchwood dwellings in the squatter areas. If we pay too much attention to those who preach disaster from typhoons we might as well walk around all the time with our waterproofs on and our umbrellas up. Anyhow surely no one will deny that the risk from fires is greater than the risk from typhoons. I believe if we sent our simple specifications to the manufacturers of this type of prefabricated construction in England we could obtain a small house of say 10×12 or 10×14 with corrugated asbestos roof and sides at a cost of some \$600 landed in Hong Kong and which could be erected in less than an hour by no more than one or two unskilled squatters.

When you addressed us at the Budget Session I think the intention behind some of Your Excellency's remarks was that we should face facts. We just cannot resettle quickly enough because there is an acute shortage of suitable land. Large scale reclamation is probably the final answer but this will take several years. In the meantime substitution, new for old, on the sites of the present squatter areas is the interim answer. Let us provide the squatters with the materials to rebuild their dwellings where they are in approved areas. They can build them for themselves and thus we are helping to create a system of self help which is a fundamental prerequisite to Government aid of this nature. If they wish to change their district of employment they can dismantle, transport and re-erect them somewhere else, without any serious loss or deterioration. We might even be

able to finance them through squatters' credit co-operative societies and encourage each area to run its own Housing Improvement Scheme.

The cheapest single story concrete house we can build in Hong Kong today with a floor area of 10×12 is costing about \$800. We can import small prefabricated buildings at less than that figure. If we imported a few prototypes from the United Kingdom, I am certain that within a matter of weeks, something very similar and just as good will be produced in Hong Kong by our enterprising manufacturers at half the cost of the imported ones. I know this is not an ideal solution. The ideal is unattainable and always will be. It is an alternative solution which should be given a fair trial because it strikes right at the centre of the trouble. If we do something now to relieve and improve the conditions in the squatter areas themselves while we are waiting for the inevitably slow working of resettlement areas and new reclamations we may, out of necessity, have found the one and only practical solution.

Some of you may think these small prefabricated buildings are more suitable for erecting on concrete foundations and on that account will be fairly expensive. Let me assure you, that is not so; all of them can be fitted with attachments at the base of each main support especially designed for secure and rigid anchorage straight on to the ground.

I am confident of the ultimate success of this idea. Will Government please give it its blessing and spend \$50,000 on a pilot scheme? What we want to do is to import 50 of these small buildings including 3 or 4 different types and have them set up as samples in say 10 or 12 convenient centres where squatters can go and see them.

In July last year I said I should like to see every encouragement given to providing more cottage-type houses. I had the white-collar section of the community particularly in mind at that time and I suggested that Shatin, which should be well serviced by both road and rail, should be explored for this purpose. I am told there is another suitable area at Lai-Chi-Kok. Is Government in a position to tell us what they have in mind for these two areas?

I should like to say a few words on the Colony's future trade with particular reference to our trade promotion activities. As you all probably know, Indonesia was the Colony's best customer in 1952 and in that year she actually bought over five hundred and twenty eight million dollars worth from us. In 1953 owing to a shortage of foreign exchange which followed mostly from having committed themselves to a vast programme of capital expenditure on the belief that a seller's market would continue forever, Indonesia was only able to buy three hundred and seventy two million dollars worth from us. Still a very high figure but more than a hundred and fifty million dollars less than they were able to buy from us in 1952. Apart from mainland China where anything might happen, I think the economic uncertainty of some, in fact of most of our regional and traditional customers, requires very careful study. I can see little prospect of any substantial recovery in the purchasing power of Indonesia, Thailand, India and Pakistan for the next few years. Nationalism is probably a very good thing but in some of these countries Nationalism has meant little more than a very expensive process of finding out how little "know how" they really knew after all. Their reserves, built up in the boon years, have all been spent---not in rehabilitating the land or acquiring agricultural efficiency as a first step, but on all sorts of secondary industries from which they hoped to earn more by working less. Their choice of industry was invariably a bad one and they are now paying for their mistakes the hard way by having their imports cut almost to austerity levels. Unfortunately we have to pay for their mistakes too because they can no longer buy all the goods we can produce. It is mainly for this reason that we must work harder in Hong Kong to find new outlets for our products. Our rising industrial competence is a very healthy sign because our industries are proportionately a far greater absorber of our unemployed or underemployed population for any other section of our external trade. At the foot of page 69 in the Government's very excellent and recently published Annual Report for 1953 it says and I quote "no special encouragement is given to industry by way of income tax or import duty concession". This clearly shows that the Colony's industrial expansion has been due to its own initiative, skill and ability to compete in the world's markets without any direct Government aid. Conditions, however, are rapidly changing and some of our own manufacturers have not yet fully realized that after a few years of goods virtually selling themselves, much more attention

will have to be given to salesmanship and sales promotion if their products are to be sold in increasing quantities abroad. I have already hinted that our traditional customers are not likely to be able to buy very much more from us than they bought in 1953. If our industries are to expand and they must, then new markets will have to be found further afield. Canada for example with its 15 million population is one of the few financially strong nations who have openly declared its willingness to take more of the world's goods. I suggest we should exploit Canada's willingness to open her markets to the full. I know that this Government is anxious and willing to do everything it can to help industry to expand but the best way to ensure a healthy expansion is to create a growing demand for the goods we produce. It is in this way that I think Government could be expected to give more help and encouragement and I suggest very serious consideration should be given to the possibility of appointing Government agents abroad to promote the Colony's trade in countries like Canada, South America, South Africa, Australia and New Zealand. I am sure that this expense could be met by making a small surcharge on the value of goods exported to these countries. If Government will help industry to sell more goods, industry will soon find ways and means to produce more goods. I know Government is rather reluctant to break this new ground but in view of the comparatively new and inexperienced management of some of our small scale industries, I think Government should accept this responsibility. Our small scale industries are quickly proving to be the second back-bone supporting the Colony's economic stability. Nothing could be more conducive to their expansion than promoting efficient marketing abroad and in my view Government should make this one exception and give every encouragement to it.

Your Excellency, in conclusion, I should like to say how fully I support the remarks of my honourable colleague Mr. Blaker about Government's department of Commerce and Industry. This department which has more to do with the public than any other, has at all times done everything in its power to lighten the burden of the controls Government has been obliged to impose upon us. I know we all hope that in the very near future, this department will be allowed to employ more and more of its energy and time towards assisting and promoting profitable commerce and industry in the Colony.

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

MR. KWOK CHAN: —Sir, I presume almost every member since his first appointment to this Council has once awaited with considerable eagerness the presentation of the budget which he regarded as the first major event in the commencement of his term. I cannot, therefore, claim to be an exception, and when this budget with the record figure of three hundred and eighty eight million dollars was presented it struck me as something truly colossal.

In view of the very able and lucid explanation of figures given by the honourable Financial Secretary when he moved the First reading of the Appropriation Bill on 3rd March; and in view of the fact that the Unofficial Members of this Council have had the opportunity to scrutinize the Budget figures before they were presented, there is little I wish to say about the Estimates themselves, since that is ground which will have already been adequately covered by my honourable colleagues who spoke before me. As, however, the Budget debate, according to the tradition of this Council, is regarded as an occasion on which the Unofficial Members are given an opportunity to dwell upon general topics of interest, I shall, with your permission, Sir, take advantage of it to make a few remarks.

Your Excellency's budget address reviewing the events of importance of the past financial year—one to which I listened with close interest two weeks ago—was indeed revealing and reassuring. The concluding remarks, in particular, were especially complimentary, and inspiring, and my Senior Unofficial colleague has appropriately expressed our grateful thanks and appreciation.

Your address, Sir, indicated that this Colony has neither attempted to view the future through rose-coloured glasses, nor contented itself, ostrich-like, by burying its head in the sand.

It is abundantly clear that as a result of changed circumstances this Colony has not been able to rely so much upon the purely entrepot trade which has, at one time, the main support of this Colony. To offset the loss of this entrepot trade this Colony has made an adjustment of its traditional trading pattern, and

we now see the emergence of a vigorous manufacturing industry. Thanks to the encouragement and assistance given by Government, industrial development is moving forward in fast strides.

Your Excellency very wisely pointed out that in assisting industry it was not the intention of Government to do so by introducing subsidies or by imposing tariffs on imports of competitive foreign products.

Generally speaking, tariffs which are imposed solely for the purpose of protecting domestic industry will, in the long run, be found to be undesirable, in that, in the first place, they put up the price of imported goods, and in the second place, they tend to induce inefficiency in domestic industries. The domestic consumer, therefore, suffers, as he has to pay more for imported goods, or else must buy domestically-produced goods, the quality of which is likely to deteriorate progressively in direct ratio to the degree of subsidization. Furthermore, in the case of goods which are subsidized for export, the consumer in the importing countries may, after a time, cease buying the goods as a result of their possible deterioration in quality.

If I remember rightly one of the delegates at an ECAFE conference was heard to advocate that his countries' industries must be protected from unfair competition. Presumably he meant other subsidized industries, for, if the competing industries were not subsidized, but were simply more efficient, the competition would not be unfair. It would seem, therefore, that we are liable to get into the ludicrous position whereby an industry in one country is subsidized to protect it from another subsidized industry in another country, which itself has probably been subsidized to protect it from a subsidized industry somewhere else, and so on. If, on the other hand, the industry is being subsidized to protect it from a non-subsidized industry, then apart from other considerations such protection will be regarded as unfair by the foreign industries concerned, and in the end, everyone thinks he is being unfairly treated by everyone else, and the result is a protective tariff race and the emergence of more trade barriers.

I hope that Your Excellency's policy as outlined will serve to dispel all suspicions in the minds of our foreign competitors as to the fairness or otherwise of our system of industrial production and marketing.

The primary concern of the business man is to ensure a free flow of trade between Hong Kong and elsewhere, with the exception, of course, of dealings in those items restricted in accordance with resolutions adopted by the United Nations, by which resolutions this Colony has faithfully allowed itself to be bound.

The provision by Government of adequate land for factories on reasonable terms is, I am assured, very highly appreciated by local industrialists who have not been slow in taking advantage of it. They now hope that this provision will be followed by the further provision of land for living quarters for factory workers, who up to the present have been compelled to live in squatter areas or in crowded tenements. Having regard to the extreme importance of this matter in the new programme of industrial development, may I express my personal hope that Government assistance in this direction will be on no ungenerous scale.

While on the subject of industrial development I would like to mention the aid given to industry by the electric companies by lowering their scale of charges. The demand for electric power by our industry is indeed great and a timely reduction in the scale of charges means much to the reduction of production cost.

Passing on from the gratifying picture of our industrial development to the less pleasing topic of a growing trade recession we note the gradual relaxation of trade controls as an effort by Government to combat this threat and as a move which should give general satisfaction to the business community. Merchants will certainly applaud the steps taken by the Department of Commerce and Industry to have many more items removed from their list of controls.

The estimated loss on Government's rice stock was indeed staggering, but since an explanation has been given by the honourable Financial Secretary together with an assurance that those concerned were doing their utmost to ensure that this loss would not recur, we may as well treat it as "split milk". But I hope that before too long this matter will be rectified and the restriction on rice imports relaxed.

Coming now to education, the increases in salaries for qualified teachers in subsidized schools should now make its value felt, especially after all that has been said about this question in

the Budget debates in previous years. It is no use having more schools, or to expect our existing schools to be properly and efficiently conducted, unless we are assured of an adequate supply of qualified teachers from which the requisite numbers can be recruited to bring the staffs of schools up to proper standards. That this step taken by Government has been an inducement to candidates who would otherwise have preferred to take up a profession other than teaching, is manifest by the keen competition for admission to training colleges to which reference was made in your Presidential address.

Your Excellency further pointed out another condition of qualitative improvement by the provision in adequate numbers of textbooks suited to the special needs of Hong Kong children.

It does, to me, seem wholly absurd that Chinese children in our schools should be acquiring their first knowledge of the English language from text-books prepared specifically for use in Malaya and dealing in references and illustrations that are Malayan and not Hong Kong. I see no reason why, if the children of Malaya can have text-books specially written for them with a Malayan background, our Hong Kong Chinese students should not in the same way have their own text-books with their own familiar Hong Kong background.

The fact that physical education is receiving its proper recognition, as evidenced by the inclusion of this subject in the curriculum of all schools in Hong Kong, is highly satisfactory. It is not surprising that the work of the Organizer of Physical Training in the Education Department has been doubled, if not trebled, in recent years.

The completion of two stadia through the resolute effort of private clubs last year with the aid of public generosity coupled with Government help in the form of a loan, is a significant achievement. This provision affords better facilities to the "doers" as well as better and safer conveniences to the spectators in general; the schools, in particular, have been given their rightful share of the use of these conveniences under much improved conditions. From whichever point of view we look at it—whether from that of public entertainment from which Government revenue is derived; from that of international competitions; from that of public health and recreation; or from the

point of view simply of physical education, we are all agreed that the promotion of sports constitutes an ever more important phase in the life of this community, and that those responsible for its promotion are rendering an invaluable public service. I only feel that Government could have made the commitments of the clubs concerned much lighter had the loan been granted them interest-free.

The District Welfare Advancement associations, under the careful guidance of the Social Welfare Officer, have earned for themselves their rightful place in the life of this Colony. The general public owe them a deep sense of gratitude for the ever ready manner in which they have responded to the many calls upon them in connexion with disasters and normal public services. The handling of the Shek Kip Mei fire disaster was in particular of outstanding merit. Their work deserves our highest admiration and congratulations.

The service of the Civil Defence Units, under the command of their able Commissioner and Officers, is yet another of these voluntary services which warrants special mention. Those who witnessed the fine turnout of the various units on last Sunday and the mock incident demonstrating the functions of all units, could not but come away with a feeling that should a time of emergency ever come, here was something to be relied on for aid and protection. Money spent on these services is certainly well spent.

The honourable Financial Secretary has given a faint hint of possible future tax increase and, faint though that hint was, the public have not missed its significance, and have not concealed their concern.

One of my Senior Unofficial colleagues has pointed out that by recruiting an assessment officer locally the machinery can be quickly set up to collect revenue from sources hitherto left untapped. By this simple means we should defer the unpleasant necessity of increased taxation and his suggestion seems to me both reasonable and feasible.

Business conditions at the moment do not appear at all encouraging, and the longer the public can be spared the painful sting of further tax increase the better it will be for all concerned.

In conclusion, on this my first appearance as a speaker in the Budget debate may I assure you, Sir, of the pleasure I have in associating myself wholeheartedly with the sentiments and suggestions already put forward by my colleagues the other Unofficial Members, and of the privilege I feel in being numbered among those who, under Your Excellency's guidance, are devoting their energies to the welfare and happiness of the citizens of Hong Kong. (*Applause*).

DR. A. M. RODRIGUES: —Your Excellency, I have, in the past, gained the impression that the Unofficial's day in the Annual Budget debate took the form of an oratorical banquet with grouse as the main dish. Reading over the speeches of the past two years, it struck me, as it strikes me to-day, that the grouse served up has been an off-season one, and hence small.

This, to my mind, reflects, Sir, your wise and sound leadership, the ability of your second-in-command, and the efficiency of your team, the Heads of departments.

As the Junior Unofficial Member it must be my sad lot to partake of the crumbs, but there is this to be said for being last, I rise with a healthy appetite

Your opening speech, Sir, has been rightly described its an inspiring one, and the Colony must, indeed, be grateful for your clear outlining of the present position of the Colony's economy, and for your sober observation of "things to come".

It is perhaps unfortunate that many of our problems are so closely related to each other that to consider them separately may, in the long run, often prove less economical. Yet, within a policy of "pay as you go" we cannot do everything at once. I endorse the views expressed by my honourable colleague and by the honourable M. W. Lo and support their suggestions with regard to a loan, as worthy of consideration.

I congratulate the honourable the Financial Secretary for his very efficient handling of the Colony's funds. He has produced a record budget, and further has balanced it without recourse to "extractions". I am grateful to him, for his clear presentation of the estimates which, even a medical man can understand. His meticulous review and mildly gloomy forecast of our financial

position having already been the subject of comment, I have only this to add: "I hope his gaze into the crystal ball will not turn out as accurate as Your Excellency's was last year."

While there are no items in the Estimates which I could specifically criticize, there are some on which I should like to comment upon. I shall also have something to say about a few measures which have not been included, but which I consider of importance.

Being the subject with which I am more closely related, it is only natural that I should consider Health first.

We have gone through another year without a major epidemic, but vigilance, education and prophylaxis must remain the constant triad of the Public Health department.

In the report of the School Health Service, 74% of the children examined were shown to require dental treatment. Bearing in mind that this Service covers about 30% of the school population, dental caries, as the commonest defect in children, becomes a significant and serious matter. I am disappointed, therefore, to find no provision in the estimates for the Fluoridation of our Water. This is a measure approved and recommended by the Hong Kong Dental Society and the Medical Associations, not, I might say, without due study and protracted discussion. The cost could be offset by water revenue and, as the honourable the Financial Secretary has intimated that an increase in water charges may have to be contemplated, I feel certain the public will agree to pay about 20¢ (probably less) per head per year for a measure which is, in fact, an insurance against excessive dental expenditure, a measure which in 5 years will reduce the incidence of caries in the 5 year group by 50% and the total 5-16 year age group by 31%. I recommend this for due consideration.

I also note, with regret, that there are no plans for altering the present Sai Ying Pun Out-patients department, the largest on the island, and where special clinical training is carried out for our future doctors.

Within a medical service which can claim to keep abreast, as far as possible, with modern medical development, it must stand as a blot on our copy-book.

The annual attendance numbers some 260,000 patients, yet—and here I quote from the Medical Report for the year—"the accomodation available is inadequate for the great volume of work undertaken. Space is so limited that in certain instances, two doctors share a single consulting-room and see patients at the same time". I submit that we need a building after the style of a polyclinic, and that although teaching goes on here the project is a government commitment, just as the Queen Mary Hospital, although the centre of hospital learning, remains a Government institution.

The honourable Charles Terry has outlined the importance of adequate facilities, for treating eye diseases conducive to diminished vision and even blindness, and for helping the blind. Trachoma is the principal offender but, if brought to book early by the proper prosecutor, the ophthalmic specialist, it will have no defence against modern medicine.

My honourable Friend has covered the subject so fully and well that it leaves me only to endorse his views and to support whole-heartedly his suggestions.

One is always kept painfully aware of the presence of that dreadful disease Tuberculosis, but few realize that the number of deaths in Hong Kong from cancer is annually only a quarter the number of deaths from tuberculosis. There has been and still exists a tendency to identify cancer with certain eventual death, but this is not necessarily so. Cancer though not peculiar to, nevertheless is commoner in the old-age group, a group which lies beyond the range of benefits derived from most of our health and social schemes, and we have no old-age pension scheme. I therefore make the plea for the establishment of a Radio-Therapeutic Centre for this Colony. It is a highly specialized branch of medicine and the cost of a Super-Voltage machine is too prohibitive for private enterprise. Some will ask. "What about the new Radio-Active Cobalt bomb?". Hong Kong can well be proud of this new medical weapon, but due to its limited daily use and considering the exposures required per patient, it can benefit only about 10 patients per month. Many more will ask "What about the cost?". We have been informed that the figure in the estimates of \$44 millions for the Kowloon Hospital is a "guesstimate". My guess is that this sum could include this Radio-Therapeutic Centre.

It appears inevitable that reference to health must bring to one's mind the problem of housing, with its two adopted waifs, squatter clearance and re-settlement. As one family, though not a happy one, the three present a constant problem. In the rush to extend a helping hand, albeit not an altruistic one, to the last two, care must be taken not to elbow aside the legitimate claims of the large group of salaried-workers who by virtue of their low income have no secured future and who have served and defended the Colony and helped in its rebirth. I fully support the scheme proposed by my Friend the honourable Dhun Ruttonjee, for a Satellite town in the near rural areas. I suggest Shatin as the site for the pilot scheme, having regard to the two considerations which you, Sir, so rightly alluded to, water supply and distance. Water is already available to some of the residents in that area and it remains only to develop the existing supply and I have it on good authority that, with the new diesel locomotives, the railway can take workers to Kowloon in the same time as it would take workers to get there by bus from say, Laichikok or Kowloon City, and possibly at the same cost.

All will welcome the establishment of the Housing Authority. In erecting multi-storeyed buildings and utilizing all available space on the ground and above, I would urge those concerned not to lose sight of the importance of open-spaces, the lungs of the masses. It would help considerably in this respect, if more use is made of flat roofs as a recreational centre for the tenants and their children.

The expansion of our Educational programme continues unabated, the increasing demand for learning being motivated by an intellectual consideration, the unending search for knowledge, and also an economical consideration, the expectation of better livelihood.

This important aspect of our life has already been covered by my honourable Friend the Senior Unofficial, and I agree with much of what he has said. I fully support his remarks regarding requisitioned school buildings. While I do not know with certainty when the other schools were occupied I know that La Salle College has been out of possession since 1949. I am sure none can deny that 5 years applied to the word temporary, constitutes a record in any language.

Within our educational system the University stands for the highest peak of attainment in the ranges of scholastic endeavour and training for service to the community. Its level of academic attainment, the accepted level of British Universities, maintained by a staff whose researches have gained them high regard in the Commonwealth and beyond, materially assists in assuring a wider prestige for the schools from which it draws its students and for the schools at which its graduates teach.

I am gratified to know that provision has been made to meet the recommendations of the recent comprehensive Jennings/Logan Report concerned with University finance; and as proud to read of the confidence they repose in our University as I am appalled at the great indifference of so many responsible citizens of the Colony, not only to its value but to its very existence. As Your Excellency has pointed out, no University can be self-supporting, and almost all are heavy financial commitments of the state. Consider the following facts:

That 70.6% of the total recurrent income of Universities and University colleges in the United Kingdom during 1951 and 1952 was directly derived from Parliament and the local Authorities; and that income from these Government sources in three institutions ranged in that year from 80.1 to 87.9% of total income.

That the present general subvention to the University, of \$1,500,000 yearly represents but 30% of estimated University income and only 23% of estimated expenditure this year.

That an increase of Government subvention to \$4,000,000 for next year will represent approximately 50% of estimated income.

It stands to its credit that the University now has in training twice its pre-war number of students; and it has been compelled to face this expansion by deficit-budgetting during the last few years and without sufficient capital to plan in a proper fashion for equivalent expansion in accommodation and equipment.

This centre of culture of ours has a value which cannot, any more than can, say, our Legal System, be measured in dollars and cents—indeed if we attempted to do so and succeeded, our conception of its value and functions would become falsified in the doing.

To those who would look for an assessment of material gain as return for the expenditure of public funds, I say that the Colony receives from the University benefits which have become so much part of the fabric of community life that their presence is all too rarely recognized and even more rarely acknowledged.

Its graduates are to be found in almost every walk of public and private endeavour in the Colony, in the professions of law, teaching, medicine, engineering, and architecture; in commerce, in industry, in Government and public service, in the furtherance of the arts, and even in the practice of philanthropy.

In the field of which I am most competent to speak, that of medicine, its clinical services, though conceived for the purpose of training medical practitioners, specialists, and consultants, bring large and direct medical benefit to the Colony.

It is significant that it needs defence only when it comes forward as a claimant on public funds.

I would say unhesitatingly that it is modest enough in its request for financial aid, which should not be given grudgingly but as an expression of public confidence which it so dearly needs, and so richly deserves.

Two other necessary "overheads" are those from Police and Defence. While a steady increase in costs need not necessarily indicate the degree of efficiency of any organization, I will say that it is so, in respect of our Police and of our Defence Organizations, both Military and Civil.

The excellent review of a few days ago must still be fresh in our minds as a fine example of what can be done in this Colony, given the right people and the right spirit.

Defence suggests Emergency and I would like to say a few words about our Blood Bank. For a Colony of our size and population the figure of 1,897 as the total number of donations of blood made last year, must stand as a silent accusation.

May the spirit which prompted all sections of the community to respond so nobly to the appeal for help following the Shek Kip Mei disaster, also induce them to answer the recent appeal for blood donors made by the Chairman of the Hong Kong branch of the British Red Cross Society.

Hong Kong has suffered from being too modest about its natural beauty, its people and its purpose.

Too often, visitors express admiration of our island at the same time as they evoke surprise at not having heard about it.

The forthcoming brochure on Hong Kong should help remove some of the existing misconceptions about us. Having graduated from a trading port to a modern city, yet still dependent on its trade and industry for a living, the Colony continues its growth and progress. As such, it is axiomatic that there must always remain more things to be done.

We, Sir, in fact the Colony, must accept your quiet challenge to march ahead tackling our problems the hard way. We will do so, confident in the knowledge that directing us will be one who is so solicitous of our welfare that he has twice postponed an already well-earned release from duty You, Sir.

I support the motion. (*Applause*).

THE FINANCIAL SECRETARY: —Sir, I move that the Debate on the Second reading of the Bill be adjourned at this stage and that the Bill, together with the Draft Estimates of Revenue and Expenditure be referred to a Select Committee of this Council composed of the Colonial Secretary as Chairman, with the Financial Secretary and all the Unofficial Members as Members.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

PENSIONS (AMENDMENT) REGULATIONS, 1954.

THE ATTORNEY GENERAL moved the following resolution: —

Resolved, pursuant to the power conferred by section 3(3) of the Pensions Ordinance, Chapter 89, that the Pensions (Amendment) Regulations, 1954, be approved.

He said: Sir, the reason for this resolution is to obtain the approval of this Council, as required by law, to amending regulations made by the Governor in Council under the Pensions Ordinance. The effect of these regulations is to remove what is

considered to be an unjustifiable restriction imposed on daily paid workers. At present, they do not earn retiring benefits for any period of service after 20 years. If this resolution receives approval, they will receive retiring benefits for the whole period of their service.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

WILD BIRDS AND WILD MAMMALS PROTECTION BILL, 1954.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to make better provision for the conservation of wild birds and wild mammals; and for purposes connected therewith".

He said: Sir, on the 15th May, 1953, a letter was written to the Colonial Secretary on behalf of the Hong Kong Gun Club in which attention was called to the rapid decrease in wild game life in the Colony. The letter asked for a complete review of the situation, made a number of construction suggestions and pledged the co-operation of the Club.

In consequence of this letter, a committee was speedily set up, and on this committee the Gun Club and the Hong Kong Biological Circle were represented, the other members being persons interested otherwise than by membership of such organizations and knowledgeable in relation to the job in hand. This committee studied the existing legislation. They came to the conclusion that there have been serious depredations upon the wild birds and wild animals of this Colony, and that this had been brought about by trapping and indiscriminate shooting. They recommended that steps be taken to tighten up the law. With their report they produced a draft Bill which was a very workmanlike job indeed, requiring very little emendation, and their draft is the basis of the Bill now before this Council. I think that the Gun Club and the Committee are both to be congratulated: the Gun Club on their initiative in this matter, and the Committee on the results of their deliberations.

The main features of this Bill are, I hope, sufficiently explained in the statement of Objects and Reasons, but I think I should say a word about one or two of them.

The wild creatures whose continued existence this legislation is designed to protect and foster are those specified in the first and second schedules. The first schedule specifies those classified as game, which are prohibited to be hunted during specified close seasons, while the second specifies those the hunting whereof is absolutely prohibited, and let it be noted that this second schedule includes all wild birds other than those classified as game or vermin. The third schedule specifies those animals and birds classified as vermin.

Here I might mention that power is taken to vary any of the schedules by order of the Governor in Council, and that this provision is considered desirable to enable adjustments to be readily made in future. For example, it may be necessary or desirable at some future date to vary close seasons for game or to add to the list of the creatures completely protected and so forth.

To return for a moment to the schedules: the fourth designates three areas as sanctuaries for wild life—in which hunting is absolutely prohibited as is also the carrying of firearms, except by the military and the police in the course of their duty. The fifth schedule specifies four areas where the hunting of birds and of animals (other than rodents) is prohibited.

I wish to emphasize that the key to this Bill really lies in the five schedules I have referred to, and I recommend those who wish to understand the various restrictions contained in the body of the Bill to study these schedules and the interpretation clause. The effect of the various restrictive clauses will then become plain.

A noteworthy feature of the Bill is the prohibition of commercial traffic in wild birds, game and protected animals. Another is the proposal to appoint honorary game wardens, who will have powers to see that the provisions of the Ordinance are carried out, but within the limits prescribed by clause 15.

If this Bill passes into law (as I hope it will) it is proposed to give publicity to the changes involved in simple language.

There is, I recollect, an old alliterative jingle, which runs—"it ain't the 'unting on the 'eath as 'urts the 'orses' 'ooves, its the 'ammer, 'ammer on the 'ard 'ighway". It is the hammer, hammer, hammer at the wild creatures, in season and out, which has so seriously depleted their numbers, and the aim of this Bill is to end this state of affairs but at the same time to give reasonable scope for the sport of shooting.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

Objects and Reasons.

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

The object of this Bill is to give effect to recommendations made by an informal Committee appointed to advise Government on any changes in existing legislation which might be considered necessary for the better conservation of wild animals and birds in the present circumstances of the Colony. The Committee, in a report dated 20th November, 1953, stated that, as a result of its deliberations, it had reached the unanimous conclusion that—"immediate action is needed to stop the extensive shooting and snaring of deer, doves (pigeons), francolins (partridges), egrets and other birds now being carried out, often by persons who shoot at any mammal or bird within range, irrespective of whether it is protected or not". The Committee made a number of specific recommendations in its report, and attached thereto a draft Bill, the effect of which would be—

- (a) to repeal existing legislation, viz., the Wild Animals Protection Ordinance (Cap. 170), the Wild Birds Ordinance (Cap. 171) and the Wild Birds Regulations (Vol. X, p. 285); and
- (b) to consolidate and re-enact the same with amendments designed to carry out the Committee's recommendations.

This Bill follows the design of the Committee's draft with certain amendments not affecting the principles thereof.

2. The main recommendations of the Committee may be summarized as follows:—

(a) That "trapping" of all birds and mammals (other than rodents) be prohibited. This recommendation is given effect to in clause 3. Closely connected with this prohibition are the provisions of clauses 7 and 8 which prohibit the possession, sale or export of certain birds and mammals. The Committee were unanimously of the opinion that—

- (i) "trapping" cannot be stopped so long as persons are allowed to sell live game or protected mammals;
- (ii) the shooting of protected mammals and birds cannot be stopped so long as persons are allowed to sell mammals and birds killed in the Colony, or parts of such mammals and birds;
- (iii) in Hong Kong the shooting of game should be for sport only and not for commercial purposes.

The mammals and birds classified as game are specified in the First Schedule which also specifies closed seasons during which they may not be hunted. The Second Schedule specifies the mammals and birds which may not be hunted at all, and includes all wild birds other than game or vermin. The Third Schedule specifies mammals and birds classified as vermin.

(b) That areas be established in which no hunting of any kind is allowed. This recommendation is carried into effect by clause 9, and the prohibited areas are described in the Fourth Schedule. The Committee considered that the most effective way of preventing hunting would be to prohibit the carrying of firearms in these areas which are uninhabited forestry areas in which there will be forest guards to enforce the prohibition. The prohibition against the carrying of arms will not apply to members of the armed forces or the police whilst on duty, though the prohibition against hunting will.

(c) That other areas be prescribed in which only the hunting of rodents is allowed. This recommendation is given effect to by clause 10, and the prohibited areas are specified in the Fifth Schedule.

(d) That shooting in the vicinity of roads and houses in the New Territories which is now not uncommon be prohibited: see clause 11.

(e) That the Licensing Authority be given discretion to refuse to issue a game licence, subject to appeal to the Colonial Secretary. This recommendation is embodied in clause 12.

(f) That honorary game wardens be appointed to assist in the carrying out of the provisions of the law. Clause 14 empowers the Governor to make such appointments, and clause 15 enumerates the powers of honorary game wardens, justices of the peace and forest officers.

3. The Governor's power to issue permits to hunt mammals and birds for scientific or other purposes, which is in existing legislation, is preserved (clause 16), as is also the existing power to award compensation not exceeding \$250 for injury done to growing crops by persons engaged in the pursuit of game. This latter power resides in magistrates under existing legislation but it is now proposed to extend it to district officers. (Clause 18).

4. Game licences issued under existing legislation which are in force at the coming into operation of the proposed legislation will continue in force until they would normally expire, but they are made subject to the provisions of the proposed Ordinance.

PROTECTION OF WOMEN AND JUVENILES (AMENDMENT) BILL, 1954.

THE SECRETARY FOR CHINESE AFFAIRS moved the First reading of a Bill intituled "An Ordinance to amend the Protection of Women and juveniles Ordinance, 1951."

He said: Sir, the purpose of this Bill is fully set out in the Objects and Reasons appended thereto and there is nothing which I can usefully add.

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: —

Section 4(1) (a) of the Protection of Women and Juveniles Ordinance, 1951, makes it an offence to procure or attempt to procure a female under the age of twenty-one to have intercourse with any other person, only if the female is not a prostitute or of known immoral character. The principal purpose of this Bill is to amend this provision to give, in accordance with an internationally accepted principal, prostitutes and women of known immoral character the same protection as other women from procurement for immoral purposes (clause 2).

2. The opportunity has been taken to correct ambiguities in the wording of sections 42, 43 and 44 (clauses 3 and 4).

INLAND REVENUE (AMENDMENT) BILL, 1954.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to amend the Inland Revenue Ordinance, Chapter 112."

He said: Sir, the purpose of this Bill is set forth in the Objects and Reasons, but as the matter is perhaps slightly technical I might explain that the Bill, which embodies a recommendation of the Committee still considering suggestions for amendment of the principal Ordinance, is designed rather to remedy an anomaly than to increase taxation.

Property owners are of two distinct classes, incorporated or unincorporated. Now a corporation which owns property pays property tax in the first instance, and at a later stage is assessed to profits tax on its actual profits from the properties. From the tax payable in respect of these profits, the property tax already paid is deducted and only the net difference has to be paid as profits tax.

On the other hand, a property owner who is not incorporated, that is to say, an individual property owner or a partnership, pays property tax in the first instance, but need not necessarily pay tax at the later stage in respect of his actual profits from his property. The question of whether he shall or shall not pay tax

on the actual profits depends on the question of pure fact whether he is operating a business. If he is not operating a business then his property tax finishes the matter.

Under the principal Ordinance as it stands, the property owner pays property tax at half the standard rate on the rateable valuation of his property less 20 per cent. On the face of it, it is to the advantage of an unincorporated owner of uncontrolled property, to maintain that when he owns and rents out premises he is not operating a business, for if he admits to this fact he will automatically become liable to assessment to business profits tax on his actual profits from the property, and will pay his profits tax at the full rate. This anomaly was of little importance when the principal Ordinance was enacted, as the number of properties untrammelled by the provisions of the Landlord and Tenant Ordinance was relatively small. But the position is very different to-day. The Committee felt that this anomaly should be abolished, and devised the solution that the concession of half rate for property tax should be abolished, but that the allowance of 20 per cent for repairs and outgoings should be increased to 40 per cent. This in effect means that the property tax payable on any property will be increased by 50 per cent.

The Bill is brought up in advance of the main recommendations of the Committee which are not yet ready, because the Commissioner of Inland Revenue has been facing an increasing volume of complaints from those property owners who are in fact assessable to profits tax. These property owners feel aggrieved, and in Government's view rightly aggrieved, that they have to pay the full rate, whereas the property owners who are not assessable to profits tax only pay half rate. If this Bill should tilt matters slightly the other way, it will be open to any taxpayer who is now newly aggrieved to represent to the Commissioner that he is a property owner carrying on a business, and I have little doubt that the Commissioner will be very pleased to pay close attention to his representations. As I have said, property owners who are incorporated are only affected in that they have to pay a somewhat larger proportion of their profits tax in advance.

It is possible that this Bill may bear a little hardly on owner-occupiers of property, but it is felt that their remedy lies in an application for personal assessment.

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 object of this Bill is to amend the Inland Revenue Ordinance (Cap. 112) so that property tax may be charged at the standard rate, and to permit an increase in the allowance for repairs and outgoings from the present twenty per cent of the rateable value to forty per cent thereof.

2. Under the present section 5 of the Inland Revenue Ordinance it is provided that for so long as rents are restricted by reference to rents recoverable on or before the 25th December, 1941, under the provisions of the Landlord and Tenant Ordinance, property tax shall be charged at half the standard rate. This provision applies to both controlled and uncontrolled property.

3. During the last few years the number of properties not controlled under the Landlord and Tenant Ordinance has increased rapidly, and recently there has been a partial lifting of rent restrictions on controlled properties. In these circumstances it is considered that the concession of charging only half the standard rate of property tax is no longer justified, but, in order to meet any case of possible hardship, the Bill provides that the present allowance of twenty per cent for repairs and outgoings be doubled.

4. The Bill also tends to remedy to some extent, the present anomalous situation whereby a property owner who is not assessable to profits tax under Part IV of the Ordinance, enjoys a more favourable tax position than a property owner who is so assessable, in that the former pays tax at only half the standard rate.

5. The Bill gives legislative effect to a unanimous recommendation of the Committee appointed in 1952 to consider and advise on suggestions for the amendment of the Inland Revenue Ordinance made by the Hong Kong General Chamber of Commerce and by the Commissioner of Inland Revenue.

POK OI HOSPITAL INCORPORATION BILL, 1954.

DR. CHAU SIK NIN moved the First reading of a Bill intituled "An Ordinance for the incorporation of the Board of Directors of the Pok Oi Hospital". He said: Sir, the Pok Oi Hospital was first established in the year 1920. Before the last war the Hospital had a staff of 3 only. In 1950 the Hospital was rebuilt and now has a staff of 28 and is managed on the lines of the Tung Wah Group of Hospitals. The Hospital has 30 beds with another six for maternal cases. These beds are always occupied and the number of out-patients is from 100 to 200 a day. The management of the Hospital is vested in a Board of Directors of 30 elected every year. They are responsible for the expenditure of the Hospital which amounts to approximately \$100,000 a year. The funds to meet this expenditure are derived from purely voluntary subscriptions from the people, and Government pays the salaries for two full-time medical officers.

The Objects and Reasons clearly set forth the reasons for this Bill and there is nothing I can usefully add.

MR. DHUN J. RUTTONJEE 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 necessity for incorporation of the board of directors of the Pok Oi Hospital arises from the fact that the present buildings of the hospital stand partly on Crown land. It is desirable that the hospital should acquire the said land by a grant from the Crown for a term of years and it is therefore most important that as Crown lessees they should be a body with perpetual succession.

2. It is also desirable that the hospital should be incorporated and become a permanent body in view of its responsibility for the administration of substantial grants which have been and may in future be made from the Government and private sources. It is the object of this Bill to effect such incorporation.

3. The Bill follows the model of legislation of similar character already enacted in the Colony for the incorporation of charitable organizations, in particular a previous Ordinance relating to the incorporation of the Hong Kong Anti-Tuberculosis Association, namely Chapter 287 of the Revised Edition, 1950.

ADJOURNMENT.

H. E. THE GOVERNOR: —That concludes the business, Gentlemen. Council will adjourn to this day week.
