

OFFICIAL REPORT OF PROCEEDINGS.**Meeting of 29th March, 1961.**

PRESENT:

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*),
SIR ROBERT BROWN BLACK, K.C.M.G., O.B.E.
THE HONOURABLE THE COLONIAL SECRETARY,
MR. CLAUDE BRAMALL BURGESS, C.M.G., O.B.E.
THE HONOURABLE THE ATTORNEY GENERAL,
MR. ARTHUR RIDEHALGH, Q.C.
THE HONOURABLE THE SECRETARY FOR CHINESE AFFAIRS,
MR. JOHN CRICHTON McDOUALL
THE HONOURABLE THE FINANCIAL SECRETARY,
MR. ARTHUR GRENFELL CLARKE, C.M.G.
THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK
(*Commissioner of Labour*)
THE HONOURABLE ALLAN INGLIS
(*Director of Public Works*)
DR. THE HONOURABLE DAVID JAMES MASTERTON MacKENZIE, C.M.G., O.B.E.
(*Director of Medical and Health Services*)
THE HONOURABLE KENNETH STRATHMORE KINGHORN
(*Director of Urban Services*)
THE HONOURABLE NGAN SHING-KWAN, C.B.E.
THE HONOURABLE HUGH DAVID MacEWAN BARTON, M.B.E.
THE HONOURABLE DHUN JEHANGIR RUTTONJEE, O.B.E.
THE HONOURABLE FUNG PING-FAN, O.B.E.
THE HONOURABLE RICHARD CHARLES LEE, O.B.E.
THE HONOURABLE KWAN CHO-YIU, O.B.E.
THE HONOURABLE GEORGE MACDONALD GOLDSACK
MR. ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)

ABSENT:

HIS EXCELLENCY THE COMMANDER BRITISH FORCES,
LIEUTENANT-GENERAL SIR RODERICK WILLIAM McLEOD, K.C.B., C.B.E.
THE HONOURABLE KWOK CHAN, O.B.E.

MINUTES.

The minutes of the meeting of the Council held on 22nd March, 1961, were confirmed.

PAPERS.

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

| <i>Subject.</i> | <i>G.N. No.</i> |
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| The Hongkong and Shanghai Banking Corporation Ordinance. | |
| Special Resolution of shareholders | A. 40. |

**REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES
FOR 1961-62.**

Resumption of debate on the motion for adoption of the Report of the Select Committee.

DR. D. J. M. MACKENZIE: — Your Excellency, I am grateful to my honourable Friend, Mr. Dhun RUTTONJEE for his comprehensive and candid comments on the workings of the Medical and Health Services and on the inadequacies in the curative field. I am even more grateful to him for the close personal interest he is showing and for the considerable amount of time he has given to investigation on his own account. This has been appreciated also by the staff working in the clinics, the casualties and the wards as well as by the Planning Branch of the Department. There he has shown much practical interest in the details of the present 5 year segment of the 15 year outline plan for hospitals, clinics and ancillary development. As my honourable Friends the Unofficial Members know, the 1960-65 segment of this plan has been accepted by Government subject to the necessary finance being available as each new project moves into its allotted priority within the total Government plan for Hong Kong. Consideration is now to be given to the detail of the next five year segment that is, from 1966 onwards.

As a background to my replies to the points made by my honourable Friend I should like to say at once that there is no fundamental divergence of content between the Government plan for the development of the Medical and Health Services and the 10 year phased programme he proposes. Undoubtedly we can raise our sights to the sufficiency level based on accepted standards in the United Kingdom and the United States of America. The question is whether or not the back sight of finance and the fore sight of sufficiency can be brought into line. It is for this reason that Government has accepted within

a 15 year outline plan a 5 year segment which is tied to the realities of cost, construction potential and staff. There is not the time now nor is this the place to argue the detail. That can be reviewed elsewhere later.

A brief look at the increase in the demand for the medical services provided by Government is instructive. During the 5 year period 1956 to 1960 total out-patient attendances at all clinics for all causes, which is indicative of the overall demand, have increased by 79.1% of which 71.8% has occurred since 1957. Between the years 1957 and 1960 new casualty attendances at the Kowloon and Queen Mary Casualty Departments, show an increase of 52%. In Kowloon with its larger population and the rapid increase in industry the total of inpatient admissions to the Kowloon Hospital for all causes has increased by 101.8% over the same period while the total bed capacity went up by only 32%. At the Queen Mary Hospital and Lai Chi Kok Hospital, where bed capacity has remained at the same figure, the turnover has increased, in each case, by 34%.

The approved establishment over this four year period has increased by 28% and the relative increase in professional and ancillary technical staff has been 42% while the ratio of executive, clerical and other staff to professional and technical staff has actually decreased. During this time the percentage increase of the actual expenditure on Medical and Health Services between 1956-57 and the estimated revised expenditure in 1960-61 is 88.65%. It is evident therefore that the major increase in this expenditure has gone into the provision of services to the sick in hospitals and clinics. There were over 5,600,000 attendances for all causes at the out-patient centres during 1960 and there were 37,701 in-patients treated in the 1,014 beds in the Queen Mary and Kowloon Hospitals, the acute Hospitals where the cost of treatment is high. This represents an average duration of stay in the acute hospitals of 9.6 days.

Now what is being done to meet the pressure resulting from the inadequacies enumerated by my honourable Friend. The two main pre-occupations during 1960 to 1965 are to increase the clinic facilities as fast as possible to ease the overcrowding of existing clinics in the densely populated urban areas and to provide more comprehensive out-patient facilities in the New Territories. At the same time every effort is being made to complete and staff by mid 1963 the major hospital project in hand, the Queen Elizabeth Hospital of 1,320 beds and thereafter to extend the Queen Mary Hospital so that these two institutions can play their part as the acute hospitals as described by my honourable Friend and to which reference as to their "acute" function was made in the 1958 Budget debate. Complementary to this will be the part played in Kowloon by the new Kwong Wah Hospital of 1,200 beds due for completion in March 1963. Kowloon, New

Kowloon and the New Territories with an estimated population of 2,062,000 in that year will thus then have available, in two modern hospitals, 2,520 beds for casualties and the more acute medical and surgical emergencies. This will give a ratio of 1 acute bed to each 800 of this section of the population.

To turn to the subsidiary or secondary hospitals proposed, as my honourable Friend has said \$3,000,000 has been spent on the existing Kowloon Hospital during the past three years. This is one of the expedients to which he has referred but it has an eye to the future. I am quite certain that we will need at least 250 to 300 beds in Kowloon for cases of tuberculosis requiring hospital treatment for acute episodes arising in the course of their illness and for the thoracic and orthopaedic surgery essential to hasten the recovery of others. Accordingly the new theatres and the surgical block of 68 beds opened in January last year have been designed with this in view.

It is by no means illogical to make available another tuberculosis hospital, sited in the centre of Kowloon. Ambulatory chemotherapy can be used for the successful treatment of the majority of cases of tuberculosis who come forward for treatment, but we are now starting to search for cases of undiagnosed tuberculosis in the general population. Therefore many more established cases requiring a period of hospital treatment can be expected and as tuberculosis is our major public health problem, some provision must be made for them. To remove any possible misunderstanding of the tuberculosis problem I must point out that, despite the encouraging results of B.C.G. vaccination of the new-born and the successful treatment of early tuberculosis by ambulatory chemotherapy, there must be further provision for hospital treatment for the long established cases whose disease can be arrested or cured by in-patient care particularly in industrial Kowloon. This does not detract in any way from the significant and encouraging results so far achieved through ambulatory treatment and through the protection of the child population with B.C.G. We must not relax in any way our efforts in these directions if we are to continue to gain ground.

There are now 545 beds in the Kowloon Hospital. The kitchens in use until last year were designed for a pre-war hospital of 135 beds admitting 6,000 patients a year. Therefore to serve the whole hospital as it is now with a turnover of 20,424 in-patients last year and to meet any foreseeable expansion in the future a new kitchen was essential. Excluding the cost of this kitchen and the theatre and acute surgical block, three new wards totalling 163 beds have been built at a cost of \$6,150 per bed. This accommodation, compared in price to 1956 construction costs, is I think nearer the price level my honourable Friend envisages and it can be used later for convalescing cases requiring

physiotherapy and rehabilitation. With this in view, a new physiotherapy and surgical appliance centre, which is being donated by the Royal Hong Kong Jockey Club, will be built in Kowloon Hospital grounds during the next 15 months. Therefore the balance of beds not required for tuberculosis at the Kowloon Hospital can be utilized to speed the turnover in the acute beds in the Queen Elizabeth Hospital.

Again my honourable Friend has mentioned the new Lai Chi Kok Hospital which was also referred to in the 1959 debate. Schedules of accommodation of appropriate standards for chronic, convalescent and infectious disease units are now being prepared and his recommendations will be given full weight in this preparation. The provision of subsidiary hospital accommodation in the New Territories, using the Queen Elizabeth Hospital as the specialist centre, is also under discussion at the moment.

On Hong Kong Island the site for the Shau Kei Wan Hospital is available and schedules of accommodation have been prepared for an 800 bed general hospital which will serve the general hospital needs of the rapidly growing population of the east side of the Island and on a complementary basis to the Queen Mary Hospital. I believe my honourable Friend will agree that some acute general beds will be necessary at Shau Kei Wan. Adjacent to this will be a convalescent centre of a further 300 beds which will serve the Island's acute and general hospitals.

To turn to clinics, our aim is to provide clinics appropriate to the extent of the population needs, particularly in districts which have no Government clinic or are at present served by the heavily overburdened existing clinics. We are only too conscious of the need to limit the number of patients seen each day by each doctor, to a level where effectiveness is the primary object and speed not a major consideration, ensuring that as far as possible all requesting aid should be seen without undue delay.

Since the financial year 1956-57, 18 clinics of varying sizes and form designed to serve the general population, have been put into operation in the Urban areas and the New Territories. These consist of Sai Ying Pun, Kau U Fong, Kennedy Town, Aberdeen, Lei Cheng Uk, Shek Kip Mei, Tai Po, Tai O and Hung Hom, two floating clinics and a number of smaller units scattered throughout Hong Kong as a whole. Many of these clinics have been erected by funds donated by the Royal Hong Kong Jockey Club and I again acknowledge gratefully this generous aid.

Of the clinics included in the 1961-62 draft estimates, two are at present under construction and should open before the end of May; for five others sketch plans have already been approved and construction

work should commence during this year. Planning is proceeding on seven more on some of which it is expected that work will begin before the end of the year. It is not a question of being unprepared, it is question of speed of construction and of finding staff.

The full details of this five year programme are available to honourable Members at any time. It will entail the recruitment and training of 1,059 nursing personnel of all grades and categories and an additional 230 medical officers both figures being exclusive of the Queen Elizabeth Hospital and the Queen Mary Extension staff requirements. Quite apart from the capital cost of the buildings, the recurrent cost of the running and staffing of these institutions will entail a substantial increase in departmental estimates over this five year period and beyond. How this can be equated with reduction in establishments and running costs is I know very much in the minds of our Unofficial Colleagues.

This five year programme is designed to be flexible and it can be modified to meet the fast changing fluctuations to which Hong Kong is exposed. What we need primarily is determined and energetic action to ensure that the major projects are completed on time. We cannot blow hot on inadequacies one year and cold on the cost in the next. If we are to introduce drastic and radical changes in policy while the population increases at 3 per cent per annum and there is a plan already approved we will soon be involved in serious delays and will never catch up. I would urge that we concentrate on the work in hand using these plans and realising that they are going to cost money. The cost is reviewed at every stage by Finance Committee and the plans by the Public Works Building Sub-Committee. I do not believe that the situation is irretrievably out of hand, provided that the plan approved is completed on time and that we do not temporise.

The creation of a Hospital Board has been suggested. Government has already given consideration to the reconstitution of the Medical Advisory Board with new terms of reference which will make it a policy advisory body widely representative of public opinion. An announcement on the constitution and functions of this Board will be made very shortly.

To turn to the shortage of nurses, now that the Queen Elizabeth School of Nursing is functioning we at last have within sight an output of trained nurses which will meet the fully trained staff needs of the institutions planned.

The establishment of a Roll of Assistant Nurses has been considered recently by the Nursing Board and the implications of establishing a Colony wide second category of nurses that will have to be trained in separately established training schools have been discussed. It is believed that a system of in-service training followed by a departmental or

hospital certificate given by examination after two years of practical training will be simpler administratively and equally effective for the purpose. The problem of the dilution of fully trained staff using the practical trained nurse is being further considered in relation to timing, residential accommodation and the staffing of the subsidiary units.

My honourable Friend has also referred to the shortage of doctors. I heartily endorse his remarks on the spirit of service and the opportunity to serve their own people in the Government clinics and hospitals of Hong Kong. This shortage may well prove to be the bottleneck in the clinic development programme and urgent consideration is now being given to the steps that will have to be taken to overcome this shortage if the recruitment situation does not improve materially within the near future.

Next, Sir, man's inhumanity to man as expressed by arrogance, impatience with the sick-poor and corruption. I am in full agreement with my honourable Friend that these failings are despicable and cannot be tolerated. If our comments can bring home sharply to those who offend, the deep resentment that has been aroused by arrogant behaviour, they will serve more than a little purpose. I believe that Government medical institutions alone are not the only ones involved but the public can be sure that swift investigation will be taken in all cases involving any staff of the Department that may be brought to notice. Firm action will be taken in all cases that can be substantiated but, in all equity, staff cannot be subject to disciplinary action or discharge on hearsay evidence alone.

Further any cases of payment demanded or implied for services rendered in hospitals or clinics will be dealt with immediately, if the public will co-operate by reporting these instances as soon as they occur to staff-nurses, sisters or doctors. Departmental instructions exist and notices are displayed prominently in English and Cantonese in all hospitals and clinics, underlining the fact that staff are prohibited from demanding or receiving money as tips or gratuities or whatever else these payments may be termed. If the sick cannot be morally courageous, surely their relatives or sponsors may be. My honourable Friend is quite right in anticipating a reply that there are always two parties to corruption. Equally to blame are the higher fee-paying patients he mentioned or others who offer tips to ward staff. They are endangering the employment and character of the staff concerned. The honest staff member has to be protected against being corrupted and again, investigations have to be made to ensure that justice is done. Public opinion being against corrupt practices, then concerted action by the public will stop them in short time. We make every effort to ensure that there is proper and adequate supervision and we do our utmost to protect against victimization those who will report incidents immediately

they arise. These are no empty words. While we all know the difficulties, we know how they can be overcome quickly and permanently, given the support and action we need from the public.

As I have already said, Sir, my honourable Friend's constructive approach to these problems is very welcome and I or any of my staff will be at his disposal for further detailed discussion at any time.

It would not be right, Sir, on this occasion to close without acknowledging my honourable Friend's tribute to the hard work and fine spirit of service of the majority of the doctors and nurses. They have carried a very heavy burden of work with loyalty and devotion in the face of the criticism to which he has referred. We welcome constructive criticism and I can assure you, Sir, and my honourable Friends that there is no complacency—not at any level of the Department charged with the responsibility of providing an essential personal service to the sick. I believe I am right in saying that there are many in Hong Kong to-day who are grateful for what these doctors and nurses may have been able to do for them. (*Applause*).

MR. A. INGLIS: —Your Excellency, for the second year in succession there has been a welcome relief from castigation from my honourable Friend the Financial Secretary for being unable to spend his money. A number of other honourable Members, however, are not content with progress.

First, the honourable NGAN Shing-kwan has presented the plight of pedestrians engendered by the large increase in the number of private motor cars. He has suggested that there are several places where the volume of pedestrian traffic would justify the construction of bridges or subways. He cites the subway at Connaught Road Central as an example of success in this direction. We have an item under Category C of the Estimates for a pedestrian subway at one of the two places he mentioned, namely, in Nathan Road near the Ritz Cinema. That site was chosen because a count indicated that this was the place where the greatest number of pedestrians cross the main road; the peak figure was 300 persons per minute.

I would warn however, that such crossings are expensive and extremely difficult to construct. At Nathan Road we will have to excavate through solid rock in places and under a myriad of service mains and cables; the approaches will be difficult because they can be formed only at the expense of part of the carriageway of the side street. We shall have to have the item upgraded in the Estimates before we can do the necessary investigation to prove if the project is feasible and if so at what cost. Mechanically operated lights for pedestrians are to be installed at this point in the near future and

it will be interesting to find how effective these may be in relieving the congestion. It seems possible that with the eventual introduction of progressive light control the need for subways or bridges may be reduced.

The honourable R. C. LEE speaking of the Development Branch expressed disappointment that, to use his words, "it has not produced any noticeable accomplishment". I am amazed. It is true that that office has existed on paper for some years but the first full-time engineer was posted to it in November 1958 and despite gradual recruitment, it is still appreciably short of the full establishment. In its short life it has produced 2½ million sq. ft. of new land at Kwun Tong alone, with a further 2 million sq. ft. in hand in current contracts. It has in hand contract documents and active planning for another 7 million sq. ft. and this is only part of the story. I can assure you, Sir, that the accomplishment is not inconsiderable and I have a formidable list of facts and figures to prove it should any honourable Member care to see it for himself in my office.

Three honourable Members, Mr. LEE, Mr. KWAN and Mr. GOLDSACK—spoke on the subject of land sales and all asked that our programme for sale by public auction be published for information in advance. Now, as regards the Urban areas, announcements advising that sale programmes were available to the public on application to the Crown Lands and Survey Office were released to the press on 11th May, and 1st October, 1960. The programme for the period April to September 1961, has already been prepared and will be available to the public immediately after the approval of the Estimates. The list for the second half of the financial year will follow in a few months. The programmes contain as many sites as can be offered under existing circumstances and it is considered more practicable to deal with these for periods of six to nine months ahead because, beyond this, dates become merely guesses which might be more misleading than helpful.

The honourable R. C. LEE stressed the need for more land for private housing whilst the honourable C. Y. KWAN was more general in his demands. A few facts concerning this may be of interest to honourable Members: —

In the programmes of public auction sales extending from June 1960 to March 1961, comprising 82 lots, 32 were for residential or combination of residential and commercial purposes. In the programme for the period April to October this year there will be a higher proportion of lots which can be used for residential purposes namely 26 out of a total of 59. It will be seen therefore that the land being made available for domestic building *is* comparable to what is being done for industry and it should not be forgotten that there are large tracts of land reserved for domestic purposes for the various Government and Government sponsored housing organizations of which you may hear more this afternoon.

The honourable R. C. LEE, whilst on the subject of buildings, levelled criticism at the Buildings Ordinance Office, the time taken to get plans approved and the number of forms required to be completed. These criticisms, are not new, but perhaps greater light has been thrown on them latterly owing to the tremendous capital which has been invested in private building development in recent years. Sir, I submit that much of the criticism levelled is due to lack of knowledge of the functions of this sub-department. The Buildings Ordinance Office here combines in one office the functions which in London, for example, are undertaken by four different authorities or departments and I think that if the matter was to be investigated fully the time taken here is probably very much less than elsewhere. In Hong Kong, the Buildings Ordinance Office safeguards Government's interests as a landlord and examines the lease conditions in connexion with every application it receives. It is evident that no sub-department can safeguard interests in several fields *e.g.* compliance with building regulations, town planning, roads, drainage, structural safety, fire precautions, etc. without spending time in so doing. I do not claim that all is well but I can assure honourable Members that the whole question is constantly under review and if any streamlining can be done with safety it will be done.

The Buildings Regulations Committee, on which my honourable Friend served so faithfully for many years, drafted the regulations, and must have considered them necessary. That being so it is the duty of the Building Authority to see that the plans do not contravene the regulations. A new building project at present requires a minimum of 10 forms. They are all "prescribed" forms and cannot be reduced in number or altered in format without amendments to the Ordinance and Regulations. Nevertheless, the question of amending the forms with a view to reducing their number is already under correspondence with the Hong Kong Society of Architects and we shall continue to attempt to streamline this source of annoyance also.

In conclusion, Sir, I should like to pay tribute to my honourable Friend Mr. CLARKE for all the help he has given to me personally and officially since I first arrived in Hong Kong. We could not, I think, have attempted half of these immense programmes without the clear understanding he has shown to us and the confidence we have had in him. (*Applause*).

THE FINANCIAL SECRETARY: —Sir, I listened with very great interest to the suggestions of my honourable Friend, Mr. BARTON, on borrowing, and I was particularly interested in the arguments he put forward in favour of raising a short term loan at once. He even stated that he would regard it as good business if we could borrow at 6% locally

whilst we had reserves earning 1% less. I should say that his views are not shared by some of our leading bankers. One of them indeed has advised me that he disagrees strongly.

I think, Sir, that our honourable Friend overlooked the essential difference between commercial and Government practice. In commerce, it is good business to borrow money short term for a profitable enterprise, and repay within the period of the loan, either from profits or by the issue of equity capital. But if we were to borrow money, we would not invest it in an enterprise which could be written off over a short period. We want money for such things as water, or for housing, where we do not wish to make profits. The amortization period for our water undertaking is at least twenty five years. For housing, the period is forty years. If, therefore, we borrow money for five years and sink it in such capital projects, we would have to quadruple the price of water, and raise our rents three times, if we are to repay the loan at the end of the period. The alternative to raising charges is of course for us to refinance before the five year period ends; in other words, we would raise another loan to pay for the first one, and go on doing that every five years or so. We may have to take our chance on this slippery slope, but I think it would be most unwise to rush at it. Who knows, Sir, on what terms we can borrow in five years time?

The fact of the matter really is that, at the moment, we do not need to borrow because, as I indicated at the introduction of the Estimates, revenue has been flowing in so well that our cash position is more than satisfactory, and will continue to be satisfactory, for some months to come. Our reserves are adequate to meet our capital bill for another three years. But my honourable Friend has now advanced an additional reason for raising a loan. It is the desirability of syphoning off some of the money now in Hong Kong which is being used for speculation in land and in shares. Our view, Sir, is that a Government loan, at 6% for five years, free of tax, would undoubtedly appeal to responsible people like my honourable Friend, but is most unlikely to attract the speculative money which is now being used on the Stock Exchange and in the Land Market. This, I agree, is something of a matter of opinion, but it accords with advice that I have received. Then, Sir, I do not know if my honourable Friend has thought of what we should do with the money if we were to raise a loan. The loan, in fact, would simply add to our cash in the bank, and most of it would then simply be put back into circulation, so that the position would be exactly as it was before. If we are to achieve anything in the way of removing surplus money, we would have to take the money out of the Colony. My honourable Friend, in advocating this course, and I think,

without possibly realizing it, is recommending that we start, as a matter of policy, to control the volume of money, and that we take the first step towards the establishment of some form of central bank.

Then, Sir, I have grave doubts whether we are justified in adding to the burden of the taxpayer by requiring him to pay the difference between the rate of interest which we would pay for a loan, and the rate of interest which we obtain on our investments. Even at only 1% difference, the additional bill which would have to be met from revenue on a loan of \$100 millions, is a million dollars annually. Is it really justifiable to ask the taxpayer to pay the cost of removing surplus funds from Hong Kong in this way? There would, of course, Sir, be no problem if we had an institution to do it rather than the taxpayer.

The reasoning behind the proposed procedure which I outlined at the opening of the Budget debate was firstly, to get people accustomed to the idea of lending money to us; secondly, to take the initial step towards the establishment of a regular Government security market, and thirdly, to obtain some idea of the rate at which we can borrow. The best way of finding out that rate is by means of the Treasury Bill, where the rate of discount is, in effect, determined by the lender, and I understand that my successor will, during the course of the year, commence inviting tenders for Treasury Bills for varying periods of three to nine months. It will, Sir, be extremely interesting to see how much money will be tendered in this way, and the discount rate that will be offered. He intends, I understand, to seek authority for issuing Bills up to a limit of \$150 millions. My information is that as much as \$100 millions may be available now, and I am advised also that some of the speculative funds *will* be attracted to the short term Bills, whereas they will *not* be attracted to a five year loan.

I am, Sir, convinced that the course which I have proposed is the right one, and I may add that my successor, with whom I have discussed the problem at length, is in full agreement with what I have just said.

Incidentally, Sir, there was an apparent inconsistency in my honourable Friend's speech. In the latter part of his address, he expressed his concern about the glut of funds now in Hong Kong, but at an earlier stage, he urged my successor to keep the rate of direct taxation low so that funds could be attracted into Hong Kong from abroad. Paradoxically, he is right on both points. What is really wanted, as he has indicated, is some means of controlling the volume of money.

I am glad, Sir, to note that my honourable Friend, who I presume was speaking on behalf of his Unofficial Colleagues, supports the proposal for a Government lottery. His suggestion, that lottery funds should be allocated specifically for social welfare projects, has been

noted. This is really a question of book-keeping, for we are already pouring out money from general revenue for projects which he has mentioned.

There is, Sir, little that I can say in reply to the remarks of my honourable Friend, Mr. GOLDSACK, on our commerce and industry. We have given the Commerce and Industry Department all the money it has asked for, all it can usefully spend, for trade promotion. I agree that the pace of expansion is slowing down, but there may be difficult times ahead, but, as I said four weeks ago, I have great faith in the future. The peculiar genius of our people for overcoming every conceivable difficulty is something that cannot be assessed in terms of trade figures or of industrial production. It is there; we know it is there; it will always prevail. (*Applause*).

THE COLONIAL SECRETARY: —Your Excellency, I would like first, if I may presume to do so to congratulate the Unofficial Members on their decision, in this year's debate, to devote their individual speeches to particular subjects or groups of subjects rather than to prick over the whole field. (I should perhaps explain, Sir, that I use the expression "to prick" in its mediaeval equestrian sense, the sense appropriate to the science of knight-errantry). I judged from the comments in the Press that this innovation was welcomed, and I feel sure that the general public must have gained a clearer understanding of the major issues which face us than has, perhaps, been possible in previous years. From Government's point of view it means, of course, that my colleagues and I are today faced with a pretty solid front on a relatively few major subjects; and it is for that reason, Sir, that I intend to devote myself very largely this afternoon to Education, Land Policy, Resettlement, Tourism and the Public Service.

To take, as I did in 1960, the last first—the Public Service. I see from last year's Hansard, that in the Budget Debate my own remarks on the Public Service took up no less than six pages. I must refrain at all costs from repeating myself, but I feel bound to say that if I were to attempt a full explanation of all the various influences that underlie our expanding public service, it would be difficult to avoid many of the arguments that I put forward last year. Perhaps, therefore, honourable Members will consider what I have to say now as an elaboration and extension of what I said then.

In the first place, Sir, it may not be fully realized by members of the public that the Unofficial Members, the Financial Secretary and myself, have in the course of the meetings of Select Committee, discussed at some length many of the problems which have been prominent in this debate. The growth of the Public Service was one of them. At the instance of honourable Members it was agreed, first, that a warning circular should be sent to all Heads of Departments stating

emphatically that any applications for staff increases in the course of the year will not be favourably received by Finance Committee, and that honourable Members propose to give the most searching scrutiny to any applications that succeed in reaching them. In the second place, I agreed, again at the instance of my Unofficial Colleagues, that any staff increases that Government proposed for next year should first be examined by a sub-committee of Finance Committee prior to the printing of the draft estimates. This would follow the pattern of the existing Public Works Sub-Committee,—a procedure which has, I am sure, been as valuable to the public interest as it has been taxing upon the time and energies of those honourable Members who comprise that committee.

Having said that, it remains for me to offer some explanation of the increases which the resolution now before Council involves. It is axiomatic, I suppose, that an expanding economy necessitates an expanding civil service, particularly where a civil service spreads so widely into all spheres of life as does ours in Hong Kong. No one would deny that the financial year which ends on Friday has been a year of surprising prosperity; and if it is inevitable that this should entail increases in the staff of certain departments whose activities are related directly to the economy of the Colony, it is also right and proper that this prosperity should be reflected in the momentum of our social services—which entails staff-increases over a much wider field. Mr. RUTTONJEE feels that we should have done better with our hospital programme, Mr. LEE feels the same about Resettlement, and Mr. NGAN would have us plunge into an uncharted sea of Secondary Education. Clearly this implies more doctors, nurses, engineering staff and teachers than we have at present, but it also implies, (and this may be the point that is sometimes overlooked) it also implies a greatly increased burden on the various departmental headquarters, on the Treasury, on the Audit Department, on the Establishment Branch of the Secretariat, and particularly on certain facilities to which Government servants are entitled under their terms of service—medical attention, dental treatment, housing and so on. The question is, of course, whether these centralized services can absorb the impact of many more teachers, more doctors and nurses, and more engineering staff, without any increase in their own establishment. The answer to that question rates at just about \$64,000—and it is one to which a re-organized Establishment Branch under Mr. HAMILTON, and the Treasury, have been devoting very considerable effort and skill; —with some success, I might add, because the staff increases which you see in the estimates are no less than 50% of the figure with which Mr. HAMILTON was presented by the departments. There has therefore been a very significant axe at work, in some cases a pretty ruthless axe. Just how much further we can take this process of cutting back demands for staff increases with our present resources I do not know. I am inclined

to agree with honourable Members that we need outside assistance, but I think too that we need a trained, specialist, continuing organization unit of our own. We have now received Messrs. URWICK, ORR's report on their pilot scheme on the Public Works and Medical Department, and proposals on how we should proceed further will shortly be put to Executive Council, and to you gentlemen.

I am afraid that I shall now have to burden honourable Members with some figures. I apologise for this but I feel that it is essential that Government's case should be presented in a proper light—and this makes it necessary to go into some detail. The increase in Government staff for the next financial year is 2,889, but it should be noted that this figure includes 1,237 posts which have already received the approval of Finance Committee since the passing of the last Estimates; so that the net increase in posts for which approval is now being asked is not more than 1,652. Now what does this gross figure of 2,889 represent? As a percentage of the total staff provided for in last year's Estimates it represents an increase of approximately 5.8%, and this figure is barely half of the corresponding percentage for last year, and little more than one quarter of the figure for 1957-58. Moreover as I have already indicated, the number of new posts approved for inclusion in the draft Estimates is less by 2,800 than the posts for which the departments requested approval. It may be said that this is all very well, —but it is still an increase of 2,889. Well then, let us see how this figure is made up.

Practically 1,000 of these posts, or rather more than one-third, are provided in the Estimates for the Education Department, —which is by a very wide margin the largest single contributor to the staff increases. 886 of these Education Department posts are required to staff new schools, either opened in the present financial year or to be opened during the next year. 54 are for expansion of facilities in existing schools. The projects covered include six primary schools, two secondary modern schools and a temporary training college opened last year; and three new Government primary schools to be opened in September 1961. In other words, of the 990 odd posts representing one-third of the full increase, 940 are provided directly for the expansion of our primary and secondary school programme. The remaining 50 posts—not, I suggest, an unreasonable figure—arise out of the general expansion of educational facilities; —for the opening of a new school is not in itself the final demand upon the staff of the Education Department. Each new school represents, of course, a new commitment on the administrative machinery and particularly upon the inspectorate.

The honourable R. C. LEE urged us to put more effort into the Resettlement Department. Here we have an increase of 239 posts which includes 40 already approved for the new projects. The overwhelming

majority of these posts are Class V officers, labourers required for maintenance and other functions which, if the estates are to be maintained in a tolerable state of cleanliness and hygiene, must not be impaired. Nor should it be forgotten that during last year the resettlement population increased by 46,000 and the estimates for next year provide no less than \$48 millions for resettlement estate development. Taking all these considerations into account I doubt whether my honourable Friend would regard the staff increases as more than modest. He might even feel them to be inadequate.

Again, to take the department on which Mr. RUTTONJEE took us to task. The Medical and Health Department has an increase of 232 posts of which almost the whole is attributable directly to the provision of additional beds at Kowloon Hospital, the establishment of the Mental Hospital, the opening of a new Jockey Club Clinic at Aberdeen, and the relief of desperately overstrained medical resources elsewhere. Increases in the Police Force are almost exclusively the result of the opening of new stations at Wong Tai Sin and Kwun Tong to provide for whole new towns in those areas. Of the 125 posts for the Social Welfare Department, 38 are for approved new projects, some of which have been provided by funds donated by external organizations; and the majority of the remainder is to expand activities in the community centres already completed. In the Agriculture and Forestry Department the figure of 122 posts includes 100 Class V posts nearly all of which are accounted for by the transfer of staff from daily to monthly rates. A large part of the increases in Civil Aviation and Commerce and Industry owe their origin to the planned opening of the airport for night operations, and the increases in the Fire Brigade are but a fraction of the addition required to bring the Brigade up to even the modest standard of fire cover recently approved by Executive Council.

There is, of course, quite another way of looking at these staff increases—a qualitative rather than a functional analysis. A very large proportion of the new posts, amounting in fact to 1,350, are Class V officers, that is to say officers on salaries below \$360 a month, who are largely engaged directly in the provision of services. It would therefore be wrong to consider the increases provided for next year in terms of a vast chairborne army of clerks and form-fillers. Or, looked at from the other end of the scale, it is significant that the additional number of professional officers does not form a large proportion of the increase. Generally it can be said that these are for approved new development projects. The number of additional posts at this level provided for in the Public Works Department, for example, is quite insignificant; only 5 new posts for the whole department, although the Public Works programme for next year is estimated to cost an additional \$62 millions above the figures provided in the current year. I

am indeed very far from disagreeing with my honourable Friend, Mr. KWAN, that the brakes must be applied because in fact we are applying them already and intend to go on doing so.

It may, of course, still be argued that the brakes are not being applied with sufficient ruthlessness, and that although an attempt has, as I said earlier, been made to curtail additional provision for this year, existing establishments may already be higher than strict economy would justify, but I would not attempt to suggest that there is no room for economy, and that, given the necessary means, we could not reduce staff in certain places. I would contend, however, that any such operation must be conducted on a properly detailed and scientific basis. For what is the alternative? If, in an earnest endeavour to reduce the level of expenditure on Government salaries, a directive were to be issued that staff must be reduced arbitrarily by a given percentage, I have no doubt at all that departments would conscientiously and loyally carry out an appraisal of their operations, and do their best to comply with such a directive; as indeed they have responded to the appeal this year to reduce the level of recurrent expenditure in other ways. The results however could hardly fail to be unsatisfactory, partly because the application of an arbitrary cut throughout Government service would inevitably fall most heavily upon those departments with the highest degree of efficiency, and partly because another result would be to inhibit new projects agreed by all to be desirable or actually essential, —and, indeed, partly again because of the whole problem of redundancy—a problem which is much too far-reaching for me to attempt to discuss this afternoon.

Sir, the staffing of an organization which requires the services of 50,000 souls, cannot be other than complicated. If it had been possible for me to have presented the case in simpler form, I would have done so. But I hope that what I have been able to say will go some way to persuading honourable Members that, granted our expanding economy, granted our Social Services expanding at a rate on which we would all wish to improve, and granted the efficiency and dignity with which we wish to see our affairs conducted, granted all these things, the staff increases proposed for this year are neither extravagant nor unreasonable.

The honourable FUNG Ping-fan spoke at some length on Tourism, and I would like to assure him that in general Government shares his view of the importance, and the increasing importance, of the tourist industry to our economy. The Tourist Association is to receive a subvention of \$2 millions. This is not as much as was asked for. A bottomless well affords little incentive to an economical use of water, still less to the exploitation of other sources of supply. The time may now have come when the tourist industry itself should take over a greater share of the financial burden from the tax-payer. It is true

that tourism ultimately benefits the whole economy, —but its first rewards (and not infrequently they are golden rewards) go to the individual member of the Industry.

There is some danger, I would suggest, in drawing conclusions from a bare comparison of spending by tourists and promotional spending by official agencies in different countries, since it is not possible to show just how much one depends upon, or is stimulated by, the other in differing circumstances. But we should certainly count ourselves fortunate in that our industry has grown so rapidly, on the strength of what is, I agree, a fairly modest level of official expenditure on promotion compared with certain other well-known tourist resorts, and I would like to take this opportunity to pay a tribute to the work of the Tourist Association which in its brief three years of existence has very much made its mark both in the Colony and throughout the Pacific Travel Area.

As regards the Kowloon passenger wharves also referred to by Mr. FUNG, I can say that Government has accepted in principle the need to construct a modern sea-terminal at Kowloon Point—to match, in a sense, the Hong Kong airport, —and that, while such a terminal should be operated by private enterprise, Government will presumably have to provide a proportion of the finance, but realization of this project lies I am afraid some distance in the future. In the meantime the Hong Kong and Kowloon Wharf and Godown Company has announced that it is proceeding to extend No. 5 pier and to provide some covered facilities on it, although these will be strictly limited by the pier's present width. Additionally, discussions are proceeding between the Company and Government with a view to making extra land at Navy Street available for the erection of additional temporary facilities. These should bring an early improvement to the present unsatisfactory conditions. The air terminal, which Mr. FUNG also mentioned, should be completed in May 1962, and the City Hall should be finished at the end of this year. I am afraid that these completion dates cannot be improved upon.

Mr. BARTON suggested a Committee to review every aspect of our public relations efforts abroad. It is true that these are, at present, directed through three separate channels, the Tourist Association, Trade Promotion, and our own Information Services Department, and that the outflow, as it were, covers much common ground. The Information Services Department, as honourable Members are aware, is now able to undertake a fairly positive annual programme, and I think that, partly to avoid overlapping and partly for other reasons, it would be desirable for this programme to be determined in full consultation with the Tourist Association and with our Trade Promotion staff. Careful consideration will, therefore, be given to Mr. BARTON's suggestion.

My honourable Friend referred also to the staffing position in the Information Services Department. His information that there are still a considerable number of posts unfilled in that department is perfectly correct and he has himself put his finger on the real point, which is the shortage of suitable candidates. My honourable Friend may rest assured that every effort is being made to recruit the staff required for the expansion programme, but Government is not prepared to risk the success of the expansion by ignoring the advice of the *ad hoc* committee (which included Unofficial Members of this Council) and engaging staff who are not in every way suitable for employment.

On the necessity of finding a suitable Chinese officer for employment at a senior level in the department, I am in entire agreement with my honourable Friend, but here again the same principle applies. I am not at present at liberty to say what are the prospects of filling this post at an early date, because the matter is one on which the advice of the Public Services Commission must be sought, and until the Commission has considered the field it would be improper for me to enter into any further discussion on this point. In the meantime, perhaps I may be permitted to observe that the necessity for training local officers for advancement in the Department is not being overlooked, any more than it is being overlooked elsewhere in the Government service. There is indeed at this moment an experienced local officer of this department under training in the United Kingdom on a course for Information Officers sponsored by the Colonial Office and the Central Office of Information.

My honourable Friend, Mr. NGAN, referred to parking—car parking, and this might perhaps be a suitable opportunity for me to attempt to take matters a little further than did my colleague the Financial Secretary three weeks ago, and to give honourable Members a broader indication of the ideas we have in mind for attacking this extremely difficult problem; for we have been giving it the closest examination. Despite the financial measures to which Mr. CLARKE referred, I think it would be unwise to rely on any substantial falling-off in the registration of vehicles over the next few years.

Generally speaking, and even making due allowance for such local improvements as the new dockyard road, I see no grounds for expecting any improvement in motorists' problems—indeed, I think it is inevitable that they will get considerably worse. So long as we are subjected to continuous development or redevelopment in the business centres of our twin cities, and so long as vehicle registrations continue to increase (in the past five years they have gone up from over 29,000 to a little under 50,000), there is no one line of action, or no one practicable line of action, which would provide a true and lasting solution.

There are, of course, a number of measures which would contribute in varying degrees towards easing the congestion in our streets and towards assisting the private motorist in making reasonably full use of the vehicle in which he has invested. We are looking into all these, though none of them is cheap, quick or easy to carry out. Clearly the most positive solution, even if it is the most expensive, is the construction of multi-storey car parks. Despite the value of the land on which these buildings would have to stand, we have accepted the view that it is necessary in the public interest to provide such car parks in high-density business districts, and in districts of a mixed residential and business character. We have already announced the intention of constructing one of these buildings each year; but on closer examination it appears that this does not go far enough. If funds permit, therefore, it is proposed to double this provision and to build two multi-storey car parks each year, for the next few years at all events; and we have drawn up a tentative list of sites which might be developed for this purpose in the immediate future. We also intend to carry out a fairly broad extension of metered parking, and it will probably be necessary to increase the hours during which meters operate, and to aim at rationing their use by making the charges higher in areas where the concentration of traffic is heaviest. All this amounts to a very formidable expenditure, an expenditure which, though necessary in the general public interest, might be said to involve a substantial subsidy to the motorist. My friend Mr. NGAN said that our multi-storey car parks should be self-supporting. We have already looked into this, and the fact is that, bearing in mind the high cost of land, it will be necessary to double the present charges to recover our outlay. This, I have no doubt, would be most unpopular; but it may well have to come to that in due course, even if the charges are increased by stages. Meters produce a net revenue, and bearing in mind that we propose to raise meter-charges, (partly it is true to discourage their use for long term parking, and to achieve a quicker turn-round of vehicles in the busiest centres) I think it will be possible to make a start with a comparatively modest increase in multi-storey car park charges. The opportunity will be taken also to simplify the present system to some extent. We also propose to charge parking fees or to instal meters on areas of vacant Crown land temporarily used as car parks.

While on the subject of traffic, my honourable Friend also enquired about the licensing of hire cars. Approval has been given to register and license 126 such cars since the appropriate Regulations came into effect on the 1st June last year. These vehicles should be operating in the very near future, and the principal reason for their not being licensed earlier is the very proper insistence by the Commissioner of Police that licensees must be able to provide proper garage accommodation. I am satisfied there has been no delay on the part of the authorities in dealing

with applications for this class of vehicle, and I cannot agree with the suggestion that Government's plans have misfired. When I spoke on this matter last year, I did not express the view that the licensing of hire cars alone would provide a solution to the problem of illegal taxis. The provision of hire cars, public cars, New Territories taxis, school buses and an increase in the services of the two public omnibus Companies; —all these factors, as well as closing loopholes in the law, play their part in the campaign against illegal taxis. It is true that, as a result of doubts expressed in Court as to the interpretation of the Regulations, there was a difficulty in dealing with the dual-purpose vehicle when misused for the purpose of carrying passengers for hire, but as my honourable Friend is aware, the necessary amendments are already in hand.

Turning to education, Sir, I am indebted to my friend the honourable NGAN Shing-kwan not only for his constructive suggestions, but also for the balanced and sympathetic manner in which he presented them, and I can say at once that Government is in general agreement with him.

No one will deny that compulsory education is desirable, but whether we shall ever be able to afford it is another question.

Compulsory education involves free education, and this in turn involves a fully maintained or subsidized school system. Such a system is not at present under contemplation. Honourable Members will recall the figures I gave to this Council at its meeting on 7th December, 1960, of the estimated costs of providing compulsory, and therefore free education, for 800,000 children between the ages of 6 and 15. The provision of the additional facilities required was estimated to cost \$477 millions, and the subsequent recurrent expenditure to amount to \$530 millions a year. I am sure that my honourable Friend fully appreciates the significance of those figures, and that he would agree that the first step in any event must be the provision of educational facilities that are adequate rather than ideal.

As honourable Members are aware, Government has set as its immediate goal the expansion of educational facilities to make possible a primary school education for all children of primary school age, and we have gone a considerable way towards that end. As Your Excellency said, something like 260,000 additional primary school places have been provided in the last six years; and this represents an increase of 160% over the number of places originally available, or to take a more graphic illustration, over the past few years new primary schools of all kinds (Government, Aided and Private) have been opened at an average rate of one every 7½ days. The figures for additional schools registered (that is, including schools not specially built but started in existing

adapted premises) are even higher: additional primary schools have been registered at an average rate of one every four days over the past four years. I suggest, Sir, that these figures are quite staggering, and that in this one respect, if not in others, Hong Kong has one achievement that can surely never have been equalled anywhere in the world.

But all this is not to say that there has been no expansion in the field of secondary school education. Over the past six years the number of secondary school places has increased from 45,000 to 80,000, or by approximately 78%. But it is true to say that, due to our efforts in the field of primary school education, the proportion of secondary school to primary school places has been dwindling. Government is in full agreement with the honourable Member's suggestion that, when the census results are available, the time will be opportune to undertake a general review of our education programme and to see whether there should not be some switch of our main effort to bear on secondary education. But here I would sound a note of caution. Not until we have the census results can we have an accurate appreciation of how far we are on the way to universal primary education, and indeed it might even be that the figures will show that in the comparatively near future it will take as much effort to maintain universal primary education as it is doing to achieve it in the first place. This is an almost frightening thought, and I hope that honourable Members will appreciate the full significance of what I am saying. I am saying that it is within the bounds of possibility that in the seven years following the completion of our seven year primary school plan, we may have to repeat just that fantastic rate of expansion which the plan itself involved, in order to provide for the *increased* numbers who will be requiring primary education during that period.

As has been stated, the present proportion of secondary school to primary school places is approximately 1 to 5, and it can be agreed, the supply of funds and buildings and trained teachers permitting, that it is desirable to increase this proportion. However, I doubt whether it is feasible or desirable for Government to concentrate entirely on the provision of secondary school education, leaving the primary school field to private and voluntary agencies assisted by Government. For one thing, it would be extremely expensive for Government alone to bear the burden of secondary school expansion. It has been estimated that the recurrent costs *per pupil per year* (exclusive of fees) in secondary schools are as follows: —

| | |
|--|-------|
| A Government Grammar school | \$890 |
| A Government Secondary Modern school | \$660 |
| A Grant Aided Secondary Grammar school ... | \$550 |

To give some indication of capital and recurrent costs, if Government alone were to provide facilities sufficient to achieve and maintain a ratio of 1 to 4 secondary to primary places, quite a modest advance, and adopted a seven year expansion programme for this purpose, the capital cost of that programme—on present figures—would amount to about \$175 millions, and additional recurrent costs would amount to over \$60 millions a year. In any case, it is not desirable from an educational point of view that primary school expansion should be catered for solely by private organizations. From all points of view, it is necessary and advisable that both Government and private and voluntary agencies should maintain and expand their activities in both the primary and secondary school fields.

Certainly Government has in mind the necessity not only to assist and encourage the establishment of suitable private schools, but also to encourage the maintenance of reasonable standards of education in these schools. It is for these reasons indeed that a series of new Sub-heads have been inserted in the draft estimates (under Head 75—Subventions: Education) for aid to private schools. My honourable Friend has referred to the funds for assistance in the payment of fees of a certain number of pupils in selected private secondary schools, and aid has also been given to assist in the payment of teachers' salaries in selected non-profit-making private schools. This aid to private schools was started last year and provision has been made in the draft estimates to increase this to more pupils and more teachers in this next financial year. Other measures provided for in the coming year are aid to pupils in selected private primary schools, and direct assistance to private non-profit-making schools on a classroom basis. By these measures we hope to assist not only the worthy but needy pupil, but also the worthy but low paid teacher. A further measure of aid to non-Government schools is being directed towards the subsidized schools. Provision is made in the next financial year for the establishment of a Provident Fund for teachers in schools operating under the subsidy code.

My honourable Friend has contrasted the proposed provision of 7,400 secondary places with the proposed provision of 90,000 primary places for the next financial year. Well, the position is not quite like that. The figure of 7,400 relates to secondary grammar school places; there will in addition be 2,500 secondary modern places making a total of 9,900 secondary places, of all kinds; and in 1962-63 this figure is expected to be increased by a further 16,000 secondary school places of all kinds. And of course the true comparison for the 90,000 primary places being provided next financial year is not the number of secondary places being provided that year, but the number which will be available for these 90,000 primary school children at the end of their primary education in five or six years' time.

On the question of the three grant-aided Post Secondary Colleges, I can assure honourable Members that Government is fully appreciative of the desirability of assisting in the establishment of the proposed new Chinese University at an early date, whilst at the same time ensuring the achievement and maintenance of satisfactory standards and quality at the component colleges. The following steps are in fact already in train. Three special advisers have been invited to come to Hong Kong and advise the colleges on the suitability of their courses and syllabuses for degrees in Arts, Science, and Commerce and Business Administration. Two of these advisers, Sir James DUFF and Dr. Kenneth MELLANBY, from the United Kingdom, are already in the Colony; the third adviser is expected shortly. Arrangements are under consideration for sending the College Registrars, or their representatives, to the United Kingdom to familiarize themselves with the problems of administration of a federal-type University, and for obtaining the services of an experienced University Librarian to assist and advise in setting up a University library or libraries. In addition, it is proposed to set up a Preparatory Committee to consider and advise on the necessary steps for the provision of the central buildings, the grounds and other material facilities which the proposed University would require. Steps are therefore being taken both for the institution of the proposed University, and for the achievement and maintenance of satisfactory standards. Certainly at the present time there is no stint of financial support from Government: and honourable Members will observe on page 143 of the draft Estimates that during the next financial year \$4 millions are available to the three Colleges for recurrent expenditure and \$2 millions for capital expenditure.

Finally, my honourable Friend has suggested that Government should consider giving greater aid to Chinese middle school education, and the institution at an early date of a matriculation examination in the medium of Chinese. As regards the former suggestion, while one may whole-heartedly agree that for many of our children the most suitable type of secondary education is one given through the medium of their mother-tongue, it appears to be the case that public demand is overwhelmingly in favour of secondary education through the medium of English. Under the current Government scheme of securing places in private secondary schools for pupils passing the Joint Primary VI examination, many such places in Middle Schools were simply not taken up. The explanation of this probably lies in the employment value of English—although English is taught as a second language in the Middle Schools—and possibly in the fact that at present University education is of course given only in the medium of English. The position may be therefore altered when a Chinese University is established. As regards a Chinese matriculation examination, admission and final examination standards to the three Grant Post Secondary Colleges are at present controlled by Joint Examination Boards. The modification of the

present University matriculation examination is at present under consideration, and the application of a modified system to the proposed Chinese University is not being overlooked.

My honourable Friend, Mr. R. C. LEE, suggested that street and roof-top squatters should now be given equal consideration with other squatters for resettlement. I assume that Mr. LEE is aware that this would constitute a major change in policy, —and a change which would probably outrage those honourable Members who have demanded more land for industry. Hitherto there has been but one criterion for priority in the re-housing of squatters, —and that criterion has been, and still is, the freeing of land for proper development. In this way the overall problem of squatters is gradually and systematically eroded, and at the same time the community as a whole benefits by the freeing of sites which are of positive value.

There has been only one modification of this policy and that is aimed solely at reducing the dangers to life and limb in those squatter areas that must, for the time being, remain. I refer, of course, to the fire-lanes that have for several years now been cut, and maintained, in certain squatter areas as a means of limiting (and it is no more than that) the effect of any conflagration that may break out in that area. This policy has met with some success, and it means, of course, that those squatters living within the fire-breaks have to be offered resettlement forthwith. It may well be that we shall have to apply the same policy to certain roof-tops where there is a special fire-danger. This is at present under examination—but I am afraid the effect will be so limited that it will go no way at all towards meeting Mr. LEE's point. The policy which I have described, Sir, is not, I regret to say, based mainly on humanitarian considerations; still less is it related to the views of those who would like to see our streets tidy and clear, or indeed to the interests of those landlords and tenement-dwellers who suffer from pathetic colonies of the homeless on their roof-tops. It is based, like so many things in Hong Kong, on hard facts and the grim realities of the situation. A squatter moved from a roof-top, or a street, contributes nothing to the community as a whole. A squatter moved under existing priorities makes the priceless contribution of a few square feet of developable land.

My honourable Friend said that he was at a loss to understand the reason for Government lagging so far behind in its squatter resettlement targets. I do not deny that the rate of resettlement in the past year has been slower than was originally planned in 1959; but the fact is that the resettlement programme is so vast that a single year's working does not provide a wide enough base from which to make an accurate assessment of the momentum. Rather than concentrate too closely on the actual figures resettled last year, I would ask honourable

Members to consider the potential for future years made possible by the planning, clearances, site-formation, and site preparation actually in progress during last year. Over a five-year period I would hope that our figures would show up considerably better than those for last year—but even here the shortfall is not quite so serious as my honourable Friend suggested. Mr. LEE said that 32,432 persons had been resettled in the eleven months ending in February this year, as compared with a target figure of 80,000 for the year. The result for the year's working shows that a total of approximately 44,000 persons were resettled during the year. And in addition to these, some 5,200 were persons moved from Bowring bungalows and from resettlement cottage areas to make way for more intensive development.

Mr. LEE went on to question whether the Resettlement Department was running as efficiently as in the past and, in this respect, he referred to the estimates for that department for the past three financial years. In all cases my honourable Friend was quoting estimates only—and estimates of the cost of administering the whole Resettlement Department, which takes no account of the cost of the buildings themselves, and includes such extraneous items as crop-compensation, and the cost of administering the completed estates, —which is of course a cumulative total. Perhaps he would bear with me if I attempt to analyse the results, on the same basis as he used, in the light of actual departmental expenditure over the past four financial years. In 1957-58 18,000 persons were resettled for an actual expenditure in the Resettlement Department, and I again emphasize that this does not include the cost of buildings, of \$5 millions or roughly \$278 for each person resettled; in 1958-59 37,000 persons were resettled for an actual expenditure of \$5.6 millions or roughly \$152 for each person resettled. In 1959-60 43,000 persons were resettled for an actual expenditure of \$7.5 millions or roughly \$175 for each person resettled. And in the current year approximately 44,000 persons will have been resettled for an actual expenditure of \$9.5 millions or roughly \$216 for each person resettled. The increase in the individual rate this year is partly due, as honourable Members will no doubt appreciate, to the general rise in salary and wage rates, but it is partly due also to greatly increased payments of *ex gratia* crop-compensation, and to the transfer of daily-rated staff to monthly terms. But I must emphasize, Sir, that I have mentioned these figures simply to correct the estimates mentioned by my honourable Friend. The figures are completely valueless as a guide to the actual cost of the whole resettlement operation. They provide a cumulative total, which mainly reflects the cost of administering estates occupied by persons already resettled, and they cannot properly be regarded as an indication of the cost of resettling any given number of persons in a particular year. To obtain comparative costs for this, it would be necessary, first to obtain the capital cost of the land and buildings in which those squatters have been resettled, and to add

to this a proportionate part only of the recurrent expenditure of the Resettlement Department, plus any new staff recruited for those particular estates.

My honourable Friend went on to suggest that the Housing Authority should assume responsibility for managing resettlement estates. I am quite prepared to look into this suggestion, but on the face of it I cannot see how this simple transfer of management would result in savings to the taxpayer, or lead to a more rapid or effective integration into the community of the population of our resettlement estates. The settlers will still live where they live now, 293,000 of them, in their vast estates. In contrast to this the population in the Housing Authority's estates is at present only about 35,000. There are big differences in these two fields of housing, differences in the origin of the occupants and the method of their selection, as well as in the type and management of the estates in which they live. These differences do not suggest at first glance that this assumption by the Housing Authority of the management of resettlement estates is likely to improve the organization or to produce economies. Perhaps integration at a higher level is what Mr. LEE has in mind, and this, as I have said, we could certainly consider, particularly in relation to the proposed low-cost housing estates for the lowest income groups. These estates, as Mr. LEE commented, are not yet visible in terms of bricks and mortar. But it is not true to say that no progress has been made even if progress is not immediately visible. Sites have to be selected, cleared and formed; there is engineering and architectural planning to be done. Site formation has now begun on two estates at Kwun Tong and Hung Hom, and I hope that the first blocks will be occupied by the middle of next year.

Before I leave Resettlement, Sir, I must refer to the Honourable NGAN Shing-kwan's suggestion that Government should consider whether the rents for resettlement rooms in new blocks should not now be related to the costs prevailing at the time of construction. Some months ago the Treasury carried out a detailed costing of resettlement accommodation which showed that, by charging land at one-third of the full market value (which is of course the price at which land is set aside for Local Government Officers' Co-operative Housing schemes, the Housing Authority, the Housing Society, Employees' Housing schemes, and so on, and spreading the cost of land and buildings over 40 years with interest at 3½%, and crediting the surplus from shop rents, the economic rent of a standard resettlement room works out at slightly over \$18 a month as against the rent of \$14 now charged. Government has, quite recently, reviewed the need to increase the standard rent of resettlement accommodation and has decided for reasons that will, I am sure, be clear to, and appeal to, honourable Members, not to embark on this course at the present time.

But at the same time, Government has decided to examine the feasibility of designing an improved type of resettlement accommodation, and, if such a design is adopted, then rents for that accommodation will be calculated to reduce, if not to eliminate, the gap between revenue and expenditure. The examination of an improved design is now in hand.

Finally, Sir, I turn to the question of Land. I make no apology for dealing with it at some length, because honourable Members have shown, both in Finance Committee and in the course of this debate, that they share Government's own estimate of the vital importance of this our only capital asset. But before I deal with specific points I would like to say something about what Government has done in providing land for industry in the past year, and to say what its intentions are in the immediate future.

In 1960 Government sold for industrial purposes almost 33 acres of land in Kowloon and the New Territories. In 1961 approximately 100 acres of industrial land will be sold in those areas. Of this 8½ acres will be at Kwun Tong, 6½ acres at San Po Kong (near Kai Tak) and another 3½ acres in other parts of Kowloon. 77 acres, and possibly more, will be offered for sale at Junk Bay for the shipbreaking and related industries, and another 4 acres in other parts of the New Territories.

Looking still further ahead to 1962, there should be available in the Urban Areas some 18 or 19 acres for general industrial purposes and another 5 acres for boat-yards. In the following years, 1963 and 1964, and again in the Urban Areas, a further 80 to 100 acres will have been prepared and made available for sale and the areas I have quoted in all cases, are net areas and no deductions or allowances are necessary for roads, drains and so on.

In the New Territories—and it is more and more to the New Territories that we must look for land on which industry can really expand, —in the New Territories our main efforts are at present concentrated in the area of Kwai Chung and Tsuen Wan. The consulting engineers' report on the Kwai Chung reclamation scheme is nearly ready. I have recently given instructions that this scheme, which will produce about 435 acres of land for development, must be given top priority.

Elsewhere in the New Territories we shall continue to encourage in suitable areas the orderly expansion of existing townships by means of the surrender of agricultural land in exchange for building land. Detailed lay-out plans exist for Tsuen Wan, Shek Wu Hui, Tsing Lung Tau, Sham Tseng, Tai Wai in the Sha Tin Valley, and Yuen Long; the Town Planning Board is at present preparing outline development

plans for Sha Tin and Kwai Chung; and detailed planning work is proceeding in respect of a number of other areas, including a part of Castle Peak, as fast as the staff position allows. During the past two years over 100 acres of land have been regranted in building status against the surrender of agricultural land, and of this over 60 acres were for industry. The estimate for 1961 is about 180 acres.

None of the figures that I have given hitherto include land used for Government purposes—such as resettlement, schools and so forth. They are therefore net figures. If honourable Members would be interested to have a gross Colony-wide figure I can say that during 1960 no less than 200 acres were developed for all purposes, including roads and other Government services.

I now turn, Sir, to Mr. KWAN's points. First, the process of surrender and regrant whereby urban development supersedes agriculture in areas designated for the purpose, that is, lay-out areas. Mr. KWAN doubts whether the Crown should retain three square feet for every two regranted. Unfortunately experience has shown that this represents the absolute minimum proportion which must be retained for public purposes such as roads, schools, recreation areas, public buildings and so forth. Indeed it takes no account of the need for resettlement or other state housing.

Mr. KWAN spoke of the conversion terms varying from district to district. In lay-out areas this is not so. The terms are standard, and they are as follows: developers surrender 5 feet of agricultural land for every two feet to be regranted in building status, and they pay a premium amounting to the difference between the value of the land surrendered and that of the land regranted.

When Mr. KWAN referred to transactions to which these standard terms do not apply, he was probably referring either to transactions begun before last July, when the policy was decided and published, or to land outside the lay-out areas. Outside the lay-out areas no standardization of terms is possible, and every case fails to be treated on its merits; the negotiations are much more complicated, and they may be delayed by the need not only to assess the desirability of permitting industry on the suggested sites, but also to ascertain basic engineering data without which the scheme could not proceed at all.

Mr. KWAN was, I think, misinformed when he stated that industrial developers are usually required to provide workers housing. It is a most unusual condition, and indeed in the time available only one such case has been traced among transactions in the New Territories. This related to a large factory in Castle Peak where no suitable accommodation would otherwise have been available; and even then I am informed that the matter was dealt with more on a basis of persuasion than

requirement. On the other hand when developers ask for land for workers housing every effort is made to grant such land, and this is done on the very favourable terms mentioned by Mr. KWAN. But naturally land so granted is subject to stringent conditions.

As regards the valuation of agricultural land Mr. KWAN was correct when he said that we take no account of the speculative element, and as far as possible we use the resumption Compensation Board awards as the basis for such valuations. I can see no possible case for accepting any other principle. The volume of applications to take advantage of the policy I have described, certainly does not indicate that development on these lines is being discouraged. Quite the contrary in fact.

I now come to the question of vacant possession, when agricultural land is surrendered to the Crown against a regrant of building land. As Mr. KWAN stated, vacant possession is not normally required when land is under cultivation at the date of surrender and the land is not immediately required for another purpose. Government is however satisfied that it would normally be quite unreasonable to agree to an exchange which permits a developer to obtain industrial, commercial or residential land without the competition inherent in public auction, and which at the same time may involve Government itself in clearing squatter structures or other encumbrances. These structures incidentally may already have enabled the owner to enrich himself by putting the land to uses not intended under his original lease conditions. It may, of course, be necessary to consider on their merits special cases where the landowner himself is genuinely unable to clear the land, but this can happen only in isolated cases.

I think, Sir, that I have now covered all Mr. KWAN's points about the New Territories. I should, however, add that the Government is in correspondence with the Heung Yee Kuk on these matters and it is encouraging, Sir, to note that the leaders of rural opinion are as anxious as we are to see a steady and orderly process of urban development in the New Territories. My honourable Friend can rest assured that the Government will do everything in its power to encourage and assist such a process.

Perhaps, Sir, at this point I might explain the system of modification of lease conditions for certain industrial lots at Kwun Tong—also referred to by Mr. KWAN.

In September 1955, Government announced that industrial sites would be put up for auction at an upset price of \$5 a square foot, with certain sites restricted to specific industries or groups of industries. During the next two years a total of 56 industrial lots with appropriate lease restrictions were sold. The experiment was not a success. It was found that the restrictions tended to hamper industrial development, and I am afraid that Government would be very averse from

repeating the experiment in any form. I think, Sir, that I must ask Mr. GOLDSACK to accept this as one answer to his suggestion that sites should be sold at fixed, and reasonably low, prices to industries that fulfil certain qualifications, but I shall comment on the more general aspect of the matter in one moment.

But to revert to Kwun Tong. In May 1957, Government announced that in future there would no longer be any restrictions on the nature of the industry carried on by the purchaser of an industrial lot sold after that date. At the same time it was announced that persons who had already purchased industrial lots with restrictions, could have those restrictions removed by payment of a modification premium equal to the difference between the price paid at the time of the purchase and the price obtaining at the time of application for modification. In June 1959 a notional value of \$20 a square foot was fixed as the unrestricted value of Kwun Tong industrial land at that time. Thus the purchaser of a restricted lot who paid, say \$9 a square foot for his land in 1956, was required to pay a modification premium of \$11 a square foot, (being the difference between his purchase price and the unrestricted value of \$20 a square foot) if he applied for modification in 1959. In view of the rise in prices realized for industrial sites in the past year, the formula for calculating modification premia was revised in February this year, after consultation with the Director of Commerce and Industry and my honourable Friend, the Director of Public Works. Briefly the new formula takes into consideration the average price a square foot at which restricted lots were sold in the past, the average at which unrestricted lots were sold up to December 1959, and the average of last year's prices for industrial land at Kwun Tong, which was in fact \$49. Now let us take, as my honourable Friend did, an example of a restricted lot purchased at \$10 a square foot. The modification premium would not now be \$39 a square foot, or the simple difference between these two figures. The formula I have just referred to, if applied to this example shows that the modification premium would, in fact, be \$20.07 a square foot. I can give my honourable Friend the exact details if he would care to have them. They would show that the modification premium does indeed give credit for the appreciation in value of the original land.

Before leaving my honourable Friend, Mr. KWAN, I must refer briefly, Sir, to his suggestion that Sections 27 to 29 of the New Territories Ordinance should be amended. I can assure him that Government already has such a proposal under consideration and that it is hoped to submit an appropriate bill to this Council in the near future. I may say that it is intended to provide, among other things in the amendments, that the use of statutory forms under the New Territories Ordinance shall be permissive only. Furthermore, it is Government's intention that land registration in the New Territories

should be transferred to the Registrar General's Department and in anticipation of this, certain additional posts have been included in the draft estimates for that Department. The New Territories Land Office fees are now under revision and the change proposed by my honourable Friend has already been noted for inclusion in the draft legislation.

I have one final word, Sir, to say on the subject of land—and it may well be not unimportant. As you yourself, Sir, explained, the overall policy is, and always has been, to sell land at open auction to the highest bidder. That policy is quite fundamental. Again and again it has been questioned, tested, and endorsed. It has been suggested by several speakers in this debate that some way should be found whereby industry, or a type of industry which we wish to encourage, should be able to buy land at a cheaper rate than the open market allows. Is it suggested that Government should artificially cheapen the price of *all* land in the Colony? If that is the suggestion, and I doubt it, then clearly there will be grave problems of land administration, and infinitely graver problems of financial policy ahead of us. If this is not the suggestion, then it can only be that industry, or a section of industry, should be enabled, by some device or other (and I say "some device or other" because the question of whether or not it could be exploited by unscrupulous men would remain, to a large extent, open) the question is whether industry by some device or other would be enabled to eat into our limited supply of land at less cost than the rest of the community. This would have two results. In the first place the old law of supply and demand would ensure that non-industrial land rose to even higher prices, and second that, whatever way you look at it, whatever device you adopt, Government had in fact subsidized industry, or a section of it, in relation to the rest of the economy. If that is really the proposition, then I am not sure that it might not be better to clear the decks completely and to pay a financial subsidy to certain sections of industry and to let the remainder of industry, commerce, domestic housing, and other promoters continue to enjoy the value of land at its present level. But again I am certain that that is not really the culmination that is in the minds of those honourable Members who made this suggestion. A clear cash subsidy to organizations over whose profits we have no control, is not I am sure what honourable Members had in mind. But in Hong Kong land is better than cash; and free-enterprise is, I am convinced more profitable to the whole economy than control. Just after the war the Government did in fact conduct the precise experiment which is now suggested, not, it is true, in aid of industry but in aid of home-building, but the principles at issue were precisely the same. In spite of much effort at control the experiment was a failure

such as I would not like to see repeated and honourable Members of this Council were, if my memory serves me right, the severest critics of the whole enterprise.

Sir, I move that the resolution now be adopted. (*Applause*).

The question was put and agreed to.

**RESOLUTION REGARDING THE ESTIMATES OF REVENUE
AND EXPENDITURE FOR 1961-62.**

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Estimates of Revenue and Expenditure for 1961-62 as amended by the Report of the Select Committee be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

APPROPRIATION (1961-62) BILL, 1961.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding one thousand and seventy-four million, six hundred and three thousand, two hundred and ten dollars to the Public Service of the financial year ending the 31st day of March, 1962."

He said: The purpose of this Bill, Sir, is to provide formal legislative sanction for the Estimates of Expenditure which have just been approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

THE FINANCIAL SECRETARY: Sir, this will be the last meeting of Council before the beginning of the next financial year, and it is necessary that this Bill should be enacted before then and should pass through all its stages to-day. If, Sir, you are of that opinion, I would beg leave therefore to move suspension of Standing Orders for this purpose.

H. E. THE GOVERNOR: —I am of that opinion.

THE FINANCIAL SECRETARY: Sir, I rise to move that Standing Orders be suspended to the extent necessary to allow the Appropriation (1961-62) Bill, 1961, to be taken through all its stages to-day.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

THE FINANCIAL SECRETARY moved the Second reading of the Appropriation (1961-62) Bill, 1961.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 and 2, the Schedule and the Preamble were agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Appropriation (1961-62) Bill, 1961, had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

STAMP (AMENDMENT) BILL, 1961.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to amend the Stamp Ordinance, Chapter 117."

He said: Sir, the primary purpose of this Bill is to give effect to the three changes in Stamp Duty proposed in my Budget Speech, that is, an increase in the duty on Agreements from \$1 to \$3; the introduction of a new Head for Hire Purchase Agreements to carry a duty of \$5; and an increase in the duty on Share Contract Notes from 10c. to 20c. per \$100.

A general Bill to amend the Stamp Ordinance has been in process of drafting for some time, but many of the proposed changes include a number of complicated and perhaps controversial matters which will require consultation with interested bodies. This Bill is in the nature

of an interim measure which gives effect to the proposed duty increases, and proposes a number of general amendments to the Ordinance which are, I believe, non-controversial, being designed to make the law more consistent, to bring it up to date, to introduce a number of concessions, and to clarify some points of doubt. The other amendments can wait a little longer.

The Comparative Table attached to the Bill gives a brief explanation of these changes, and I might perhaps elaborate on two of them.

Under section 41 of the principal Ordinance, exemption from duty is granted in respect of "all instruments made or executed by or on behalf of Her Majesty, or whereby any property or interest is transferred to or any contract of any kind whatsoever is made with Her Majesty". This is too wide in two respects. Firstly, it grants exemption automatically to all Commonwealth Governments except republics; and secondly, it grants exemption even where by law, or in normal practice, the other party would pay the duty. The major amendment in Clause 6 of the Bill seeks to limit automatic exemption to the Governments of Hong Kong and of the United Kingdom, and to cases where only Government is chargeable with duty. It follows, Sir, the Singapore Ordinance in these respects.

Clause 8(j) of the Bill deals with collateral or additional mortgages. This is a highly technical legal matter on which I do not propose to elaborate, but it seems that there is some doubt as to the proper application of the present duty of 10 cents per \$100 on the value of the substituted or additional security. The effect at present is that an additional and sometimes substantial *ad valorem* duty is charged, although there may be no change in the total sum secured. This does not seem wholly equitable, and the Bill therefore proposes to follow the United Kingdom practice by introducing a maximum duty of \$20, the same duty as that charged on a deed.

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: —

Experience has shown that difficulty is caused in the collection of stamp duty in certain cases owing to ambiguities of terms and expressions in various provisions of the Stamp Ordinance, Chapter 117. At the same time the rates of stamp duties imposed by the Schedule to

the said Ordinance have not been varied since 1950. Conditions have so changed that it is considered justifiable to effect some amendments to the Schedule.

2. The object of this Bill is—
 - (a) to make provisions for removal of ambiguities and clarification of doubt in so far as it is practicable; and
 - (b) to vary the rates of stamp duties relating to certain types of documents.

3. This Bill also introduces a change in the principle upon which exemption is granted to documents. Hitherto all documents executed by public officers have been, subject to certain exceptions, exempted from stamp duty under section 41 of the principal Ordinance. This exemption is too wide. Clause 6 of this Bill repeals section 41 and replaces it with a new section providing that where an instrument is executed by the Government or any public officer the Government and public officer shall be exempted from paying stamp duty. Any other party to the instrument who is liable under the Ordinance is not exempted and so remains liable. General exemption is still granted to certain types of instruments, for example, Crown leases.

4. Further, section 42 of the principal Ordinance grants general exemption only to mortgages or re-assignments relating to land held under a Crown lease where such mortgages or re-assignments are executed for the reason that the Crown lease has to be surrendered for a new grant. It is considered fair and equitable that other instruments executed for the same reason should be granted similar exemption. Clause 7 of this Bill repeals and replaces the present section 42 so as to extend the exemption to such other instruments.

5. Detailed explanations with notes on the intended effect of the various provisions of this Bill are set out in the Comparative Table annexed hereto.

INLAND REVENUE (AMENDMENT) BILL, 1961.

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

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clause 1 was agreed to.

Clause 2.

THE FINANCIAL SECRETARY: —Sir, I rise to move that this clause be amended as set forth in the paper which is before Honourable Members.

Proposed Amendment.

Clause.

2. (1) In the new paragraph (*ba*), after the words "beneficial owner", insert the following—
“, a tenant for life”.
- (2) In sub-paragraph (ii) of the new paragraph (*bb*), leave out the word "interest" and substitute the following—
"share".

Clause 2, as amended, was agreed to.

Clauses 3 to 7 were agreed to.

Council then resumed.

THE FINANCIAL SECRETARY reported that the Inland Revenue (Amendment) Bill, 1961, had passed through Committee with one amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

CITY HALL BILL, 1961.

MR. K. S. KINGHORN moved the Second reading of a Bill intituled "An Ordinance to make provision for the management of the City Hall."

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a Second time.

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

Clauses 1 to 10 were agreed to.

Council then resumed.

MR. K. S. KINGHORN reported that the City Hall Bill, 1961, had passed through Committee without amendment and moved the Third reading.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

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

ADDRESS BY THE GOVERNOR.

Honourable Members, this is the last occasion on which the Financial Secretary, Mr. Arthur Clarke, will be attending Legislative Council. Next month he proceeds on leave prior to retirement after 31 years of service in Hong Kong. I am sure no one will dispute his devotion to duty, his sagacity and ability as an Administrative Officer, or the great distinction he has brought to the post of Financial Secretary in these last nine years, when he has filled the appointment substantively. One has to add to his intellectual gifts and skill in financial matters, a sense of humour through which he has often introduced an atmosphere of Hitchcock's suspense into this august Chamber. Throughout all his service he has been a devoted friend to Hong Kong, and in these last years he has become one of its really great public servants. We shall all miss him, but at least we can offer him and his devoted wife, who has shared with him the joys and sorrows of Hong Kong over the years, all happiness and long life and prosperity in retirement.

ADJOURNMENT.

H. E. THE GOVERNOR: —Well, gentlemen, that concludes the business for today. When is it your pleasure that we should meet again?

THE ATTORNEY GENERAL: —May I suggest this day two weeks, Sir?

H. E. THE GOVERNOR: —Council stands adjourned until this day two weeks.