

**OFFICIAL REPORT OF PROCEEDINGS****Meetings of 29th March 1963****PRESENT:**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

HIS EXCELLENCY LIEUTENANT-GENERAL RICHARD WALTER CRADDOCK, CB,  
CBE, DSO,

COMMANDER BRITISH FORCES

THE HONOURABLE EDMUND BRINSLEY TEESDALE, MC

COLONIAL SECRETARY

THE HONOURABLE MAURICE HEENAN, QC

ATTORNEY GENERAL

THE HONOURABLE PATRICK CARDINALL MASON SEDGWICK

SECRETARY FOR CHINESE AFFAIRS

THE HONOURABLE JOHN JAMES COWPERTHWAITTE, OBE

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DR THE HONOURABLE DAVID JAMES MASTERTON MACKENZIE, CMG, OBE

DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE PETER DONOHUE

DIRECTOR OF EDUCATION

THE HONOURABLE ALEC MICHAEL JOHN WRIGHT

DIRECTOR OF PUBLIC WORKS

THE HONOURABLE GEOFFREY MARSH TINGLE

DIRECTOR OF URBAN SERVICES

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICHARD CHARLES LEE, OBE

THE HONOURABLE KWAN CHO-YIU, OBE

THE HONOURABLE KAN YUET-KEUNG, OBE

THE HONOURABLE WILLIAM CHARLES GODDARD KNOWLES

THE HONOURABLE SIDNEY SAMUEL GORDON

THE HONOURABLE LI FOOK-SHU, OBE

MR ANDREW McDONALD CHAPMAN (*Deputy Clerk of Councils*)

## MINUTES

The minutes of the meeting of the Council held on 18th March, 1963 were confirmed.

HIS EXCELLENCY THE GOVERNOR: —Gentlemen, before proceeding with our business today I should like to extend a welcome to General CRADDOCK who has assumed duties as Commander British Forces, and I am sure you would all wish to associate yourselves with me in welcoming him here.

## PAPERS

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

<i>Subject</i>	<i>LN No</i>
Sessional Papers, 1963: —	
No 13—Annual Report by the Secretary for Chinese Affairs for the year 1961-62.	
No 14—Annual Report by the Director of Agriculture and Forestry for the year 1961-62.	
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No 11) Order, 1963.	29
Supreme Court Ordinance.	
Supreme Court Fees (Amendment) Rules, 1963 .....	30

## REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1963-64

HIS EXCELLENCY THE GOVERNOR: —We shall now resume the debate on the Report of the Select Committee on the Estimates for 1963-64, which forms item 1 of Government business.

MR A. M. J. WRIGHT: —Your Excellency, my honourable Friend, Mr F. S. LI spoke of housing, particularly resettlement housing; a shortage of sites; and the need for more intensive development in the rural areas to compensate for this shortage.

It is true that sites for large scale housing estates present a problem, and that land which can be formed easily and quickly is in short supply. But there is no shortage of sites if we face up to the fact that many months, even years, of formation works are necessary before building

construction can commence. Once this fact is accepted, and programmes prepared accordingly, completed buildings in large numbers should roll off the production line at regular intervals.

I would like, Sir, to illustrate my point with an example: At this moment building or site formation works are in hand on 12 future resettlement estates. These estates will provide accommodation for 575,000 people, that is over 5 years supply at 100,000 persons per year. In addition we are working on site layouts for a further seven estates with a population potential of 250,000. We have now reached the stage when we can guarantee a fairly regular output of completed blocks over the next eight years at an average rate of 100,000 persons per year in spite of the fact that in some cases site formation will take 2 or 3 years to complete.

I trust, that honourable Members will not think that we are taking all the good sites for Resettlement. We have allocated ourselves some very difficult ones. It is, however, true that the greatest number go to resettlement because their annual programme is by far the biggest.

Building and site formation works are in hand on 5 Government Low Cost Housing sites with a population potential of 90,000; and planning is in hand on a further seven sites with a population potential of 110,000. Seven sites, having a gross area of about 80 acres, have been reserved for or allocated to the Housing Authority; and a further seven, having an area of 34 acres, have been reserved for or allocated to the Housing Society.

In brief, this means that definite sites are now available for the housing of some 1,250,000 persons in Resettlement or Government sponsored housing estates. On the majority building or site formation is already in hand. More land, spreading from Tsuen Wan in the West to Lei Yue Mun in the East, is being opened up and more sites will become available for private development as well as for Government aided schemes. Our aim is to offer sites to the various housing agencies several years in advance of their being required for building purposes. This will give them time to plan the estates, obtain finance, and carry out the necessary formation works, while keeping up a steady output of completed flats.

The question of densities in rural areas must be considered outside the context of Resettlement and Low Cost Housing. There are two major forms of development control in Hong Kong; one is through the Buildings Ordinance and the other through Lease Conditions. A restrictive covenant in a Crown Lease must be modified before development up to or approaching the Buildings Ordinance maximum is permitted.

In most areas these restrictive covenants are outdated, and it has been the practice to grant modifications to permit more intensive development, albeit at something less than the maximum permitted by the Building Regulations. The primary reason for this apparent contradiction is that the Building Regulations lay down a maximum. This maximum is acceptable in the urban areas with its wide, or comparatively wide, streets and the insatiable demand for commercial or mixed commercial, residential development. Even so it means that water mains, sewers and other services must be increased in size to deal with the increased population. But if applied to rural or suburban residential areas many of the roads, as well as the services, would be quite unable to cope without major re-construction. As there is still land to spare in these areas, re-construction of the roads and services on a scale to meet the demands of development to the maximum permitted by the Building Regulations would be uneconomic.

Even so the densities permitted in the rural areas of Hong Kong are very high by world standards, and are not always a practical possibility. They reach 1,800 persons per acre when assessed at 35 sq. ft. per person, or 450 persons per acre when assessed at international standards. Development is permitted on a sliding scale—the higher the building the less the permitted site coverage. It is this method of control which results in the differing site coverage to which my honourable Friend, Mr F. S. LI, referred in his speech.

I agree that the height and site coverage figures to which we work should be given more publicity. Schedules which set out the figures have been freely available to architects, solicitors and developers, and we are now considering the possibility of including such a schedule in a set of regulations. If this proves possible I am sure that it will greatly simplify procedure and benefit the private developer as well as Government. Even so, when practical considerations make it necessary to restrict development to something less than the maximum, control would continue to be by lease conditions.

The town plan for Aberdeen to which Mr F. S. LI also referred provides for an ultimate population of about 250,000. Much of this will be in high density housing to the maximum permitted by the Building Regulations. In preparing the plan the Town Planning Board were aware of the need to improve road communications to and from Aberdeen. The Draft Plan which, I hope, will be published early in April, includes proposals for a road tunnel to connect Aberdeen with the north side of the Island near Morrison Hill. The tunnel would be about one mile long and would reduce the distance from Aberdeen to Statue Square to 3½ or 4 miles.

My honourable Friend, Mr KNOWLES referred, in passing, to P.W.D. delays in approving architects plans. Last year we carried out a spot check on the progress made on one month's submission of plans

to the Buildings Ordinance Office. This showed that only 15% were ready for approval on the original submission, but a further 40% were approved after the first re-submission. It showed that over 70% had been approved (after a first and even a second re-submission) within three months. It also showed that where approval was long delayed the plans generally spent more time with the authorized architects than they spent with the P.W.D.

The investigation did not substantiate the accusations of unnecessary delay so frequently levelled against us. I shall be happy to investigate any complaint of delay that honourable Members may bring to my attention; I am confident that in the majority of cases I shall be able to satisfy them that the delay is not the fault of the P.W.D.

I am aware that there is room for improvement, and two measures are now being taken. The first—suggested by the Management Consultants—is aimed at cutting down the amount of dead, or waiting, time suffered by all submissions. The second is to reduce the time spent on actual checking by concentrating only on those regulations which concern basic planning and public safety.

This latter measure was to some extent forced on us last October when we got 970 new submissions (as compared with a monthly average of 184). As a temporary expedient it proved of great value and, with a few variations, we intend to make it permanent.

But I must sound a warning. We may succeed in reducing the time taken for approving plans, but without the co-operation of the Building Owner and his Architect the delay will simply be put off until application is made for the Occupation Permit. For under the new procedure minor contraventions and omissions in the submitted plans will be ignored. Nevertheless it will remain the responsibility of the owner, his architect, and the contractor, to ensure that the building is built and finished to the standards laid down in the Regulations. If the contractor is supplied with inadequate drawings and specifications, or if site supervision is inadequate, there will be a very real danger of the completed building being sub-standard, with consequent delay in the granting of the occupation permit.

If I have made no reference to Waterworks or general Civil Engineering projects, it is because honourable Members have raised no points which require a reply from me. The Public Works Programme went well last year, and progress on Shek Pik was particularly gratifying. We have set ourselves a difficult target for 1963-64; I intend to make no rash promises but I assure you, Sir, that all of us in the Public Works Department, will do our utmost to attain—if not exceed—that target. (*Applause*).

MR P. DONOHUE: —Your Excellency, I am most grateful to my honourable Friend, Mr FUNG Ping-fan, for his kind remarks about me and about the proposals for reorganizing primary and secondary education, and for his well-timed advice that there are many parents who are not clear about what the new reorganization means. Last Friday, at the opening of the Tung Wah Hospitals No. 1 College, I had an early opportunity to act upon his advice. By courtesy of the Tung Wah Directors, my explanatory speech is being circulated to every teacher in schools belonging to the Tung Wah Group of Hospitals. I have arranged also for copies to be circulated to all registered schools in the Colony.

In his speech at the last meeting of the Council, Mr FUNG endorsed the proposals for reorganization and then went on to draw my attention to two comments on these proposals which he had noted. The first of these comments was that the normal age of entry into government and aided primary schools should not be raised from 6 to 7, for two reasons, the first being that, and I quote: —

"the present six year primary school course is already difficult enough for many children and to shorten it to five years, even though the age of entry to schools is raised to seven, may prove to be educationally inadvisable."

My reply is that these fears are ill-founded. The course will be specifically designed for children starting at the age of seven years. It will in fact be a new five year course, and not simply the old six year course compressed into five years. Nevertheless, because the children will be starting at a maturer age, there is good reason to believe that they will be able to reach approximately the same standards in the fundamentals of language and number work that they now reach in six years, starting a year earlier. No special cramming or increased homework should be required to achieve this.

I have seen it suggested that these standards might be reached by starting the special five year course at the age of 6 years, but I certainly do not agree with this. It has also been stated that the period between 5 to 7 years of age is a highly formative period in a child's life. This view accords with my own understanding, as confirmed by educational experts at the Second Commonwealth Conference in New Delhi last year, that during the ages of 5 and 6 years a child undergoes rapid psychological and physical development and should not, therefore, be subjected to undue strains during this period. Children develop as individuals and at individual speeds but, in general, it would seem to be most inadvisable to concentrate on formal education at the age of 5 or 6 years, or to expect that a child of 6 will have developed to the same extent as a child of 7.

The second objection to raising the age of admission to government and aided schools was, and I quote: —

"in this age of keen competition it is better for the children to start their schooling at 6 rather than 7. Supporters of this school of thought also pointed out that in the United Kingdom the statutory age of entry to schools is 5."

The objectors fail to mention that the normal school leaving age in the United Kingdom is 15 years and that there is some talk of raising it to 16. On the other hand, before the age of 7, the play-way method of education is advocated. Quite frankly, I find it horrifying to contemplate that life has become so competitive that it matters seriously to a child whether he starts school at 5, 6 or 7 years of age, if the implication is that he must be subjected immediately to the pressures of formal education. Surely in this age of keen competition it is much more important that he should finish school later and with a better education. On the question of the United Kingdom practice of starting primary school at 5 years, I should like to quote the following extract from a very recent book on education in Britain: —

"However, the time is ripe for a change of attitude to the primary schools, which are still 'organized' as they were fifty years ago. We are the only country in the world to impose a five-year-old entry age, for a five-hour day, which in many ways is too long: it is wasteful of teachers' time and is sometimes positively upsetting to the children."

Speaking on purely educational grounds, it is quite obvious that if the United Kingdom is right in insisting on primary education from the age of 5 years then it would appear that most if not all other countries in the world are wrong. It is, however, equally obvious that decisions about the starting age, about the normal terminal age of the first stage of education, and about the type of education or other training to be given before the age of 7 are determined by social and economic factors as well as educational considerations.

Honourable Members will perhaps forgive me if at this point I say something about what is going on in other Asian countries. According to a recent United Nations appraisal, reported in the local press, the basic structure and the form of most Asian educational systems still remain unsuited to the requirements of contemporary developments. A UNESCO report entitled "The needs of Asia in primary education" states that a Seminar on educational reform held in New Delhi in 1958 recommended that early steps be taken by all Member States of UNESCO to provide a terminal primary course of seven years or more. In the report the age period of compulsory education in a number of Asian countries was quoted as (5 - 14) in Ceylon, (6 - 14) in Laos,

(7-14) in Thailand, (8-14) in Indonesia, (6-11) in Nepal, (6-12) in Afghanistan, (6-13) in Malaya, and (7-13) in the Philippines. This matter was discussed at Karachi in 1960 and again at Tokyo in 1962.

The Report of the UNESCO meeting at Tokyo in 1962 stated "*inter alia*" that the Karachi Plan for the eventual provision of not less than seven years of universal and compulsory schooling embodies national desires to create the necessary conditions for full democratic growth. Such schooling provides the true base for the location and selection of a nation's talent and as such is the foundation of the educational pyramid. It also provides the literacy and knowledge necessary for the full exercise of democratic rights and responsibilities and has been recognized as a basic right in the Universal Declaration of Human Rights. In addition such schooling makes a major contribution to economic growth.

The reorganization of primary education on which we are embarked will enable us to go some way towards achieving the pattern laid down at Karachi and endorsed at Tokyo, and at the same time to bridge in an economic fashion, the gap between the present primary school leaving age and the age of industrial employment.

I now turn to the second comment on the reorganization which my honourable Friend, Mr FUNG, has noted and passed on to me, namely, the question of the syllabus for Form I when promotion to secondary schools is based on the Form I examination. This will not happen until 1969 since promotion to secondary schools up to that date will be restricted, as at present, to Primary 6 students. I am well aware of the problems involved in this point, which are not merely confined to the question of the syllabus, and I can assure my honourable Friend that these problems will be given very close examination with a view to providing a satisfactory solution in good time. I should add that his comments on teacher needs at this level have been noted.

I would like to take this opportunity to comment on a recent newspaper report that a committee is to study Government's proposed reorganization of the existing 12 year primary-secondary education system which will shorten the entire course to 10 years. I am at a loss to understand this report. The existing system is based upon 6 years of primary education followed by 5 years of education in Anglo-Chinese and Chinese secondary schools to School Certificate and by university matriculation studies thereafter. In the Anglo-Chinese grammar schools the matriculation course is of two years' duration, in Chinese secondary schools the matriculation course is expected to be of one year's duration. As honourable Members are aware, the reorganization proposes to replace the present six year primary course by a five year course. The secondary course will, however, continue as at present, to be 5 years



to School Certificate followed by 2 years to Matriculation in Anglo-Chinese schools and by 1 year to Matriculation in Chinese Secondary schools.

My honourable Friend's comments on the valuable part played by subsidized and grant schools sponsored by the Churches and by other bodies have been noted with appreciation. I have no doubt that they have been noted also by the visiting educational advisers, and I can assure my honourable Friends that recommendations made by the advisers and according with Mr FUNG's remarks will be sympathetically received.

Turning to technical education, I am grateful to my honourable Friend, Mr Dhun RUTTONJEE, for his kind remarks about the Technical College and I think that he will not be surprised to learn that planning at the College for pre-apprenticeship and trade training is already far advanced. Certain trade courses will be offered in September next and the new workshop block, now being built with the generous gift of HK\$1.5 million from the United States Government, has been designed and will be equipped for training in building, engineering and electricians' trades. It is anticipated that these courses will become available in 1964.

In regard to apprenticeship, the United Kingdom White Paper on Industrial Training has been carefully studied in my Department and also by the members of the Standing Committee on Technical Education and Vocational Training which has recently been considering apprenticeship in Hong Kong. The findings and recommendations of a special sub-committee on apprenticeship are now under discussion by the parent Standing Committee and are therefore, to some extent, *sub judice*, but perhaps my Friend, the Honourable Commissioner of Labour, within whose province apprenticeship falls, will permit me to say that the Boards mentioned by Mr RUTTONJEE are close to the thinking of his Committee. I believe that we can anticipate valuable recommendations in this important field of apprenticeship very shortly.

My honourable Friend, Mr GORDON, referred to the need for artisan training and recommended "practical teaching of rudimentary skills." I must point out immediately that artisan training and practical teaching of rudimentary skills are by no means the same thing. An artisan is a skilled worker, as skilled in his craft as an accountant in his, and I am sure that Mr GORDON will agree that instruction in only the rudiments of either trade would be unsatisfactory and inefficient. The present system of training Government apprentices has provided excellent artisans and technicians, although I will agree that it has produced more of the latter than the former—which is a proof of its excellence. Nevertheless, Mr GORDON's argument has validity and the proposed Technical College trade classes will recruit youths from lower

down the educational ladder with the object of providing them with the foundations of artisan training. As to the practical teaching of rudimentary skills, Mr GORDON's point is taken and I can assure him that simple manual training of the kind he has in mind is now going on in Government schools and in many other schools, and that I share with him the wish to see it extended to all schools. I would like, Sir, to take the opportunity at this point to extend a very cordial invitation to all my Honourable colleagues to visit these Government schools.

In general, we accept the terms of the paragraph from the White Paper quoted by Mr GORDON with its statement that pre-apprenticeship training and training in basic skills can be efficiently carried out in an institution set up for the purpose and our present planning for the Technical College trade courses (and at another institution we have in mind for the Island) is to set up one-year pre-apprenticeship courses plus certain artisan courses.

I cannot, however, emphasize too strongly that part of the responsibility, indeed, the major part, for training artisans lies with industry. Training for industry is best done in industry, and employers should not expect Government to take over this role. Government has not the means nor the money, nor can it provide industrial training as efficiently as industry itself can do it. This is the employer's part and it is for employers to organize proper training schemes. Government will continue to help in appropriate fields, as it is already doing through our various technical institutions and through the courses for supervisors given by the Labour Department, and is now considering how to increase and expand that assistance in the near future.

It has been stated that many firms are too small to have apprentices but, in fact, many of these small firms do engage apprentices but fail to provide training schemes. In such cases, group apprenticeship schemes can be set up, as is, I believe, being done with considerable success in Mr GORDON's native land.

Another important point is that, if a Government pre-apprenticeship scheme is to be operated successfully, employers must offer apprentices the conditions of employment which will attract young people into this type of work and also make them willing to stay. If he is to be a contented apprentice and artisan, a young man who has received some general education and then pre-apprentice training will require that his reward is commensurate with his effort. I will therefore conclude my remarks by pointing out that although my Department will shortly embark on the provision of the services requested by my honourable Friends, much of the ultimate success of our schemes will lie with the employers. (*Applause*).

DR D. J. M. MACKENZIE: —Your Excellency, my honourable Friend has drawn attention again to the very heavy pressure on the hospital beds in the Colony and the need for a crash programme of hospital construction. First I should say I have been haunted for five years by this spectre of overcrowding and the best ways and means to contain the situation while the programme of hospital construction already in hand is pushed ahead as rapidly as possible. I am not certain what my honourable Friend has in mind when he speaks of a crash programme. Does he mean the building of temporary wards of bungalow construction or the granting of the highest possible priority to the hospital projects already in the Public Works Programme? I presume he means the latter and, if so, I would refer to what I said in the Budget Debate in 1961. What we need is to get on with determination and energy with the projects in the Public Works Programme. We should not blow hot on the inadequacies one year and cold on the cost in the next.

I agree entirely that we need very urgently more general beds and therefore we should start at once with the construction of the new Lai Chi Kok Hospital of 1,140 beds. If we begin with the 350 bed Infectious Diseases Unit proposed for that Hospital and complete it, if we can, in the period of 12 months suggested by my honourable Friend for a 300 bed hospital, then that will enable the present Lai Chi Kok Hospital to be used for convalescent and chronic cases from the two Government acute hospitals. At the same time, we should push ahead with the 790 general subsidiary beds proposed for this new Hospital. This would be a realistic contribution to the shortage of general beds and not just another expedient.

The Voluntary Agencies are also active in hospital construction in Kowloon and the New Territories. The Building has started of the Caritas Hospital of 350 beds at So Uk. Two hundred of these will be general beds, 100 for tuberculosis and 50 for cancer cases. In Tsuen Wan, the Seventh Day Adventists Mission is building a hospital of 72 beds and the Tsuen Wan Manufacturers are planning the Yan Chai Hospital of 100 beds. The Buddhist Association is also planning a hospital of 300 beds and Government has under urgent consideration a proposal by the Protestant churches in Hong Kong to build a hospital of 600 general and maternity beds in Kowloon to be called the United Protestant Hospital. This proposal has my strong support as Director of Medical and Health Services and I have commended it to Government for approval in principle so that the detailed planning can begin. The Tung Wah Hospitals are now building an Infirmary Block at Wong Tai Sin of 210 beds. This gives a total of 1,632 beds, either in construction or proposed, which are additional to those in the Government programme for Kowloon and the New Territories.

On Hong Kong Island a new hospital of 1,100 beds for Shau Kei Wan is in Category C of the Public Works Programme. This is complementary to the extensions already underway at the Queen Mary Hospital, which are due for completion in 1965 and which will provide an additional 180 beds.

At the end of 1963 for an estimated population of 3,660,000, there will be a ratio of general beds of 1.45 per 1,000 population. To only maintain this ratio of general beds, without taking into account beds for mental diseases, tuberculosis, midwifery or infectious diseases, we will need to build 1,000 additional general beds within the next five years, assuming conservatively a population increase of 3½% per annum. If on the other hand we are to aim at a ratio of 2.5 general beds per 1,000 which is the minimum necessary I believe to provide a realistic remedy of the present situation, we will need to provide 4,874 general beds. Taking into account the approved Government projects of the new Lai Chi Kok and Shau Kei Wan Hospitals and the Queen Mary Hospital extensions which will account for 2,070 general hospital beds and the Voluntary Agency plans for 1,632 beds, assuming they all materialize, we will still be over 1,000 general beds short by the end of 1968. The limiting factor is of course finance, particularly for recurrent costs, especially as certain of the Voluntary Agencies concerned will look to Government for recurrent grants in aid. My honourable Friend has accused me in this Council in the past of trying to commit posterity to an insupportable burden in the sphere of hospital services. As honourable Members well know, Sir, I am not in any position to do this as Finance Committee ultimately scrutinizes and, if it sees fit, approves any commitments of the public purse. My Colleagues and I, however, do have a duty to advise on the needs of the future and this we have done and will continue to do. Constructive criticism of this advice is always welcome but it must be consistent and related to positive action based on defined projects if we are ever to make up the very considerable leeway in this field. I believe we are all agreed about the minimum desirable even if we are all concerned about the cost.

I hope that an essential ancillary to any programme of development will be the provision of the cost accounting staff I mentioned last year in this Debate. I would welcome an investigation of this aspect of our hospital services to determine whether or not Government Hospital beds in our two major hospitals are uneconomical in relation to the medical and surgical services provided. Meantime, I have not tried to justify what my honourable Friend refers to as "the high cost of running Government Hospitals". What I have tried to do is to give factual information within the accounting organization at my disposal which has neither the staff nor the facilities to undertake a detailed and modern cost accounting survey. I can assure this Council, however, that the closest possible supervision is given to costs to ensure that the doctors who have the

heavy responsibilities of the treatment of patients have the necessities that we can afford within our means to support them in their task of the relief of suffering and a quick return to productive life of those in our community who depend on Government and Voluntary Agencies for medical care.

My honourable Friend has also made comments on the luxurious Queen Elizabeth Hospital and its cost. I can assure him that the standard of ward accommodation is not luxurious. It is as modern as possible, and the facilities provided are designed for the quick and efficient treatment of patients in an acute hospital within which are the specialist units for Kowloon. We are, however, building for the future and I am sure we will agree that the accommodation must be planned with this in view. Next, it will be the medical necessity of the patient's illness that is the criterion for admission and I am sure Mr RUTTONJEE does not wish to imply that other considerations will in any way override or govern that medical necessity.

Next the estimates of cost. As my honourable Friend has said, he is a member of the Progress or Building Committee and has been so since its inception. Therefore, I cannot understand why he has charged that the Medical Department has asked for newer and more expensive equipment, some of which called for building changes. This is not borne out by the facts. The main structure remains virtually unchanged, since the final sketch plans were approved in 1957. The original provisional estimate of cost in 1955, based on the Consulting Architect's sketch plans was \$42,690,000. As the detailed work proceeded in conjunction with working drawings and the survey of quantities, this cost was revised in the 1958-59 estimates to \$45,875,000. Thereafter the cost of engineering services, additional quarters and work in connexion with more economic utilization of the basement area has raised the cost to \$54,720,000. These increases have been due to architectural and engineering problems such as inevitably arise during a building of such magnitude and they have all been justified to and accepted by the Progress Committee.

To refresh my honourable Friend's memory, I have available for him a reconciliation statement of estimates of building costs up to the end of 1962, prepared by the Chief Quantity Surveyor of the Public Works Department. He will see that integral steam supplies—steam was originally envisaged from an outside source—additional staff quarters, laundry services, air-conditioning, emergency power supplies and other external works were all undertaken to meet engineering and services requirements. These, developing in the course of detailed planning beyond the sketch plan stage, have accounted for the difference between the 1955 provisional estimates and the 1962 figure based on the actual tenders received. The only newer and expensive equipment,

perhaps that to which my honourable Friend refers, is the equipment for the Jockey Club Radiological Institute at the Queen Elizabeth Hospital. This has entailed additional building, not involving the main structure, and the Jockey Club Charities Ltd. guaranteed in 1958 a most generous donation of \$6,000,000 towards this of which \$4,500,000 is for equipment and \$1,500,000 as a contribution towards the additional building costs.

The original estimate for hospital equipment in 1955 was \$9,600,000 and this was for 1,000 beds only, as it was then proposed to close down Kowloon Hospital entirely, transfer all the ward and other equipment to the Queen Elizabeth Hospital and surrender the site. The estimate for equipment is now \$15,640,000 for 1,320 beds, of which \$4,500,000 represents the Jockey Club donation for radiological equipment. I should say that the laundry equipment to cater for the whole of the Medical Department's requirements and not the Queen Elizabeth Hospital only is also included in this amount. This arrangement received my honourable Friend's enthusiastic support—in fact I think it was his proposal and therefore, I refute emphatically the statement that the increased cost is because, and I quote my honourable Friend's words:

"The Medical Department repeatedly asked for newer and more expensive equipment, some of which called for building changes."

The hospital structure itself is basically, I repeat, as was originally planned and the only major addition has been the Radiological Institute which will make available the most modern treatment for cancer and which is being financed by the Jockey Club. Incidentally, I have been assured by visitors eminent in the field of hospital construction and engineering that they frankly did not believe that a hospital of this type and magnitude could be built within the present estimate. The cost is one half of that of a comparable structure in the United Kingdom and one third of what it would be in Australia.

Now this brings me, Sir, to the Kowloon Hospital. In 1959, I said to this Council that it was proposed to use Kowloon Hospital as a tuberculosis hospital for Kowloon and the New Territories when the Queen Elizabeth Hospital was in operation. With this in view, an urgently needed surgical block with theatres was added in 1959-60 to meet the heavy pressure on the hospital's surgical facilities but it was so designed that it would serve as a centre for the thoracic and orthopaedic surgery of tuberculosis in Kowloon. Later a review of the overall tuberculosis bed situation as a whole was undertaken and it was announced in the Debate in 1961 that only part of the hospital would be set aside for tuberculosis and that the rest would be for cases from Queen Elizabeth Hospital who were over the acute phase of treatment for injuries but who required a further period of hospital care designed to hasten rehabilitation. With this in view, 180 beds of the existing

hospital are designed to be used for this latter purpose and the Jockey Club again has given a generous donation to build a centre in the Hospital grounds for physiotherapy, occupational therapy and the manufacture and fitting of surgical appliances which will provide the ancillary rehabilitation services required. This will mean a total of 300 beds for medical and surgical tuberculosis, including 58 for tuberculosis meningitis, and 180 subsidiary beds complementary to the Queen Elizabeth Hospital. Certain of the beds at present in the very old Isolation Block, in the custodial block and temporarily in the former nurses' quarters are not taken into account as the buildings are either no longer suitable for use as wards or will revert to their former use.

Tuberculosis is our major community health problem and more and more cases are coming forward for treatment. For this we aim at a ratio of 0.7 beds per 1,000 of population. The overall Colony ratio of tuberculosis beds actually available at the end of 1963 will be 0.47 per 1,000. This means 1,720 beds of which 1,216 are on Hong Kong Island. The addition of 300 beds in Kowloon Hospital will bring the Kowloon figure to 738. This will release 72 beds for other purposes at present used at Lai Chi Kok for tuberculosis cases, so the net gain will be 228 tuberculosis beds. These beds are urgently required and I am convinced that the people of Kowloon require this addition of tuberculosis beds for their needs now. Later we may expect an additional 100 in the So Uk Hospital and a further 100 at Haven of Hope Sanatorium both of which projects are already in hand. Even that will give an overall ratio of tuberculosis beds of only 0.53 per 1,000. In relation to the total problem and the pressure on general beds, this is minimal and, I believe, Sir, realistic.

My honourable Friend suggests that the 300 beds in Kowloon Hospital should be used for infectious diseases instead of tuberculosis. I have earlier this afternoon advised that the 350 bed Infectious Diseases Unit at the new Lai Chi Kok should go ahead without delay and in any case, I would regard bringing infectious diseases cases into the centre of Kowloon as a retrograde step, not in the public interest, particularly if the Hospital were to be used as an acute casualty centre as Mr RUTTONJEE advocates. We are always at risk of cholera and smallpox and the facilities for isolation at the present Lai Chi Kok Hospital are much better than they would be in Kowloon Hospital. If we can complete the new Infectious Diseases Unit at the new Lai Chi Kok Hospital in a period of 12 months then we will be able to use the existing Lai Chi Kok Hospital beds for extra convalescent beds as Mr RUTTONJEE proposes.

The Heaf/Fox Report on Tuberculosis in Hong Kong is being examined in detail at the moment by the Medical Advisory Board. Until the Board's advice on the implementation of the recommendations

in that report is available to Government, no public statement can be made. I hope that this advice will be forthcoming shortly. Meantime, my honourable Friend's proposal for a 500 bed Tuberculosis Hospital in Kowloon will be considered in the context of the report as will his assurance that the Anti-Tuberculosis Association can provide another 50 to 100 beds on Hong Kong Island.

The state of the hospital and the need to carry out extensive maintenance and certain modifications which have been suspended pending the opening of the Queen Elizabeth Hospital are the reasons why it is necessary to close down the Kowloon Hospital for a period of six months. It has not been possible to carry out these tasks earlier because of the pressure on the hospital and the necessity to avoid dislocation of the medical work. Therefore, we must seize this opportunity as soon as all the patients have been moved to the Queen Elizabeth Hospital, and the Kowloon Hospital will then be closed down temporarily for this purpose. The work is imperative and the closure is not due to conversion to "cater for tuberculosis" or because of lack of foresight in staff planning as my honourable Friend implies. There is sufficient nursing staff provided to meet Government's requirements for approved projects. As far as the staff requirements for Kowloon Hospital are concerned, provided that the manning schedules are approved right away, the staff will be made available for 300 tuberculosis beds and 180 subsidiary beds serving Queen Elizabeth Hospital. If the period of closure can be shortened, so much the better.

As my honourable Friend knows only too well, staff training must be related some years ahead to projects in hand and this has been done for Queen Elizabeth Hospital, the Queen Mary extensions and other approved projects. As far as the medical staff is concerned we have not planned to train additional doctors to provide specialist cover for a second casualty centre at Kowloon Hospital. The Queen Elizabeth Hospital and the Kwong Wah Hospital, as I have said previously in this Council, will play complementary parts in dealing with the medical and surgical emergencies in Kowloon and our plans have been based accordingly. An assurance was given to my honourable Friend last year that Government did not propose to have another Queen Elizabeth Hospital in the foreseeable future but he is now proposing that we should have Kowloon Hospital as mainly an acute hospital which will entail services and staff of a standard equivalent to those in the Queen Elizabeth Hospital. I cannot support or advise acceptance of this proposal.

The Honourable FUNG Ping-fan has drawn attention to the desire of certain public spirited citizens to give donations towards the building of more hospitals and clinics. Generally speaking, Sir, this practice recommended by my honourable Friend is in fact already in use. For example, the Royal Hong Kong Jockey Club has been most generous



in building and donating clinics and a hospital to Government over the past seven years. During this last year, one clinic, the Anne Black Health Centre was opened, the Foundation Stone of the Robert Black Health Centre has been laid and site works have started for the Li Po Chun Clinic at Tai Kok Tsui, Kowloon, all of which have been sponsored by private citizens on a dollar for dollar basis. The Lions Clubs of Hong Kong have agreed to donate half the cost of a Maternal and Child Health Centre in Kowloon City which is to be built shortly. However, donations for capital works inevitably entail recurrent expenditure from public funds which is on the average one-third annually of the capital cost. This does mean that capital grants must, as far as possible, be related to approved projects for which funds for maintenance will be provided within the overall allocation for recurrent expenditure.

My honourable Friend Mr FUNG Ping-fan's suggestion that wards could be named after donors giving an appropriate sum will certainly be followed up, provided that the donors concerned can see their way to allow their donations to be applied to projects within the approved programme of construction. In this way, the recurrent maintenance is assured. An alternative suggestion is that donors may wish to donate ward furnishing or items of equipment, but I shall be glad to discuss these suggestions with Mr FUNG Ping-fan at any time.

Finally, Sir, may I express to my honourable Friend, Mr RUTTONJEE, my deep appreciation of his generous personal comments. Even if we do not always have visual accord on these occasions, at least we are frank with each other! Such results as may have been achieved during my term of office have been due to the loyal and devoted efforts of the enthusiastic and hardworking team within the Department with whom it has been a pleasure and a privilege to work. I am glad of this opportunity to pay tribute to them. (*Applause*).

THE FINANCIAL SECRETARY: —Your Excellency, I had hoped that the routine nature of this year's Budget would reduce the number of shots fired at me in the debate and that to-day I would have little to do. Instead I find myself somewhat more heavily engaged than last year, although perhaps the shot has been of rather smaller gauge. I would like to apologize in advance for not being able to-day to cover all the topics raised as fully as I would wish.

First of all that hardy annual, Estate Duty, on which three honourable members have spoken.

I must confess that I have difficulty in accepting that the existence of Estate Duty scares off, or away, any significant volume of capital looking for productive investment; I have even more difficulty in accepting that revenue from investments attracted by the abolition of Estate Duty would more than make up for its loss. Money that goes

to Switzerland or Bermuda or the Bahamas is not looking for productive investment but merely for refuge; often a temporary refuge. Such money can even be an embarrassment to the receiving country. On the other hand, the high investment return here, our low rate of profits tax and our abstention from taxing income arising abroad, offer inducements, immediate inducements, which wholly outweigh in the minds of most investors the remote potential charge of Estate Duty; a charge which in any case arises in similar form and weight in most other areas of profitable investment. Furthermore, capital invested from foreign sources is very often in forms which do not attract Estate Duty here. I myself have no evidence of foreign money being turned away from Hong Kong by reason of Estate Duty and little evidence of residents' money leaving Hong Kong because of it. Certainly the main forms in which wealth is held here, real property and shares, are not notably depressed in value, compared with other countries, and a very substantial net inflow of capital continues.

I do not deny that some people may, in some circumstances, seek to avoid the threat of Estate Duty, by sending some money abroad, at least temporarily, to a tax haven (where it will earn very little income) but the amounts are not, I am sure, of significance to the general economy; and the desire to avoid Estate Duty is by no means the only or even the main reason for the investment outside Hong Kong by Hong Kong residents which does in fact take place.

My honourable Friend Mr R. C. LEE has suggested that Estate Duty should be abolished in view of the fact that it produces "only \$20 million". I do not myself regard this as a small sum. If I were in a position to "give away" (to use the rather unfortunate British budgetary phrase) \$20 million in taxation I could think of other more appropriate choices; and, if we had to replace \$20 million by another tax, I would be hard put to suggest anything other than an increase in profits tax above the level it would otherwise have to rise to; and, as I see it, a higher immediate tax on all forms of income would probably be a greater disincentive to investment than Estate Duty, which falls on the inherited or accumulated wealth of an individual after his death.

I accept that we must rely less than most other countries on direct taxation, but, while income taxes are so low and non-progressive and taxes on capital gains or wealth non-existent, I really do not see how we could justify the abolition of Estate Duty.

Certain specific points have also been made about Estate Duty, My honourable Friend Mr KWAN spoken condemnation of Section 32. But I do not think that the position is nearly as bad as he has painted it. In the first place the provision in Section 37 for avoidance of double taxation covers some of the apparent anomalies he spoke of. Secondly, in so far as his specific point about repayment of loans is

concerned, there is a concessionary administrative practice, derived from English practice, whereby only the net loan outstanding is taken into account. This may leave some circumstances, probably rather curiously contrived circumstances, where the provisions of the section, if strictly interpreted, might raise an extra tax charge; but I think it is important to understand that the purpose of these provisions is to prevent tax evasion, not to catch legitimate transactions; and that the Commissioner has discretion, both as to its invocation and as to its application, which is sufficient to ensure that legitimate transactions are not caught by it. I would like to quote what my predecessor said about this at the second reading of the Bill in 1958: —

"I understand that, when legislation similar to this Bill was enacted in the United Kingdom, an assurance was given to the Law Society by the Commissioners of Inland Revenue that it would only be invoked where there was an element of evasion. The Estate Duty Commissioner's intentions here are similar; and he has, I understand, issued written instructions to this effect to his staff. His policy has Government's approval. The new provisions are directed against the individual who, making use of the company structure, seeks so to adjust his affairs that the tax is less than it otherwise would be. They are not directed against controlled companies as such."

Since these provisions were introduced, the question of using them has arisen only in nine cases out of almost two thousand dutiable estates dealt with. Of these only three have been assessed (and one of these assessments was subsequently cancelled), one was not proceeded with under the section, and the five others are under consideration. The section has been sparingly used, and so far as I am aware no hardship has resulted and my predecessor's pledge has been fully honoured. I would welcome, and so would the Commissioner, notice of any case where hardship has resulted or injustice been done.

I do not know whether the original draftsmen were aware of the points made by my honourable Friend. But I would remark that the St. Aubyn's judgment, *obiter dicta* from which he took as his text, was delivered eleven years ago in 1952 and Britain has not considered it necessary to amend the law. If we attempted to do so, I fear that we would merely provide more loopholes.

A second practical question raised was the method of valuation of companies whose shares are not quoted on the stock exchange. This can, I agree, be a difficult matter and it is certainly desirable that the Commissioner and public accountants should be on the same wavelength, to adopt the expression of my honourable Friend Mr GORDON. The Commissioner tells me that he believes that he is in fact on the same wave-length on technical matters of valuation and that, if

differences of opinion arise, it is largely when it comes to disputable matters such as a company's future prospects, and other such extraneous matters where the accountant is not the sole or final arbiter.

My honourable Friend Mr KWAN has mentioned two valuation matters in this connexion. He said that valuations were being wrongly based on a company's assets and he referred to the special difficulties of minority shareholders. The Commissioner informs me that he normally *does* use an asset basis but combines it with a yield basis if a reliable one is available; neither is definitive in itself; and also that he allows a considerable discount on the strict valuation to meet the difficulties of minority shareholders. Perhaps my honourable Friend would like to give me specific instances where he thinks valuations have been wrongly based. It is difficult to argue this point *in vacuo*.

My honourable Friend Mr GORDON also suggested that appeals on valuation might be allowed to the Inland Revenue Board of Review rather than have to be made direct to the Courts. I see some merit in this, although I should point out that the Crown equally with the estate would have to have a right of appeal from the Board to the Courts.

A third point was the question whether Government might not accept public company shares in lieu of cash when duty was levied on shareholdings, because of the effect on share values of sales in our comparatively narrow market. I think that this effect can be exaggerated, except in the case of very large holdings and in such cases time is generally given for disposal. I can, of course, also suggest immediately some arguments against the proposal. There is, for one thing, the difficulty of justifying this special concession for public company shares as opposed to other forms of property. On the other hand there is some provision in Britain for acceptance of payment in kind of various sorts, at the option, however, of the Revenue, not by right of the taxpayer. I undertake to give the question further study.

Consideration of these specific points leads me to a more general proposition. Estate Duty has been called, with a degree of exaggeration, a voluntary tax, as most rich men can take some steps, albeit at some cost and risk, to avoid at least part of it if they are anxious enough to do so. I have wondered if there is not a case for a reduction of the rates at the top of the scale. The maximum rate, although it was reduced from 52% to 40% when the law was amended in 1959, is still high in relation to our present income tax rate or any income tax rate we are likely to have in the foreseeable future. While I would not expect a reduction to produce a tenfold increase in duty as in the case of Chinese prepared tobacco, it might not reduce the yield so very significantly, and would ease the administration of the law. But perhaps this change should await the day we have to put our income tax rate up—or the day we introduce a full income tax.

My honourable Friend Mr GORDON spoke about some practical aspects of the administration of the Inland Revenue Ordinance. I am at somewhat of a disadvantage in dealing with such matters as the rule of secrecy precludes my friend the Commissioner from discussing individual cases with me unless the taxpayer consents. I tend to see therefore only part of the evidence.

My honourable Friend first of all advocated that assessors in the Inland Revenue Department take "a broad practical approach to their job and not get bogged down in technicalities." I am not sure just what my honourable Friend means. Surely not that assessors should not bother too much about the odd few hundred dollars they believe may be due? Other taxpayers will take a different view, particularly salary taxpayers, who have no opportunity of "broadening" the mesh of the net that *they* are in. As for not getting bogged down in technicalities, I can assure Council that taxpayers themselves have no hesitation in bringing up technicalities and, indeed, in spite of the low incidence of our tax, they and their advisers in law and accountancy exercise considerable effort and ingenuity in looking for methods of avoidance. I do not blame them for that. Technicalities are necessary to make the administration of the law as precise as possible. But there is also a question here of equity between taxpayers; and also the consideration that maintenance of our low rate of tax may be prejudiced if ineffective administration reduces its yield.

I am sure in any event that my friend the Commissioner would have the greatest difficulty in drawing up a clear-cut directive to his staff on the lines suggested. This does not mean that assessors do not use a degree of discretion in cases of real doubt or difficulty but if they depart too far, or unnecessarily, from the provisions and principles of the law there can only be confusion, loopholes for avoidance and evasion, allegations of special favours or worse. And it must be remembered that their work is subject to the scrutiny of Audit, except as regards the exercise of their discretion, and too "broad" a use even of that discretion would bring adverse audit comment.

Apart from these considerations there are two main reasons for what my honourable Friend considers unnecessary and unprofitable investigation. One, if I may be so bold as to carry the fight into the enemies' camp, is the distressingly wide, but not of course by any means universal, prevalence of indifferent accounting and inadequate auditing—not necessarily, although usually, to the advantage of the taxpayer. I will not dilate on this. The second is the fact that our present tax system makes it very difficult to detect evasion; and the powers given by the Ordinance, although my honourable Friend has described them as wide powers, are far from adequate for the purpose. In the absence of a full income tax, which would solve some of these problems, my friend the Commissioner has suggested certain amendments to the

Ordinance designed to improve the position and I have these under consideration. In the meantime evasion, or more politely, errors and omissions, can, in many cases, be brought to light only by persistent querying and probing. Some big cases have, I understand, come to light in this way in recent years.

My honourable Friend Mr GORDON also spoke of agreed assessments being re-opened because of a change in interpretation of the Ordinance by a member of the Inland Revenue Department. I think that there may be some misunderstanding here. The Commissioner assures me that it is not the general policy of the Department to re-open assessments when, at the time of the original assessment, all the facts of a case have been made available and considered and a decision taken on these facts. They may be re-opened when new facts come to light, or when new aspects of old facts come to light, which were not brought out at the original assessment, and were not in issue in that assessment. That is a different matter from changes in interpretation of the Ordinance. I presume that my honourable Friend is not advocating the sporting view that, if a taxpayer successfully, but legally, gets away with it, he should be free from further pursuit.

In connexion with interpretation of the Ordinance I should add that there exists in the Department a considerable body of decisions and directives on such matters for the guidance of assessors; although it is of course always a question whether the particular facts of a case fit a particular precedent.

My honourable Friend Mr F. S. LI has raised two further points on Inland Revenue. The first is about investment companies; the hardship he alleges they suffer because they cannot get, in respect of their management expenses, a refund of profits tax paid on the dividends received from their investments. I presume that my honourable Friend is speaking primarily of private investment companies, as it is with them that this question ordinarily arises.

I should say first of all that I understand that the question is at present the subject of an appeal and the correct interpretation of the law is therefore *sub judice*. But I will nevertheless go on to say that I think that it was intended that the effect described by my honourable Friend should arise and that I certainly think it is right that it should.

I cannot myself see the hardship, or rather perhaps, to the extent that there is one, it is a feature of the inequity generally arising from the absence of a full income tax. We tax various sources of income separately, not the total received by each individual taxpayer. Profits tax is paid in respect of the net profits made by the corporations in which investments are held by the investment company, not on the profits accruing from the operation of the investment company itself.

The expenses of its management are unrelated to the making of these taxed profits and are in no sense incurred in their production. These profits would arise, would pay tax, and tax-paid dividends would be distributed to shareholders, quite irrespective of the existence or operation of the investment company. In this an investment company is in no different position from a private individual who personally carries the expense of managing his investments. In this connexion it is worth noting, as an indication of the intended status of profits tax under the law, as a tax on, the corporation, not on the recipient of dividends, that there is no provision for the inclusion of taxed corporation dividends in personal assessments; the modest shareholder pays the full 12½% tax without deductions equally with the more prosperous.

Private investment companies are incorporated for various reasons of private convenience or advantage and their costs must be related to this convenience or advantage. To offer additionally a tax advantage would open up expensive and unjustifiable ways of avoidance.

The second point is the question of tax exemption for charitable donations. There are some objections of principle to this. One is that it is difficult to justify exemptions from a tax which does not arise in consequence of the charitable gift; in this salaries and profits tax differs from, say, stamp duty arising from the transfer of property to a charity. Another objection in principle is that the effect would be to give the donor the right to determine the expenditure of the element of public revenue represented by his tax due but remitted. Furthermore the widow's mite would not qualify as she is unlikely to have paid any tax. These objections of principle are, I would agree, not of over-riding practical importance. But I feel myself that the generosity of our charitable givers is unlikely to be affected by such petty considerations as tax relief at our low rates of tax. If I am suggesting that charitable giving will not be stimulated by such relief, it is because I believe that it is not at present affected by the absence of such relief.

My honourable Friend Mr KWAN has complained of the delay and cost of the present system of giving the public access to certain information on the Business Registration files *only* by means of a certified copy of a firm's application; and has asked that there should be a right of public search for a small fee such as there is with the Companies Register.

This is not a simple matter. Business Registration is primarily a tax measure deriving from a recommendation of the 1946 Taxation Committee. It was designed to raise revenue both directly by means of the fee and indirectly by feeding information to the Inland Revenue Department. The provision of information to the public was only a

secondary purpose. For this reason the Ordinance imposes an obligation of secrecy in respect of all information arising from its administration. The provision to the public of certified copies of applications for registration is a specific and limited exception to this rule of secrecy.

It is true that since the reduction of the fee from \$200 to \$25 it has not been necessary to probe as often as before into a firm's circumstances in order to determine whether it should be exempted, but inevitably the close connexion between Business Registration and Inland Revenue has led to information reaching the files which it would probably be objectionable to make available to public eyes.

Another possible way of meeting Mr KWAN's point would be to set up a separate register, open to the public, containing only copies of applications. But this would be a lengthy and expensive operation now, which the frequency of public use could hardly justify. There are rarely as many as thirty applications a day for certified copies and there are now 85,000 registered businesses.

I shall, however, give further consideration to my honourable Friend's suggestion. Any change would require legislative sanction.

I am grateful for support from my honourable Friend Mr Y. K. KAN on the question of water charges, and I have taken note of his point about the effect of an increase in urban rates in the case of controlled premises. On the question of separate water meters I apparently did not make myself adequately clear. I was referring, not to multi-storey buildings occupied by a number of separate tenants, but to the occupancy of one tenement floor by a number of families and individuals. Even if it were economic to provide a meter for each family in such circumstances there would be no room for the multiplicity of pipes.

I fear I must continue to disagree with my honourable Friend on the question of the appropriate price to be charged for land for car-parks. The fact that many car-owners may not be able to afford charges based on full value is not in itself adequate justification for a subsidy. If it were, it would lead to some strange consequences in other fields. In any event we hope, by various devices, to reduce the appropriate value to be charged for the land, perhaps, to as low as one-third of market value. Strictly speaking a lease as long as twenty or twenty-five years as suggested by my honourable Friend, is not generally of less market value than one of seventy-five years, but the possibility of short leases as well as payment by annual instalments rather than by lump sum premium is in our minds.

I should add that transport companies do, as a rule, pay full market value for any land they exclusively and permanently occupy, and to the extent that exceptionally they do not do so, and to the extent that they



share land with other users (as tram-tracks do), they pay adequately and appropriately in the form of royalty. The only public utility indeed that does not pay is water.

My honourable Friend suggested that, if I were logical, I should agree that the Cricket Club must also pay full market price for the ground it uses. That is not so. I was careful to say that full market price should be paid when land was *permanently* alienated for a particular purpose. This is not so with the cricket ground which remains unencumbered by permanent development. For the same reason I would not suggest that we should charge full rental value for parking on vacant land awaiting permanent development. I shall not speak on the question of the Cricket Club's tenure; my friend the Honourable Colonial Secretary will deal with that point. As to the possibility of building car-parks under this ground, I understand that that would be very expensive; a grassy field on top of a car-park of modest height and acceptable cast is, however, perhaps not an impossible concept.

My honourable Friend Mr KNOWLES welcomed the increase in the Tourist Association's subvention from \$2.5 million to \$2.8 million. Although I would like to pay a tribute here to the work done by the Board in the promotion of tourism and in particular to that of their indefatigable chairman, I myself regard this increase with some misgivings. These misgivings may be partly influenced by the fact, mentioned by my honourable Friend, that it is never possible to demonstrate a clear cause and effect relationship between trade promotion and expansion of sales, and Financial Secretaries are inclined to look for clear cause and effect relationships. But my main reason is a feeling that the tourist industry should itself be providing a greater direct financial contribution to the Association than the \$72,500 received this year. I am fully conscious that the economic and financial benefits of tourism extend almost throughout our economy and that the case for a substantial contribution from general revenue is therefore conclusive; indeed I am partly responsible for the exposition of this doctrine in the report of the 1956 Working Party on Tourism. But there are certain sectors of the economy intimately concerned with tourism which stand to gain in special degree from its growth. I feel therefore that there is a strong case for raising a fair proportion of the promotional funds required by the Association by a special tax or levy raised through the industry. It is done in many of the older and more popular tourist countries, in the form of a tax on hotel bills, a *taxe de séjour*, etc. It is done in Switzerland, for example, in Italy and in Japan. A levy, for example, equal to 50 cents per hotel room per night would raise over a million dollars next year. It has been argued that this would be a serious discouragement to tourism and we would lose more than we would

gain, but I cannot see why we are so different from other tourist centres in this respect. My own view is that any further increase in promotional expenditure over the present level, (and indeed the present increase), should be financed largely by a special levy of this sort rather than from general revenue.

My honourable Friend Mr F. S. LI has suggested that capital revenue should be earmarked for capital expenditure. This is indeed the case already. While we do not maintain a separate capital fund, we publish Appendix B to the Estimates in order to demonstrate that capital revenue is not being used to meet recurrent expenditures but is wholly spent as capital.

My honourable Friend has also suggested that the deficit on capital expenditure, after using capital revenue, should be met by raising loans. This is somewhat at variance with the approbation expressed by my honourable Friend Mr KNOWLES of our ploughing back 22% of recurrent revenue into capital expenditure. I am very doubtful in any case if we could raise the very large sums required wholly, or even preponderantly, by loan, although I have said that I expect that we will, before long, have to try to raise part of our capital requirements by this method rather than by increased taxation.

I am also, I must confess, a little sceptical of the theory that we have a right, if we could, to pass on our capital burden to future generations. I remarked last year in this context that our predecessors had not passed any significant part of their burden on to us.

My honourable Friend Mr F. S. LI has farther suggested that something might be done to prevent the outflow of funds into investment in foreign securities. I myself do not think it would be wise to try to do anything about this. We enjoy a considerable net inflow of capital and I am sure that a condition of its coming, and staying, is that it is free to flow out again. It is also important for Hong Kong's status as a financial centre that there should be a maximum freedom of capital movement both in and out. I am sure that we make a substantial net gain. We could, I suppose, take step to introduce a complicated exchange control system requiring segregation of, and discrimination against, the local accounts of Hong Kong residents, but I would not advocate that.

As regards stamp duty on purchases of foreign securities, these purchases are legally transactions outside Hong Kong and I think we must remain faithful to our policy of not taxing transactions outside our borders.

There is, however, one disquieting feature of this business, the possibility of fraud by misrepresentation, and this is engaging Government's attention.

My honourable Friend Mr F. S. LI also spoke of the present exchange control distinction between authorized and unauthorized banks and the disadvantages he says the former category work under, and asked if the new banking legislation would remove the distinction. I am afraid that it will not. The legislation is not designed to deal with exchange control matters. The distinction my honourable Friend referred to arises because, in order to maintain both our free exchange market and our membership of the sterling area, and to prevent possible abuses of this arrangement, there must be a degree of control on our sterling transactions. Arrangements are in force whereby authorized banks, which undertake to abide by appropriate exchange control rules and to operate only at official rates of exchange, are permitted to operate their sterling accounts freely, whereas other Hong Kong sterling accounts in sterling area countries, including those of unauthorized banks, are controlled in considerable detail at the other end as well as here. Authorized banks are, very naturally, not permitted to mix business at unofficial rates with their business at official rates. Banks in Hong Kong are offered their own free choice of operating freely in sterling or freely in other currencies; but they cannot operate freely in both. Both authorized and unauthorized banks have advantages and disadvantages in comparison with one another. I am afraid that nothing can be done about this so long as Hong Kong wants to be in the sterling area, although authorized banks do manage, by various unobjectionable devices, to participate to a considerable extent in free exchange business.

My honourable Friend Mr GORDON has spoken of the need for Government to do something about housing for the lower middle and middle income groups for whom, he says, it is clear that not enough is being done. At the risk of appearing unsympathetic (which I am not) —I should like to begin with a philosophical comment. I do not think that when one is speaking of hardships or benefits one can reasonably speak in terms of classes or social groups but only in terms of individuals; and in the context of housing one must compare the position of an *individual* in the lowest income group who does not yet enjoy subsidized housing with that of an *individual* in the middle income group in the same circumstances. I make this distinction largely in order to make the point that whatever we do for the middle income groups must not be such as to prejudice, by diversion of resources or energy, the continuation of our maximum housing effort at the lower end of the scale. It is normal in richer countries that Government moves into the field of state-aided housing for the middle classes, only where demand lower down the income scale is nearing satisfaction. Britain has done so only quite recently, although I would agree that the existence of private building societies has helped to bridge the gap there.

Government has been giving some thought to this problem on two different, but perhaps complementary, lines. In the first place there is

a possibility, which we are exploring, of securing substantial funds from sources outside the Colony to help to finance home-ownership. But it is premature to say much about this and I would not wish to raise hopes at this stage.

The second line of thought has been to consider whether temporary use could be made of Government's surplus reserve funds to help with this problem. The difficulty about this is that these surplus reserves are all already earmarked for expenditure in the not distant future on higher priority public purposes, including low-cost housing; and that repayment terms would therefore have to be very much shorter than my honourable Friend has suggested. This is not necessarily a bar to the idea as repayment over as little as six years at a comparatively low rate of interest would mean lower rents than are paid at present and ownership at the end of that period.

I may add that my honourable Friend's proposal that finance should be raised by seven to ten year loans puts me in something of the same difficulty of priorities. There is only a certain amount of money likely to be attracted into Government loan at any time (I do not suppose that more money would be forthcoming merely because the loan was for financing housing) and we would have to be sure that we were not depriving other higher priority capital schemes of available loan funds. I am also more worried than my honourable Friend about re-financing Government's borrowing in the middle of the loan to the house-owner. He appears to be recommending that we borrow short (or at least medium) and lend long. I think that we would have at least to relate the length of loans for housing reasonably closely to the term of the public loan from which they were financed. As I have said, that would still be a considerable improvement on the present position.

My honourable Friend also suggested that land should be made available to private housing co-operatives on the same terms as to Government Officers' Co-operatives and added that "restrictions as to sale or sub-letting of property would almost certainly have to be incorporated in any scheme of this nature and these would have to be strictly enforced by the managers." I agree that such restrictions are essential if land is to be granted on special terms, although possibly not quite so essential, even if very desirable, merely in consideration of loan finance. My doubt is whether such restrictions can be enforced. Every scheme Government has ever tried involving grants of cheap land for housing to private individuals or organizations has been made a mockery of by the greed of unscrupulous individuals who have cashed in on their public subsidy. Even in the case of Government Officers' Co-operatives, where, as employer, Government has special sanctions available, we are so concerned at the evidence of malpractice that the situation is being closely examined before more loans are agreed. I

do not think that mere managers, who could have little in the way of sanctions available, could effectively enforce these conditions. I am therefore doubtful if special terms for land could be agreed.

My honourable Friend has also suggests that the time has come to appoint a committee to investigate the question of finance for homeownership and report as a matter of urgency. I appreciate the urgency but I think that it might be a waste of time to set up a committee until we get further information on the possibility of finance from abroad. I expect some indication one way or another soon. I also think it is necessary that Government should take some preliminary fundamental decision on some matters connected with finance and land before any committee is set up. Otherwise it may waste its time in considering ideas which have no prospect of acceptance.

My honourable Friend made one final point about housing when he referred to the estimates of Development Fund advances for housing next year, \$25 million to Local Government Officers against \$34 million to the Housing Authority and only \$18½ million to the Housing Society. I plead not guilty to any responsibility for these figures. They are these organizations' own estimates of what they are likely to need to draw from the much larger total funds already allocated to them, to finance their own building programmes next year. The time-tables are theirs, not mine.

My honourable Friend Mr GORDON has also suggested that, because of the ship-building industry's "unique" position, Government should make credits available for the finance of sales of vessels constructed in our yards. I do not agree that ship-building is unique. This problem of customer's finance arises with all capital goods industries. Shipbuilding is certainly our most important such industry but not our only one. The terms of reference of the Working Party on Export Credit Guarantees do not at present cover the provision of actual finance as opposed to guarantees, although I believe that, in Britain for example, the Export Credit Guarantees Department does administer finance of this kind on behalf of the Government. We will consider extending the Working Party's terms of reference as my honourable Friend has proposed, but in any final decision we will have to take into account not only industry's need for such long term finance but also other competing claims on the limited long term finance available to Government; and such considerations clearly lie outside the scope of the Working Party.

I suspect that my honourable Friend's reference to "the \$20 million at present tied up in Federation of Malaya Stock" (to quote his words) was made with his tongue in his cheek. He is, I think, aware that Government's overall reserves must be looked at in the light of its total present and future commitments and that it is appropriate to maintain

at least a basic reserve outside the Colony in readily realizable form. Where, or in what form, any particular part of it is held is not relevant to this present issue.

One final point—my honourable Friend Mr GORDON has referred to the data processing equipment which the Commerce and Industry Department intends hiring; he suggested that thought should now be given to the purchase of a modern electronic computer and that the collection and collation of statistics should be extended to cover other departments and to matters other than trade. He will be pleased to learn that Mr K. M. A. BARNETT—who was recently appointed Commissioner for Census and Statistical Planning—is at present investigating the statistical requirements of Government departments; this investigation will cover consideration of what may be required by way of data processing equipment, including modern electronic computers.

I trust that honourable Members will not consider my initial reaction to their criticisms and proposals too negative or suspect them of being merely temporizing. They may rest assured that where I have undertaken to give further consideration to any point, I shall certainly fulfil that undertaking. (*Applause*).

THE ATTORNEY GENERAL: —Your Excellency, my honourable Friend Mr R. C. LEE has referred to the difficulties experienced by persons seeking Letters of Administration in respect of estates of persons dying intestate, and has suggested that legislation be enacted to restrict the bond required of would-be administrators to the net value of the estate. It should, I think, be borne in mind that this bond is required as a security against maladministration of the estate and is for the protection of persons entitled to Share in the estate, whether as creditors of the deceased or as persons entitled on the distribution of the net estate.

Sections 39 and 40 of the Probate and Administration Ordinance referred to by Mr LEE enable the Court to mitigate some of the statutory requirements: thus for example, the Court may dispense with a bond altogether, or may reduce the amount of the penalty in the bond; again sureties are required only where the Court so directs. In this connexion I should add that it is not necessary to have a bank or an insurance company as a surety. The Court will accept private individuals if it is satisfied that they are property owners and are possessed of sufficient assets to meet the penalty in the band. If it is a very small estate, that is less than \$2,500 in value, the Official Administrator is empowered to undertake summary administration of the estate, and therefore in these cases the question of a bond and sureties does not arise.

Considering then the need to afford protection for persons entitled to share in the estate and to the assistance that can be given by the Court in limiting the amount of the penalty in the bond and/or the

number of sureties I am inclined to think that no amendment is required, but I should be happy to consider any further representations which members may wish to make on this subject.

Mr LEE has also expressed concern that in the matter of the laws of inheritance and succession Chinese born or domiciled here in Hong Kong are condemned "to be governed by the customs and usages which have become defunct in China, and which cannot be ascertained with any approach to certainty." The first point I would make here is that the laws of England are only inapplicable if an inhabitant prefers to govern his affairs in this respect by Chinese customs and usages. In practice therefore, he has the choice, and I would like to illustrate how this choice works to his advantage. Where a person dies intestate — that is without having made a will — his property vests automatically in the Official Administrator, and any person having a claim to the estate may apply to be made the administrator thereof. This person may make his claim either under the common law of England or under Chinese customary law. If a person is found to have no claim under the common law the property then goes to the Crown, but the application of this principle would work a hardship if the person concerned were entitled to share in the estate under Chinese customary law. Accordingly, in these circumstances, the customary law prevails.

I would be the first to agree that in order to make one's choice one must know what are the Chinese customs and usages for which one may be opting. And for this reason it is obviously desirable that they should be codified. However, as members will be aware, a committee has had under consideration Chinese customs and usages in relation to the laws of marriage and draft proposals to implement the Committee's recommendations have this week been placed in the hands of Chinese members of both Councils. I think it will be readily agreed that any codification of the customs and usages affecting the law of inheritance and succession must depend on the enactment of legislation relating to marriage.

My honourable Friend Mr S. S. GORDON suggests that the time has come to modify the Landlord and Tenant Ordinance to permit landlords freely to negotiate with tenants to obtain vacant possession and make direct settlement of compensation. Up until 1955, it was an offence to demand or receive payment for giving up possession. After the amendment of that year, this continued to be an offence but landlords and tenants were permitted to enter into agreements under which the tenant withdrew his opposition to the landlord's application for exemption: I refer to Section 31, subsection 6(A) of the Ordinance. For the sake of accuracy, I wish therefore to make it clear that it is not an offence for an approach to be made to a tenant by a landlord or for negotiations to take place between them provided that any agreement reached is confined to the tenant withdrawing his opposition to the landlord's

application for exclusion. As Mr GORDON pointed out, this agreement may not contain provision for surrendering possession prior to the date of the publication of an order exempting the property, and furthermore, if no such order is made, the agreement becomes null and void. Were it not for these two limiting requirements, landlords and tenants could contract out of the Ordinance in the matter of obtaining vacant possession; whereas, as the law now stands, the landlord may only obtain vacant possession for redevelopment if a tenancy tribunal recommends that it is in the public interest that he should do so. It really comes down to this: amendments to this Ordinance could be made to give the landlords and tenants full powers to contract out for the purpose of obtaining and giving vacant possession but this would mean dispensing with the control and safeguards afforded by the present system of application to a tenancy tribunal which is concerned, as I have said, with the public interest; alternatively, the present controls and safeguards can be retained with the consequent disadvantages to which Mr GORDON drew attention. Careful consideration would have to be given to the respective advantages and disadvantages of these amendments, but clearly they raise important matters of principle and would involve a substantial tampering with the Ordinance.

Mr GORDON has also suggested that if direct negotiations were permitted, then basic rates of compensation for various districts should be published quarterly. There are, however, objections both in theory and in practice to this suggestion. Tenancy tribunals exercise judicial functions in recommending the amount of compensation and it would be undesirable even to appear to restrict the discretion of the tribunals in the exercise of these functions. That is the theoretical objection: the practical one is that the value of floor space—particularly business floor space—depends so much on the location: even in the same block one may have a shop fronting on a busy thoroughfare and another fronting on a small back street. As I understand it, this suggestion would be of real use only if landlords and tenants were free to negotiate the amount of compensation; and as I have indicated, this involves the whole question of the liberty of contracting out of the Landlord and Tenant Ordinance in respect of obtaining vacant possession.

Your Excellency, I turn now to a matter which my honourable Friend Mr GORDON has described as being one of his hobby-horses, namely, the period of gestation of Ordinances, and in so doing has suggested that some speed-up in this field of the work in my department is essential, even if it means the provision of more staff. Well, Sir, I must grasp this nettle but in so doing I feel that I should inform my honourable colleagues of certain facts pertinent to the problem of the swift and efficient production of legislation.

The problem is, of course, that normally one can obtain Government approval for more staff only to meet current needs and by the



time, if one is lucky, more staff arrives on the ground, the commitments of the department have increased beyond the original current need to such an extent that the new arrivals make little, if any, impact on the situation. The period of the gap between the original request for more staff and their arrival may be anything up to a year or more depending on a number of factors, perhaps the most important of which is the availability of suitable recruits.

There is no doubt that legislation is the Cinderella of my department but, Sir, this will always be so, so long as my total professional resources are insufficient to meet my total commitments. In such circumstances, there is no alternative but to apply a system of priorities and I think few will disagree that in the context of Hong Kong first priority must be afforded to the maintenance of law and order, which means day to day advice to the Police and the prosecution of criminal cases before the Courts. Equally, I think few will disagree that the second priority must go towards meeting the continually increasing demands by departments of Government for legal advice on the day to day administration of the Colony. The provision of such advice of course frequently leads to further commitments in the nature of civil actions on behalf of Government in the Courts. Thus it will be seen that only a third and therefore a last priority may be given to the drafting of legislation, and if, as is the case, total resources are insufficient to meet total commitments, then inevitably professional officers must be taken away from drafting in order to meet the priority demands of maintenance of law and order and daily advice to Government.

With regard to the commitments in the field of maintenance of law and order, the rapid expansion of the population in recent years and a consequential expansion of the Police Force has resulted in a major increase in the demands on my department in this field. This is reflected in the number of new Courts which have been established throughout the Colony in recent years. At the present time, Sir, there are 14 magistrates courts, 6 District Courts and of course the Supreme Court, with the result that on any one day I must be prepared, as a matter of first priority, to provide professional staff to prosecute cases in any of these courts. It is manifest that our resources do not permit appearances in all Courts on any one day and I would be the first to agree that such is unnecessary so long as we have the assistance, as we do, of trained and experienced police prosecuting officers to deal with the great majority of cases in the magistrates courts and with a large number of cases in the District Courts. However, Sir, the allocation of Crown Counsel to the Courts on any one day must be determined by the seriousness and complexity of the cases before the courts on that day and, bearing in mind the fluctuations in the incidence of serious crime and the total number of courts sitting on any one day, I think it is obvious that the maintenance of law and order does and will continue

to demand a high proportion of my available resources. Before leaving this aspect of the matter I would mention that my predecessor in 1953, when the District Courts were first established, realizing that the then departmental resources would not permit regular appearance of Crown Counsel in these courts sought agreement to the prosecution by police officers of cases before the District Courts. Agreement was reached on the understanding and assurance that it was only an interim measure and that in due course all prosecutions before the District Courts would be undertaken by my department. It has proved impossible to comply with this undertaking and today the number of District Courts has increased from 3 in 1953 to 6 in 1963, and the great majority of cases are perforce still being prosecuted before these courts by police prosecuting officers. Sir, bearing in mind the extent of the District Court's jurisdiction in criminal matters and the fact that the judge sits alone without the benefit of jury I consider that the due administration of justice requires that Crown Counsel prosecute all cases which come before the District Court, but this, I fear, is only a pipe-dream in the light of our present resources, and overall commitments. In fact, our entire resources could be continuously employed in prosecutions, if Crown Counsel appeared in all the cases in which they should.

Turning now to the second priority task of advice to Government departments, and the consequential civil actions before the Courts which often arise from this commitment. Again, with the expansion of the population over recent years so there has been an expansion in Government activities with the inevitable increase in the number of Government departments. Further, the complexity of problems before this augmented administration has inevitably led to a continually increasing need for legal advice on day to day governmental actions. There is only one department of Government—the Registrar General's department—which has its own legal advisers, so that with this exception, my department must provide the day to day advice sought by all departments of Government.

I think it perhaps now necessary to review precisely what resources have been available to me during this last year to meet the commitments previously outlined. For most of 1962 the authorized professional establishment of the Legal Department was 23 and during this period the total professional resources on the ground were precisely 13, which rose to 14 in mid-summer. It was not until the latter half of the year that new recruits started to arrive, and even by the end of the year our number had only increased to 18. During 1961, appropriate action had begun to seek staff to fill the establishment but it was not until near the end of 1962 that my department received on the ground any significant increase in its professional strength. During the period under review, namely, the year 1962, and notwithstanding the third priority afforded to legislation 48 Ordinances were enacted together with some 63 pieces of subsidiary legislation—this does not take account of

the various Orders and Proclamations which required the attention of the draftsman. Altogether this totals to the sum of 900 printed pages representing the draftsman's endeavours. Whilst on the subject of legislation I would point out that invariably there is considerable jostling in the queue of Bills and subsidiary legislation for which drafting instructions have actually been given. Equally, there always seems to be some special piece of legislation which is required as a matter of the greatest urgency, for example, when a spiral of rent increases or a flood of illegal immigrants calls for immediate action, and appropriate legislation has to be produced at the expense of agreed priorities and often is produced at a speed which scarcely gives the draftsman a chance. Further, disregarding immediately urgent legislation and assuming that a piece of legislation is in Category I as we call our top priority rating, that does not mean that its appearance as a Bill depends solely on the speed with which the draftsman works. In the course of the preparation of a Bill the draftsman may have to seek further instructions time and time again and in so doing may raise matters requiring important policy decisions which in turn may be made only after reference to other departments and perhaps after consultation with various public bodies. There are inevitable delays before the draftsman receives the relevant policy decision, and cases have occurred where for these reasons a Bill has been in draft for years before being introduced into this Council. Nevertheless, we continue to be inundated with demands for legislation: there are at present over 80 pieces of prospective legislation on the priority list which have been approved in consultation with the Colonial Secretary every 6 months. Thus, at present, any Category III legislation has, I fear, only the slimmest chance of ever being drafted.

To sum up, Sir, individual items of legislation even though afforded a Priority I rating cannot be completed overnight by the draftsman, because, as drafting proceeds, the need for further policy decisions frequently becomes apparent which entails delay for consultation with the appropriate authorities; but, Sir, most important of all, no general speed-up of the legislative programme as a whole can be effected without a considerable increase in my total professional resources which would permit not only an increase in the number of draftsmen but also ensure that they would not be "milked" to meet one or other of the two greater priority demands on my department, namely, the maintenance of law and order and the day to day advice to Government. In this connexion, Sir, I may say that I am working on a plan which forecasts the staff I consider my department will need in order to meet its commitments over the next 6 years. My preliminary estimate, Sir, is that the establishment strength ought to be nearly doubled. This plan seeks the early recruitment of more expatriate staff. I say early not only because of the current need but also because it is vital that advantage be taken of the temporary availability of

experienced lawyers resulting from constitutional changes in Africa. If these officers are not recruited now they will cease to be available before long and our terms of service and expectations of promotion are not such as are likely to attract suitable fresh recruits. This plan of course accepts Government's declared policy of appointing local recruits to the service in Hong Kong whenever they have the requisite qualifications and experience for the job. Accordingly, Sir, my proposals will provide for the selection and training overseas of locally domiciled persons but it must be clearly understood that this training will cost money but still leaves unresolved the problem how to retain in the service suitably qualified and experienced lawyers, including the locally domiciled, bearing in mind the greater monetary rewards available in private practice in Hong Kong.

Sir, before I conclude I wish to say that throughout this last rather difficult year, I as a Head of Department, have been inspired by the support which I have received from my professional colleagues within the Department. I have made great demands on them and frequently at the expense of their own leisure time, time which should have been devoted to their families, but they have one and all cheerfully co-operated with me in an endeavour to meet our commitments. However, my experience tells me that the period of time over which one can make such demands and expect them to be met is limited, and I believe that the time has come when this community must make up its mind whether in the present day context of Hong Kong it is prepared to meet the cost of having an adequate number of able and experienced lawyers in its service.

Sir, in view of my honourable Friend's very courteous criticism of a shortcoming of my department and in the light of what I have just said, I think it is clear that I will have to rely heavily on the support of my honourable Friend in order to remedy the present situation, and I look forward to that support and I thank him for the opportunity he has afforded me of airing a situation which is of great concern to me and which I believe, Sir, has not hitherto been properly ventilated. (*Applause*).

THE COLONIAL SECRETARY: —Your Excellency, my Unofficial colleagues, in their speeches at the beginning of last week paid a generous tribute to the ability and industry of the Public Service. I am certain their remarks have given to those who work in Government a feeling of satisfaction and pride which is well deserved, and I am grateful to my honourable Friends for what they said. I am glad, too, that they did not simply leave it at that, but went on to make some rather less complimentary remarks; for the Government machine needs to be kept oiled with criticism as well as praise.

There are, of course, delays as Mr KNOWLES has said, and even occasionally what Mr GORDON describes as a "nonsense". I cannot,

however, accept this word as a fair description of certain difficulties at the new airport terminal, and his proposal to recruit a roving band of trouble—shooters from the Audit Department is a suggestion which is unlikely, I think, to have much appeal either to the Financial Secretary or to the Director of that department.

Delays in Government business can arise from a number of reasons; and I trust I shall not appear simply to be proffering excuses if I mention some of these reasons; for they do deserve to be recognized. Mr KNOWLES has referred to growing pains. It is hardly surprising if, in the course of the quite remarkable expansion of the Public Service to which he drew attention, recruitment of staff never quite catches up with the work to be done, and if delays then ensue. But there is a further point. In previous Budget debates Unofficial Members of this Council regularly voiced their concern at the steady growth of the Service; this concern is now directly brought to bear by their presence on the Establishment Committee, a Committee which minutely examines all requests for staff throughout the year before recommending them to the Finance Committee of this Council. All this is to the good; but I am beginning to wonder whether, in our determination to avoid extravagance, and to provide only the staff for which there is already work to be done, we do not sometimes leave ourselves a dangerously narrow margin for dealing with the unexpected and the unforeseen. We are not always masters of events, and delays in routine matters are bound to occur when staff, adequate perhaps for normal purposes, are detached for urgent or special work which could not have been anticipated and certainly cannot be neglected.

But it is not only because we often have to turn aside to what is urgent and critical that delays in routine matters occur. What frequently appears to be delay may in fact be merely be the result of a deliberate choice. With limited staff, priorities have to be accorded, and here there is room for difference of opinion. My honourable Friend, Mr KNOWLES, for instance, attaches a high priority to certain developments at the top Peak Tram Terminus, and he is at a loss to understand why it has taken Government so long to produce a plan. He is principally concerned, I believe, in that aspect of the redevelopment which will provide better facilities for tourists. But the provision of these facilities, desirable though they may be in themselves, cannot be planned in isolation—at least it would be very short-sighted to do so. The area may be small, but its proper and comprehensive planning needs to take account of a number of different and conflicting interests. The present plans, which envisage redevelopment in three stages, were begun towards the end of 1961. These plans could probably have been completed well before now, but only if professional staff in short supply had been diverted from more important work which in Government's view merited a higher priority. Stage I of this redevelopment which is now in Category 'B' of the Public Works programme, is designed to

improve the parking of cars, taxis and buses, to provide a children's playground and a taxi office and to make other improvements. Stage II involves the reconstruction of the junctions of Peak, Harlech and Lugard Roads, and the final stage will be the reconstruction of the area around the present lookout. I cannot say precisely when work will start on each stage.

Another cause of delay, particularly at a time of rapid expansion in Government activities, is to be found in faulty organization and procedures. It will be recalled that the Unofficial Members of this Council felt particularly strongly about this and two years ago they urged that the time had come for an independent survey to be made of the way in which departments conducted their business. It was suggested that, by the application of modern management techniques in the field of Organization and Methods, Heads of Departments would be assisted in increasing efficiency and in improving services to the public, as well as achieving economies in manpower, materials and space. I was therefore rather surprised to hear Mr RUTTONJEE express some concern at the possibility that our newly hatched Organizational Surveys Unit might already be developing into a hydra. I think he need have no cause for alarm at present.

Honourable Members will recall that Urwick, Orr and Partners Ltd. were engaged in October, 1961, firstly to survey the Public Works Department, particularly the Electrical and Mechanical Branch, and secondly to set up machinery within Government for surveys of other departments.

The Public Works Department survey is almost complete. So far the rate of savings to be achieved through the implementation of the Consultants' reports is estimated by them to be just over \$900,000 a year. But it will not be possible, I think, to make a final assessment until the implementation of all the recommendations is complete. Also, the effects of some recommendations designed to produce greater efficiency are not readily measurable in terms of dollars.

The formation of the Organizational Surveys Unit for the continuous survey of Government departments has been slow in getting off the ground due to recruitment difficulties and the need to train the staff. We have not so far been able to attract a suitable applicant to head the Unit which meanwhile operates under the direction of the Consultants. At present, the Unit is quite small consisting of one Organization and Methods Officer, five Assignment Officers, one stenographer, two typists, one clerk and one messenger. It is not proposed to expand it until its value in producing economies has been proved by results. It is now engaged on preliminary surveys on certain aspects of work in the Urban Services Department, the Registrar General's Department, the Police Force and the Medical Department.

I am confident that these activities will show results in time, but not of course without both initial and recurrent expenditure. The Organizational Surveys Unit, with its full complement of staff, will cost about \$410,000 in a full year. The cost of the Consultants' work up to the end of last year was \$618,000. This, of course, is a once-for-all expenditure as the Consultants' work is now almost complete.

Mr RUTTONJEE may also have had in mind the possibility of delays when he asked whether we went as far as we could in delegating to departments the authority to take decisions without reference to the Secretariat. Centralization versus devolution. This is an old controversy and the last word will never be said. We are surely fortunate in Hong Kong in our comparative compactness, which permits a greater degree of centralization than is possible in other territories where administration is spread over greater distances and communications are slow. There is no virtue in devolution for its own sake. It can be wasteful of staff and lead to inconsistency and lack of uniformity in policy and procedure. Equally, of course, there is no virtue in over-centralization, and we have taken a number of measures in the past few years to give more discretion to departments, both in financial matters generally and in the recruitment and promotion of staff. I am aware that some Heads of Departments feel we could go much further in giving wider discretion and authority in financial and other matters. One outcome of the Management Appreciation Course which we held last autumn for senior staff of departments was an invitation to heads of departments to let us have their comments on working relationships between the Secretariat and themselves, as well as their views on the scope for further delegation. Heads of Departments are co-operating in this review, and we are now examining the various proposals as they reach us. But, even so, I see little scope for the sweeping changes to which Mr RUTTONJEE refers and certainly little prospect, for some time to come, for the general deployment of administrative officers in professional departments. In principle there is no objection at all to my honourable Friend's proposal. It is working successfully in the Police, and we are ready to extend the practice to other departments wherever it appears mutually acceptable and advantageous, but for the present there are no administrative officers to spare with the requisite experience and seniority. Quite a number of these, it is true, are employed in the Secretariat, but this is hardly surprising when one considers that the task of the Secretariat is to co-ordinate a wide range of matters over the field of general, economic and financial policy, as well as in the specialist fields of defence and establishment.

Before I leave the work of the Public Service, I would mention the question of applications for modification of Crown lease covenants? Mr KNOWLES inquired how many of the 135 applications received in

the Land Office during 1961-62 were settled during that year, and how much time elapsed on the average between the receipt of the application and its final grant or refusal.

The answer to his first question is that 74 cases were settled during the same year either by the grant of a modification or by disapproval or withdrawal of the application.

As for the average time taken, there are two stages in the procedure. The first stage is a preliminary examination in the Public Works Department to determine whether and on what terms to recommend the application. This usually takes about a month. If a modification is recommended, the terms are communicated to the applicant who may signify his willingness to proceed, or may argue or withdraw. If he elects to proceed, the second stage is reached at which the terms go to the Secretariat for approval and to the Land Office for legal action, all of which takes on the average from four to five months. The chief reason for this much longer period is the acute shortage of legal officers in the Land Office, which has made it necessary to institute a strict priority system under which every case, however simple, has to take its turn. With the Land Office commitments constantly increasing (for instance, the numbers of sales, grants, re-grants, etc., dealt with in the current year are already more than double those dealt with in 1961-62) delays have been unavoidable in spite of a great deal of overtime worked by legal and other officers. And they will, I fear, continue until we have recruited the additional staff requested for the Land Office in the Estimates now before honourable Members. Vacancies advertised locally attract virtually no applicants and overseas' recruitment is invariably slow, though very recently there have been indications of some improvement.

As to the issue of Crown leases, here again we can expect little improvement until the additional staff has been recruited. The problem is enormously aggravated by the fragmentation of many lots into multiple ownership, and, as Mr KNOWLES has suggested, legislation would seem to be necessary to introduce new procedures for the issue of Crown leases in such cases. The fact remains, however, that very few people apply for a Crown lease, and as the agreements for lease contained in Conditions of Sale or Grant are universally recognized as giving a good marketable title, it would seem that no one is "materially prejudiced", as the lawyers say, by not having his Crown lease.

Finally, Sir, I would like to thank Mr RUTTONJEE for the careful thought which he has given to the matter of salaries for senior heads of departments. A Government survey on wages and salaries throughout the Public Service is to be published very shortly, and we are now studying the findings which emerge from this report. We shall bear Mr RUTTONJEE'S remarks in mind, and I think I can hardly be expected to say more than that today.



Your Excellency, the speeches at the last meeting of Council showed a deep awareness on the part of Unofficial Members of the fundamental problem underlying all our thinking and planning. I mean the rapid expansion of our population in the coming decade. Government planning is now closely related to the Census figures and to the population projections which derive from them. The Medical Expansion Plan, for instance, is now under review in the light of these projections and of revised and more accurate methods of costing. Perhaps I might say a few words about this problem in view of the interest shown by Mr RUTTONJEE in the cost and progress of medical projects. The preliminary figures of capital and recurrent expenditure which emerge from the revision to which I have just referred are even more formidable than those which so seriously perturbed Mr RUTTONJEE when the Plan was in front of the Medical Advisory Board. The Director of Medical and Health Services and others are now engaged in re-examining this Plan, but I myself am doubtful if any drastic reshaping is really practicable. The problem is simply this: if we are to do more than merely keep up with the growth of population: if, at the same time, we are to make a positive and determined attempt to improve on the present ratio of beds per thousand of the population, then we face an extremely heavy programme of capital and recurrent expenditure. The cost of modern hospitals may seem open to criticism but you cannot build them cheaply (except the cottage type for which we cannot spare sufficient land). Nor can you economise to any great degree on staff or lower significantly accepted standards of nursing, treatment or equipment. Within these limitations we shall look for all possible opportunities for economy in revising the Medical Plan, but the cost is nevertheless likely to be very heavy, and the Plan may need to be considered as a series of targets at which we shall aim as and when our finances permit. We cannot predict with certainty at this stage what we can afford in ten years' time.

I turn now to what is perhaps a more fundamental aspect of our population problem. Both Mr RUTTONJEE and Mr KNOWLES have stressed the fact that we must look to industrial expansion, and to that alone, if we are to have any hope of absorbing the young persons who will be reaching the age of employment in greatly increasing numbers over the next ten years. I shall be referring to land for industry in a minute, and I deal first with Mr RUTTONJEE's reminder of the need to train skilled workers in sufficient numbers to supply an expanding industrial economy. Clearly there is nothing but good sense in this suggestion, and the Working Committee on Productivity, to which Your Excellency referred in your address, in conjunction with the Standing Committee on Technical Educational and Vocational Training, is studying methods whereby training for industry at all levels can be improve and expanded. My Colleague, the Director of Education, has already spoken at some length on this, and I have only one further

point to add. Training programmes must be geared to the visible demands of industry and we must be careful, I think, of referring to a reservoir of skilled workers. It is comforting to have a reservoir of water against the day when it will be needed, but a reservoir of skilled workers with no immediate opportunity to make use of their skills is a less satisfactory concept.

Mr KNOWLES has referred to another aspect of the same problem when he suggested that the time had come to relate our plans for the expansion of higher education with our need for graduates both in business and in Government. I am in entire agreement with what my honourable Friend said. There is, of course, nothing novel about such an assessment; it formed part of the basis for the re-establishment of Hong Kong University after the war, and for its more recent seven year expansion programme. But the vital importance of our industrial expansion, the emphasis which you, Sir, laid on productivity and efficiency if we are to compete successfully in the markets of the world, and the impending establishment of our new Chinese University—these new factors all lend point to Mr KNOWLES' remarks and suggest the wisdom in due course of setting up some new co-ordinating machinery to relate more closely the future plans for higher education (including the award of scholarships at oversea Universities) with the special needs of our economy.

I have just mentioned the new Chinese University, and honourable Members will be glad to hear that, though rather later than expected, the Fulton Report reached us a few days ago. I therefore think my honourable Friend, Mr FUNG Ping-fan, would agree that, as regards the land to be acquired, we should now study the recommendations of the Preparatory Committee in the light of the Report. The acquisition of land admittedly takes time, but with so much else still to be done in the way of policy, legislation, finance and construction, the provision of land alone is unlikely to affect the speed of the University's development. On the appointment of a Vice-Chancellor much help has already been given us by those who are best qualified to survey the field and advise, and here again, now that the report is in our hands, we shall be able to proceed with this important appointment.

To revert to the subject of industrial production—on which so much of our future rests. Realizing this, it is only natural that my honourable Friends, Mr LEE and Mr KNOWLES, should look for means to encourage and stimulate the expansion and development of our industries. The price of land is too high, they argue. It inhibits the growth of existing enterprises and discourages new ones. It has been said on previous occasions in this Council that the price of industrial land must be brought down—but no one has so far suggested any way of doing this which is not open to overriding objections. There is nothing new in the observation that land is our only capital asset and

our main source of capital revenue. Let us, however, disregard this fact for the moment and accept, as we clearly must, that the availability of cheap land can provide an added stimulus to the growth of industry, at least in the initial stages. How then are we going to dispose of this land, at an artificial price below the current market level, and at the same time ensure that it gets into the right hands? I cannot conceive of any method for doing this which will not rapidly become the target for much more serious criticism than is now being levelled at the tried and tested system of public auction. And let us not forget that any system of private treaty sale at special rates must inevitably carry with it a prohibition against assignment which I am doubtful if our industrialists would be willing to accept. Let me, therefore, mention some other measures which Government has already introduced to serve the purpose which my honourable Friends have in mind. First of all, there is the advance planning of land sale programmes. This has brought considerably more land on to the market. It may not have reduced the overall price of land in general, but it has certainly steadied the price of industrial land. Over three million square feet of industrial land was sold in 1962 for \$61¼ million, giving an average figure of about \$20 a square foot. Last year 32 industrial lots at Kwun Tong were sold, realising an average price of \$36 a square foot, which is \$3 less than the previous year's average, and \$6 above the upset price, a price which takes account of the fact that the lots are formed to level and provided with roads, drains and water. There is no evidence here that speculators have forced up the price of industrial land. Nevertheless, leaving aside the question of speculation, and as an experiment towards further stabilising or reducing prices we are ready to consider some reduction in the upset price in special industrial areas, provided, of course, that we leave an adequate margin over the cost of producing the land.

Secondly, all industrial lots at Kwun Tong—and we shall consider extending this practice to other special areas for industry—are purchased on the instalment plan: 10% down-payment and the balance over 20 years at 5% interest. In terms of \$36 a square foot which I mentioned just now, this means that the purchaser of land at Kwun Tong this year paid down \$3.60 a square foot and will pay \$2.50 in annual instalments hereafter. These figures compare not unfavourably with the current rate for an annual permit fee of \$1.00 a square foot.

We are also prepared to consider the sale of land by sealed tenders. Indeed land has already been sold by this method during the past year. But I believe that the advantages of this system over public auction is likely to be limited to special cases where the land is to be used for very restricted purposes or where its proper development is a matter of major public interest or importance.

To sum up: Government will continue to put increasing quantities of industrial land on the market; to accept payment by instalments in special industrial areas; and, if necessary, to lower the upset price. I suggest that for the present these measures are to be preferred to some arbitrary method of fixing prices and selecting applicants.

Mr LEE also entered a plea for the small industrialists, particularly for those who, under temporary permit, occupy Crown land which we need urgently for more important forms of development: for Resettlement and Housing, for instance, the pace of which we are urged by Mr F. S. LI to accelerate. Let us not forget that many of these permittees have for years enjoyed a very favourable position compared with their competitors on permanent, and thus more expensive, sites, —and their unwillingness to move, carried sometimes, I fear, well beyond their legal rights, stems from a natural reluctance to surrender the competitive advantages on which they have existed for so long. Government recognizes their special position. It recognizes the need to keep them in, business so far as possible and to give them warning of the termination of their permits as far ahead as we can; and to plan for re-establishing them in more suitable areas. Flatted resettlement factories afford accommodation for those with a working area of 2,000 square feet or less provided their trade is suitable. There is also space available, I believe, in a number of flatted factories built by private enterprise, though the rents may be rather higher than in Government's resettlement factories. Those, however, who require a larger area than is available in flatted factories must buy their land, and during the past eighteen months 33 small industrial lots of five to six thousand square feet were sold. This year we plan to sell more, including about 50 lots of between two and three thousand square feet. Most of these sites will be at Kwun Tong and, based on the prices I quoted a few moments ago, a site of 2,000 square feet will cost about \$5,000 a year in instalment premium. This, incidentally, should provide the answer to Mr LEE's point that these small factories find difficulty in getting together to buy larger sites in their joint names. But industrial permittees must not look entirely to Government to solve their problems and do nothing meanwhile to help themselves. I hope owners of factories on Crown land will take note of this programme of sales, even if they are not yet under notice to move. Sooner or later they must make way for more permanent and orderly development.

Sir, on Public Transport, I think I can hardly be expected to do more than to compliment Mr KAN on his penetrating analysis of our problems, and also, if I may be so permitted, to congratulate the Advisory Committee on the manner in which it has won the public's confidence under Mr KAN's Chairmanship and that of his predecessor, Mr ROBERTSON. The Committee has shown commendable diligence in investigating a manifold variety of individual complaints and in drawing the attention of the Companies to particular services which appear to

be in need of improvement. This keeps them in touch with current feeling and gives them public support. Such work, in itself, is time-consuming, and it is therefore all the more satisfactory to learn that the Committee is devoting equal thought to more fundamental problems and to the need for a comprehensive survey. The proposal of a survey has Government's full support, and consultations are now proceeding within departments and with the Companies. The survey will need careful preparation. Nothing like it has been attempted in Hong Kong before, and, if a good job is to be done, time is needed both for preparation and for the job itself. This is unavoidable and it would be foolish to expect quick results. In the meantime expansion will not come to a standstill and I am confident that the Committee will continue to display its ingenuity and industry in keeping public transport services under review in a practical and sensible way.

Finally, Sir, I find myself left with the Cricket Ground and the planting of trees, and I am tempted to suggest a single solution which may appeal simultaneously to both my honourable Friends, Mr KAN and Mr KNOWLES. If, for instance, we could plant a thick belt of flowering trees right round the ground, we could conceal it from the disapproving eyes of those like Mr KAN and myself who take no pleasure in this particular form of sport, and at the same time embellish the surrounding roads to the satisfaction of Mr KNOWLES. The Cricket Club holds its ground, in the same way as many other sporting clubs hold their land, on a Short recreational lease. These leases derive from the recommendations of the Morse Committee, a representative body of citizens who shortly after the war advised on playing fields and open spaces. The Committee commented on the unique and historical character of the Cricket Ground, and expressed a hope that it might be preserved as such. It is hardly to be expected, of course, that in those early days they could have foreseen the rapid development of our city and the increasing need of open spaces for our swollen population. I have no doubt, therefore, that we must cast around for a less central site, and that it is not too early, while there is still some balance of the lease to run, to start thinking about where this ground should be reprovisioned.

As to the planting of new trees, I understand that our hardworking and civic-minded Urban Councillors have been badly stung—not, I may say, by the bee to which Mr KNOWLES referred, but rather because he does not appear to be aware of how active they have been. Only this month my colleague, the Chairman of that Council, in reply to a question, reported that over 5,000 trees, made up of 20 flowering and 31 non-flowering varieties, were planted in 1962 along roads, beside bathing beaches and in parks and restgardens. And there is a gradually expanding programme of planting for the future. I am sure the Urban Council will welcome Mr KNOWLES' enthusiastic and

knowledgeable interest in this subject, and I shall ask the Superintendent of Gardens to get in touch with him. He may be able to explain more expertly than I can some of the difficulties which attend the planting and propagating of our indigenous flowering shrubs, many of which are far from hardy. There is no question of our not being able to afford nurseries, of which there are two at Shouson Hill and Diamond Hill, and my honourable Friend seems to have misunderstood my predecessor on this point. As I understand it, the more delicate varieties of trees require anything from ten to twelve years in a nursery before they can safely be transplanted to roadsides, and even then they frequently fail to survive because of the barren soil and exposed position. To rear successfully large quantities of these varieties would certainly sterilize far more land than we can afford to spare for nurseries.

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

THE FINANCIAL SECRETARY seconded.

The question was put and agreed to.

#### **RESOLUTION REGARDING THE ESTIMATES OF REVENUE AND EXPENDITURE FOR 1963-64**

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Estimates of Revenue and Expenditure for 1963-64  
as amended by the Report of the Select Committee be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

#### **APPROPRIATION (1963-64) BILL, 1963**

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding one thousand three hundred and sixty million, forty thousand, five hundred and ten dollars to the Public Service of the Financial year ending the 31st day of March, 1964."

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 close of the financial year, and to provide the necessary authority for making payments as from 1st April, it is essential that this Bill should pass through all its stages today. If, Sir, you are of that opinion, I would beg leave therefore to move the suspension of Standing Orders for this purpose.

HIS EXCELLENCY THE GOVERNOR: —I am of that opinion.

THE FINANCIAL SECRETARY moved the suspension of Standing Orders to the extent necessary to allow the Appropriation (1963-64) Bill to be taken through all its stages today.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

THE FINANCIAL SECRETARY moved the Second reading of the Appropriation (1963-64) Bill, 1963.

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 (1963-64) Bill, 1963 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.

## **RENT INCREASES (DOMESTIC PREMISES) CONTROL**

### **BILL, 1963**

THE COLONIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to make provision for the temporary control of increases in rent of domestic premises, and for the security of tenure connected therewith and for purposes connected with the matters aforesaid."

THE ATTORNEY GENERAL 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 19 were agreed to.

THE COLONIAL SECRETARY: —I rise to move that Clause 20 be amended as set forth in the paper before honourable Members.

*Proposed Amendment*

*Clause*

20 In subclause (1) —

(a) in paragraph (b), leave out the word "and" in the last place where it occurs;

(b) in paragraph (c), leave out the full stop and substitute therefor the following—

"; and"; and

(c) add the following new paragraph—

"(d) court fees."

Clause 20, as amended, was agreed to.

Clause 21 was agreed to.

THE COLONIAL SECRETARY: —I rise to move that Clause 22 be amended as set forth in the paper before honourable Members.

*Proposed Amendment*

*Clause*

22 In the proviso to paragraph (c), leave out the words "this Ordinance" and substitute therefor the following—

“the Tenancy (Notice of Termination) Ordinance, 1962”.

Clause 22, as amended, was agreed to.

THE COLONIAL SECRETARY: —I rise to move that Clause 23 be amended as set forth in the paper before honourable Members.



*Proposed Amendment**Clause*

23 (1) Leave out the full stop and substitute therefor the following—

“, and for the purpose of ordering the payment of rent or mesne profits, and such jurisdiction shall be exercised notwithstanding that the value of the property sought to be recovered or the amount of the annual rent thereof or the amount of rent or mesne profits being claimed exceeds five thousand dollars.”.

(2) Add the following new subclause—

"(2) All determinations of the District Court under this Ordinance shall be final and no appeal shall lie therefrom."

THE COLONIAL SECRETARY: — I understand my honourable Friend, the Attorney General, has a statement to make in amplification of the explanatory remarks relating to the first amendment to this clause.

THE ATTORNEY GENERAL: — Your Excellency, the Honourable Colonial Secretary having moved the amendment to this Bill I feel some words of explanation are called for concerning the proposed first amendment to Clause 23.

As some members will be aware, a recent District Court Judgment has been delivered to the effect that the District Court does not have jurisdiction to entertain applications under the Tenancy (Notice of Termination) Ordinance, 1962, where the value of the property concerned exceeds \$5,000. The present Clause 23 was inserted at a late stage in the drafting of this Bill and as you will see, it opens with the words "For the removal of doubts jurisdiction is hereby conferred". However, it does not make specific reference to the value of the property in respect of which applications can be made. Since the intention is that there should be no such limitations it is desirable to frame this particular enactment in such a way as to preclude all arguments on the subject.

It is, Sir, however, most unusual to legislate as a result of a decision given by an inferior court before that decision has been tested in a superior court, unless of course a defect in the legislation has been made apparent beyond all argument. One reason for this is that any such early legislation could operate to the prejudice of the parties immediately concerned with the decision of the inferior court. Since, however, Government, on my advice is moving the present amendment

I feel that I should state at this time that I am also advising Government to take steps to introduce at the earliest possible moment an amendment to the District Court Ordinance, 1953, with the object of removing doubts on this same point so far as it affects other enactments conferring jurisdiction on the District Court. It is intended that such amending Ordinance will contain a preamble which will state that it was always intended that jurisdiction conferred on the District Court by another Ordinance should be subject only to such limitations as that other Ordinance specifically imposed and that this District Court (Amendment) Bill, 1963, is being introduced solely for the removal of doubts.

In conclusion, Sir, I should like to make it clear that nothing that I say today is to be taken as expressing a view—one way or the other—as to what, in fact, was the legal effect of the wording used either in the District Court Ordinance, 1953, or in the Tenancy (Notice of Termination) Ordinance, 1962.

HIS EXCELLENCY THE GOVERNOR: —Thank you, Attorney General.

Clause 23, as amended, was agreed to.

Clause 24 was agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Rent Increases (Domestic Premises) Control Bill, 1963 had passed through Committee with amendments and moved the Third reading.

THE ATTORNEY GENERAL seconded.

The question was put and agreed to.

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

### **RESETTLEMENT (AMENDMENT) BILL, 1963**

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Resettlement Ordinance, 1958."

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 5 were agreed to.

Council then resumed.

THE ATTORNEY GENERAL reported that the Resettlement (Amendment) Bill, 1963, 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.

### ADJOURNMENT

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

THE ATTORNEY GENERAL: — I suggest, Sir, the 10th day of April.

HIS EXCELLENCY THE GOVERNOR: — Council stands adjourned until the 10th day of April.