

OFFICIAL REPORT OF PROCEEDINGS**Meeting of 26th March 1964****PRESENT:**HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)

SIR ROBERT BROWN BLACK, GCMG, OBE

HIS EXCELLENCY LIEUTENANT-GENERAL SIR RICHARD WALTER CRADDOCK, KBE,
CB, 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,
ACTING SECRETARY FOR CHINESE AFFAIRSTHE HONOURABLE JOHN JAMES COWPERTHWAITTE, CMG, OBE
FINANCIAL SECRETARYTHE HONOURABLE KENNETH STRATHMORE KINGHORN
DIRECTOR OF URBAN SERVICESTHE HONOURABLE ALEC MICHAEL JOHN WRIGHT
DIRECTOR OF PUBLIC WORKSDR THE HONOURABLE TENG PIN-HUI, OBE
DIRECTOR OF MEDICAL AND HEALTH SERVICESTHE HONOURABLE WILLIAM DAVID GREGG
DIRECTOR OF EDUCATION

THE HONOURABLE DHUN JEHANGIR RUTTONJEE, OBE

THE HONOURABLE FUNG PING-FAN, OBE

THE HONOURABLE RICHARD CHARLES LEE, CRE

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 16th March 1964, were confirmed.

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, 1964: —	
No 18—Annual Report by the Chairman, Urban Council and Director of Urban Services for the year 1962-63.	
No 19—Annual Report by the Director of Marine for the year 1962-63.	
No 20—Annual Report by the Director of Broadcasting for the year 1962-63.	
Dangerous Goods Ordinance, 1956.	
Dangerous Goods (Repeal of Miscellaneous Legislation) Order, 1964	38
Registration of Persons Ordinance, 1960.	
Registration of Persons (Re-registration) (No 10) Order, 1964	40

REPORT OF THE SELECT COMMITTEE ON THE ESTIMATES FOR 1964-65

HIS EXCELLENCY THE GOVERNOR: —Let us resume this Debate on the Select Committee's Report on the Estimates.

THE DIRECTOR OF EDUCATION: —Your Excellency, I rise to reply to some of the points which honourable Members have raised in this debate on the subject of education.

No less than four honourable Members have touched upon the important but extremely perplexing subject of technical education and I should like to deal with this first.

It is generally agreed that our expanding Technical College, in close co-operation with industry and commerce, is doing a first-class job in the training of technicians and technologists. At this level, however, the problem is fairly clear-cut. It is generally accepted that the kind of advanced theoretical and practical training needed to produce

technicians and above can most effectively be given in training institutions, which should properly be provided and maintained at public expense.

It is equally true that the technicians must be supported by a far larger number of artisans of varying degrees of skill and that to produce them a comprehensive system of vocational training is needed. As far as apprenticeship is concerned, the problems involved have been under close study during the past year both by the Standing Committee on Technical Education and Vocational Training and by the Labour Advisory Board who have jointly advised on a combination of legislative and administrative measures designed to revitalize apprenticeship and to make it more acceptable both to the apprentice and to the employer. These recommendations are now being studied and I hope that during the coming year it will be possible to announce a detailed programme of action.

The Standing Committee has also been reviewing the problems of vocational training for occupations in which skills can be acquired in a shorter period than is necessary under an apprenticeship system. This is a field in which voluntary organizations have already done most valuable pioneering work. There is, however, a need for a greater co-ordination of effort and the closest possible co-operation between Government and industry to ensure that the best use is made of available resources. The rôle that individual industries can play and the assistance that Government can give in the development of human resources need to be very carefully defined to avoid duplication. Several Government departments are concerned and each has a particular contribution to make to supplement what industry itself can achieve. It is possible that the measures proposed for apprenticeship can be adapted to cover a wider field. These are questions which are still being considered as a matter of urgency in conjunction with the recommendations in the Marsh/Sampson Report. Whatever the eventual decision as to the relative importance of on the job and off the job training it is clear that Government has an important rôle to play. In many cases the theoretical part of the training of craftsmen can best be given in the classroom or the laboratory. Where this is so, Government can and will help. At present there are some 8,800 workers receiving instruction in our technical evening classes. It is a little disappointing to note that only 250 are being released by their employers for part-time courses during the day-time.

Another important step which is being taken by Government is in the sphere of pre-apprenticeship training. Courses in the basic trades of building, electrical and mechanical engineering are due to commence in September in new buildings erected with the help of a generous United States Government grant of US\$250,000. I must emphasize,

however, that this is a pilot scheme. For its success a great deal will depend upon the support of industry and on the prospects and conditions of work which employers are prepared to offer the products of this course. If it proves successful, Government will certainly consider the establishment of further centres, which will also include a limited amount of craft training of a more specialized kind.

I should like to add one further word of caution. There is great danger in attempting to introduce vocational training too early. It is perhaps attractive as a short-term measure to stunt a pupil's basic education so as to produce a quick supply of semi-skilled workers in a given trade, who are often incapable of much further improvement, but in the long run this defeats its own object. A prominent Hong Kong Industrialist recently complained to me not that his employees had no technical skills when they came to him, but that their basic academic education at the end of the Primary Course was insufficient ground work for the technical skills which his organization was quite ready to impart.

May I now turn to some of the points raised by my honourable Friend, Mr FUNG Ping-fan.

First of all Extra-Mural Studies. The Government is very appreciative of the achievements of the University of Hong Kong in this sphere, and has no doubt that the Chinese University will also make its distinctive contribution in this field, each in full co-operation with the other. Accommodation does, of course, present difficulties. Educational buildings reserved exclusively for one purpose are rare in Hong Kong. Evening accommodation is not only needed for the University's three to four thousand extra-mural students, but also my own Department's 8,800 technical students as well as for the 15,000 students operating under its Adult Education Programme. There is therefore considerable competition for such space as is available. The present approved development plan for the University which was reviewed last year makes no provision for a down-town centre but if the University make a case for one—and no such proposals have yet been communicated to Government—I have no doubt that Government will give proper consideration to the case in the context of competing demands for accommodation and finance.

Whilst on the subject of University Education I should like to comment on the recommendation of the Honourable Mr KNOWLES for the establishment of a high level manpower Commission. This is a matter which will be more fully dealt with by the Honourable Colonial Secretary, but I would like to suggest that the need for any such survey to include the secondary level is perhaps unnecessary. As in the primary sector, if a pupil fails to obtain a place in a Government or

Aided Secondary School and his parents want him to receive a secondary education they will certainly seek it at a private school whatever the Commission may say. The main relevance as I see it is that once the optimum level of post-secondary training has been established, it would be necessary to ensure that the next lower stage *i.e.* secondary education is geared to providing an adequate supply of properly qualified candidates, a calculation which is comparatively simple. The wider aspects of secondary education are being considered by a Working Party which is examining the Marsh/Sampson Report.

I can assure my honourable Friend, Mr FUNG Ping-fan that Government is aware that the standards achieved in certain private schools are unacceptably low, and therefore that there is no room for complacency about the place of these schools in our educational structure. However, the developing pattern of that structure, including the future rôle of such schools, is largely dependent upon the outcome of the present consideration of the Marsh/Sampson proposals. I can also assure my honourable Friend that Government is entirely sympathetic to the needs of private schools that are capable of playing an acceptable rôle in the educational system. Naturally the first priority for sites is for Government or aided schools, but no difficulty is foreseen in meeting any demand for purchase of sites at public auction for private profit-making schools. So far as private non-profit-making schools are concerned these are eligible for private treaty grants, and I am not aware of any shortage of sites for private treaty grant for such schools.

I now come finally to the treatment of Educationally Sub-Normal Children also raised by the Honourable FUNG Ping-fan. Honourable Members will appreciate that the education of "Educationally Sub-Normal Children" though very important is but one aspect of the education of all handicapped children, but it presents particular difficulties in Hong Kong because of the absence of diagnostic and attainment tests, and graded schemes for individual work. Since the Special Education Section was established in my Department four years ago, we have trained a number of inspectors for work with blind, deaf and physically handicapped children and have extended subsidies to some schools for the blind and deaf. We have also been able to provide special training courses for teachers in these schools. I am now able to report that the 1964-65 Estimates contain provision for the recruitment of nine officers whose duty it will be to undertake experimental work and devise suitable material for the teaching of educationally subnormal children and the training of ineducable but trainable children. Most of these officers will, however, themselves require a period of initial training, and urgent steps are now being taken to recruit an Education Officer capable of carrying out this training. Developments in the future are likely to be slow because we must create our own tests and suitable teaching material. This cannot be imported but I trust

that we shall be able to establish a small number of experimental classes by September, 1965. Special schools for Educationally Sub-normal children are undesirable except for a small minority of such children. These children will not be neglected but our major effort will be directed towards devising suitable curricula and the establishment of special classes or providing special coaching in ordinary schools for the majority of Educationally Sub-Normal Children. As Mr FUNG has pointed out, automatic promotion for such children may well produce undesirable psychological effects if they are required to follow the curricula devised for normal children. It is, however, equally undesirable that most Educationally Sub-Normal Children should be segregated from their fellows. By devising teaching material and curricula suited to their abilities, I hope that we shall be able to allow them to progress through the primary schools in company with normal children of their own age. (*Applause*).

THE DIRECTOR OF MEDICAL AND HEALTH SERVICES: —Your Excellency, when the mantle of office descended on me, I was fully conscious of my inferior endowments from nature, but I am reassured by the resources of wisdom, of virtue, and of zeal available to me, and on which I could rely under all difficulties, knowing that my honourable Friends on both Councils, my colleagues in the Service, the Press, and indeed the Community will give me their unstinted support and guidance.

My Friend, the Honourable Dhun RUTTONJEE, has once again directed his attention to the many medical problems associated with this over-crowded community. I am grateful to him for his remarks concerning the control of cholera, but I must stress that such control can only be maintained by team-work involving not only my colleagues in the Medical and Health Department, but also the staff of many other Government Departments, the various voluntary and private agencies and, in particular, the general public of Hong Kong. To all concerned, I wish to pay a sincere tribute for their hard work, and effective cooperation. But, at this juncture, I must sound a warning; although the disease has not assumed such serious proportions in Hong Kong as in neighbouring countries we cannot afford to be complacent. El Tor cholera, as I have stressed in many recent public statements, is now endemic in this region, the classical pattern is changing, and we must be on the qui vive throughout the year.

When the White Paper on the Development of Medical Services in Hong Kong was laid recently before this Council, I anticipated that my honourable Friend would be prompted to offer many constructive criticisms. He has indeed made a painstaking study of the problem,

he has pin-pointed the needs and has based his assessments on the immutable principles of sound forward planning related to financial resources and availability of trained staff. Some vocal sections of the community have often posed the question to the medical administrators as to why a new hospital could not be built yearly. Apart from the need to consider the question of priority for each individual project, in relation to the overall programme of development in other essential fields of community service, and assuming that capital costs could be met and that land was available, there are still the problems of yearly recurrent financial provision, and the availability of trained staff.

As he stated in his speech, the major need of the curative services in Hong Kong is for general hospital beds. Although we may differ somewhat over the semantics of bed classification, I can assure him that we do not differ in our basic approach and interpretations. I have, with the approval of Government, invited him to serve on the Standing Committee which will be set up to keep under review the recommendations of the Medical Development Plan, where he will have every opportunity to give us the benefit of his views. My honourable Friend has grasped the nettle of the problem when he advocated that general hospital beds should be divided into three categories: —

- (a) Acute general beds
- (b) Subsidiary general beds and
- (c) Elementary general beds.

I agree with him whole-heartedly that such a classification is sound and realistic, and in support of my assurance that the recommendations in the White Paper are identical, I quote the following statements from that publication: —

- (1) "To enable the maximum use to be made of the specialized and expensive facilities in the large acute hospitals, it is necessary to have a reserve of beds to which can be transferred those patients who have passed the acute stage of their illness, operation or injury but who remain in need of further hospitalization for rehabilitation, convalescent nursing care or further treatment of conditions rendered sub-acute."

This type of bed is the "subsidiary general bed" referred to by my honourable Friend.

- (2) "There is one further category of patients for whom provision of general beds requires to be made in view of the housing conditions existent in Hong Kong and of the impracticability of providing any Government domiciliary medical or nursing services. These patients are long-term cases requiring institutional accommodation with minimal nursing care and medical

supervision, and fall into two categories. Those patients requiring terminal care during a protracted but fatal illness and those who are handicapped by disease, age or trauma to a degree which renders impossible or at best remote, their return to a restricted but comparatively normal life."

This is the "Elementary" type of bed mentioned by my honourable Friend. Sir, the principle of progressive patient care will be borne in mind whenever the question of the provision of general hospital beds is considered.

During the past 14 years, the pressure of our swollen population, particularly in Kowloon, and the tremendous strides made by medical science have called for *ad hoc* measures in the provision of care for acute cases until the completion of the Queen Elizabeth Hospital. This hospital, together with its counterpart on Hong Kong Island—the Queen Mary Hospital now being extended and modernized, should be able to cater, at least within the foreseeable future, for the Colony's requirements in highly specialized medical coverage and training.

Having achieved this position, we can now pause to re-orient our thoughts to the provision of the other classes of beds as detailed in the Development Programme, namely, acute general beds for less specialized and less complex cases, convalescent or subsidiary beds, and beds for patients suffering from long-term disabling illness or permanent physical handicap.

I shall deal now, Sir, with these classes of beds seriatim. With regard to acute beds the proposed Lai Chi Kok Hospital will provide a further 500 of such beds for the expanding areas of North-west Kowloon and the New Territories; these will not be of a highly specialized nature since such specialized cover as will be required will be available either in or from the Queen Elizabeth Hospital. In addition there will be 300 subsidiary general beds to serve the needs of the proposed hospital and of the Queen Elizabeth Hospital, and also approximately 350 beds for infectious diseases which will replace the present unsuitable accommodation now available in the old Lai Chi Kok Hospital.

With regard to the class hospital beds termed subsidiary general beds by my honourable Friend, I have made mention of 300 beds in the new Lai Chi Kok Hospital. In addition, plans are in hand at the moment to provide a total of 594 beds in this category—322 at Kowloon Hospital, to which institution I shall refer later, 200 at a new Tung Wah Infirmary at Sandy Bay to serve Queen Mary Hospital, and 72 which were released two months ago at the present Lai Chi Kok Hospital. However, as my honourable Friend stated, this will not prove sufficient. The type of construction referred to by my honourable Friend as Nissen Huts, is perhaps the same as the type of accommodation he and I

agreed on, some three years ago, when Kowloon Hospital was bursting at the seams, and we had to provide additional beds to prevent a breakdown of the emergency hospital services in Kowloon. This hospital is capable of expansion and I can assure him that I will investigate the possibility of providing more wards of such nature; in addition, every effort will be made to encourage the provision of such beds in projects undertaken by voluntary agencies.

The provision of elementary general beds for the chronic sick and handicapped has, in the past, been of particular interest to many voluntary agencies, notably the Tung Wah Group of Hospitals. These agencies continue to play their part but, with the pressure of industrial expansion and the lack of adequate housing, the problem is building up rapidly.

Sir, may I be permitted at this juncture to make a few observations about the Tung Wah Group of Hospitals, which have now been in existence for 94 years. In 1957, the Directors of this group embarked on the redevelopment of the old Kwong Wah Hospital, and this redevelopment is now nearing completion. No one can help being impressed by the magnificent structures which form part of the Kwong Wah Hospital at Waterloo Road in Kowloon. But what is more important is that the Kwong Wah Hospital, and its two sister institutions, are now staffed by medical and nursing personnel able to look after sick patients in the same way as they are cared for in any other modern hospital. In short, the standard of medical and nursing care in the Tung Wah Group of Hospitals has reached a level higher than ever before. These hospitals are no longer repositories for terminal cases, and it is the present policy of the Directors to ensure a quick turnover of patients. I must say that the community has now accepted the new rôle of these hospitals in the overall medical programme remarkably well, but the community must now be further persuaded to accept the concept that these hospitals are now no longer to be regarded as homes for the aged, infirm, and decrepit sections of the population. Patients who are admitted for treatment must be prepared to leave when there is no medical reason for them to linger on. However, the Directors have not lost sight of their responsibilities, which have been acquired by tradition, in providing for the chronic sick, the permanently disabled and the destitute infirm. With the aid of a large sum donated by the Australian Government in connexion with the World Refugee Year, they have already embarked on the construction of an Infirmary at Wong Tai Sin to provide 210 "Elementary beds" for those patients who must be cared for in an institution but who require little specialized medical and nursing attention; hence the beds in this infirmary will be very much cheaper to maintain. Of course, 210 beds will only touch the fringe of

the problem, and consequently the Directors have prepared a phased programme of expansion to achieve ultimately a total of approximately 950 infirmary beds on the Wong Tai Sin site.

As I said before many voluntary agencies are actively interested in the provision of accommodation for these long-term cases; for example, the aging of our population has resulted in more cases of cancer, and both the Hong Kong Anti-Cancer Society in Hong Kong and the Caritas Hospital in Kowloon have plans to provide beds for such cases.

I am in complete agreement with my honourable Friend that the provision of hospital beds is by itself not enough and that efficient and economic use of each category must be maintained. Although this will be a difficult task until an adequate provision of ancillary beds has been attained, I can assure my honourable Friend that every effort is being, and will continue to be, made to ensure the optimum and most economic utilization of all hospital beds not only in Government hospitals but also in those which receive substantial subventions from public funds.

A few moments ago, Sir, I said that I would return to the question of the Kowloon Hospital. I said this, as it enables me to air and discuss one of the major problems facing the Medical and Health Department at the present time. My honourable Friend has stated that it should have been possible to continue the use of the wards in this institution; I agree with him that occupation of certain buildings in rotation might have been feasible during the renovations.

As I shall explain later there are 95 vacancies in the student nurses grade, and 68 vacancies in the doctors grade which have remained unfilled; these staffing difficulties have not eased the problem. Kowloon Hospital was completely emptied of all patients in the first week of December last year and as there are still 350 unoccupied beds in the Queen Elizabeth Hospital, I have allowed the scheme for conversion of the Kowloon Hospital to go on as planned. On the other hand, I can assure my honourable Friend that effective use will be made of each portion as soon as it becomes ready. In respect of doctors, however the position presents considerable difficulties; out of a total establishment of 545, the vacancies I have mentioned account for a shortage of approximately twelve per cent. The University of Hong Kong is in the process of expanding the facilities of its Medical Faculty with an aim of training some eighty doctors per annum, although it will not be for four to five years that the full effect of this expanded programme is felt. However, present wastage of doctors is high, being nearly 50 per cent of a total recruitment of 272 in the past five years. I can foresee no immediate easing of this problem until the increased output from the University

has had time to make its effects felt. Even then I expect the drain will continue, with little hope of lessening, to the financially more rewarding attractions of practice outside Government Service.

Turning, Sir, to the question of nurses, the picture is somewhat similar; there are at present ninety-five vacancies for student nurses of both sexes out of a total establishment of 1,448 general nurses and student nurses, that is to say a deficiency of some six per cent. Although the numbers coming forward to join the nursing service have doubled during the past five years, it is obvious from the existing vacancies that the supply of recruits is still inadequate. Further there is, apart from a not unreasonable wastage during training, a loss of trained personnel, which has amounted to 44 per cent of recruitment during the past five years. Apart from the usual reasons of marriage and domestic ties, there has become apparent recently a drain overseas of trained nursing personnel, particularly to the United Kingdom and Canada. The numbers are small but the loss of such staff is one which we can ill afford. Apart from this drain from our hospitals there is also another significant call for the services of such staff, namely the field of outpatient services. A balance must be maintained between the development of our hospital services on the one hand and of the outpatient departments and preventive health services on the other; in these latter fields, the staff needs for an individual project are comparatively small but they soon mount up causing further strain particularly on the training hospitals.

At this juncture it is perhaps appropriate to turn to the question of Nursing Auxiliaries. Here, once again, my honourable Friend and myself have only semantic differences and our ideas concerning their function in general coincide.

It is imperative that our comparatively limited numbers of fully trained nursing staff are employed in spheres where maximum use can be made of their specialized knowledge and capabilities. Like my honourable Friend, I am firmly of the opinion that the answer lies in making use of a field of recruitment hitherto not utilized by Government. The educational requirements for the grade of Nursing Auxiliaries will be at the standard of Form III. They will undergo a period of both theoretical and practical in-service training in all basic aspects of nursing care and it is my intention that thereafter they will form a major part of the staff for the convalescent and chronic hospitals which are needed to augment our existing acute general hospital beds. In fact, Sir, plans are already in hand to establish at the Kowloon Hospital a training centre for Nursing Auxiliaries and I hope that, once this institution has been re-opened, we shall rapidly build up an adequate supply of this valuable adjunct to our curative service.

Although it is not the intention at present to employ Nursing Auxiliaries for certain duties which are now performed by hospital amahs, it is generally known that more and more women are being attracted to work in industry and we may soon be forced to use a higher grade of staff to carry out functions which are considered an amah's duties.

My honourable Friend has once again brought up the question of corrupt practices alleged to be going on amongst the lower grade staff in the Hospitals. This is a subject on which I hold very strong views. A protracted and time-consuming survey was undertaken in 1961-62 to ascertain from patients whether or not they had been solicited for payment for personal services rendered during their stay in hospitals; 9,350 patients were asked, on discharge from hospital, to complete a brief form; of these, only 17.4 per cent replied, all in the negative. I have to admit that these figures cannot in all the circumstances, be accepted as conclusive, and I am personally of the opinion that tipping does go on in the hospitals. While I realize that many persons on discharge may wish to express in a tangible way their appreciation of the services received, I must emphasize that the acceptance of such gifts is not only unethical and against all Government and Departmental regulations, but encourages the mistaken concept that such services must be rewarded as of right. I appeal to all members of the public to assist in the elimination of this practice by refraining from giving tips, even if they wish to do so, and by reporting immediately to responsible and senior members of my staff, any occasion whereon they are either solicited for gifts or are refused services pending monetary reward. I express my sincere regret for the case to which my honourable Friend Mr RUTTONJEE referred, but I must state that I take a serious view of any inefficiency, slackness, or discourtesy on the part of my staff, whether it is in the professional, technical, nursing or junior grade. The sick have the right to receive the best available treatment and consideration in a Government institution. On the other hand, it is vital that cases of this nature should be reported to me or to my senior staff immediately, in order that the circumstances of the case can be thoroughly investigated in accordance with the principles of natural justice.

My Friend, the Honourable Sidney GORDON has re-opened the question of the establishment of a dental school in the Colony. Earlier, when I referred to the development of medical services particularly the hospital services, I stressed that this should be undertaken after carefully weighing priorities and the availability of financial resources and trained staff. The Medical Development Programme envisages expenditure of considerable magnitude to meet our urgent hospital needs, and it is in the light of this that the proposal to establish a dental school must be viewed. This school will be very costly both to build and run and

hence must take its correct place in the list of priorities for the expansion and improvement of our Medical and Health Services.

At the present moment there is no indication that the training facilities available for dentists overseas are likely to diminish; and, even if universities in Australia should no longer reserve places for our students, we can look to Singapore, New Zealand and elsewhere for assistance in this respect. The present programme offers scholarships to selected students from Hong Kong to go overseas for dental training under an obligation to return to the Colony to practise dentistry for a minimum period of 4 years. To date, a total of 64 students have been sent for such training overseas; of these 25 have already returned duly qualified, 34 are still studying, and there has been a wastage of 5. I emphasize that the costs of the present programme are far less than the expenditure envisaged for a dental school. For this the capital cost of the scheme was estimated two years ago to be in the region of \$8½ million. The cost to Government for each dental scholar has averaged \$5,800 per annum; if the \$8½ million I mentioned previously were invested at an interest rate of, say, six per cent, this would allow us to maintain overseas a total of 87 students, or in other words, approximately 17 students could be sent each year.

Finally, there is the Colony's need for doctors on which I have spoken at some length; in the earlier years of training for both the medical and dental professions the training facilities are shared and a careful assessment of relative priorities for the use of such facilities must also be made. I have been told by the Dean of the Medical Faculty that any increase in intake of medical students—and here I quote "could only be achieved by using the available places for dental students which were planned for the pre-clinical building so that there will be no prospect of having an increased number of medical students and dental students; it would have to be 'either or'."

My Friend the Honourable R. C. LEE expressed concern over the question of Pep Pills. All such preparations containing habit-forming drugs, like the amphetamines, which are the most common ingredients in these pills, are in the Third List of Part I of the Pharmacy and Poisons Ordinance. All items on this list can only be legally dispensed on a doctor's prescription; this has been the case since October, 1953. However, it cannot be gainsaid that unauthorized purchases can be made under the counter from unscrupulous dealers. This subject was fully discussed at a recent meeting of the Pharmacy Board and a subcommittee of that Board was formed to make firm recommendations concerning any necessary revisions of the Pharmacy and Poisons Ordinance, with particular emphasis on the strengthening of the existing control measures.

My honourable Friend also referred to the many undesirable advertisements which are misleading to the lay public by their spurious claims of efficacy for medical preparations. As regards the preparation which claims to stimulate mental faculties, I would like to state that the schedule of the relevant Ordinance would appear to forbid the publication of such claims. At the present moment, there is nothing to prevent misleading claims concerning remedies for defects and diseases of the eye unless they specifically refer to trachoma or blindness, but I shall explore the possibilities of obtaining legal powers to provide wider control.

I have already had discussions with the Commissioner of Police on this subject and we have agreed to step up our joint measures against infringements of the Undesirable Medical Advertisements Ordinance; action will be taken against both the advertiser and the publisher in every case where the evidence indicates that such infringement has occurred.

To institute legal controls for all *bona fide* advertisements of a medical nature would be harmful to the development of the pharmaceutical trade. I appeal, therefore, to all publishers of newspapers, magazines and other periodicals to ensure that not only do such advertisements not contravene the Undesirable Medical Advertisements Ordinance but that the public shall not be misled into indiscriminate use of questionable preparations to their own detriment. I intend to make a direct approach to the Council of the Newspaper Society of Hong Kong for their active assistance in the control of such advertisements. (*Applause*).

THE DIRECTOR OF PUBLIC WORKS: —Your Excellency, after 21 months of investigation, examination, and discussion, Messrs Urwick, Orr & Partners in July, 1963, completed the last of their reports on the organization of the Public Works Department. Altogether they produced 28 separate reports which cover all aspects of our work, ranging from Productivity in P.W.D. Quarries to the Organization Structure of the Department.

One of the factors that they were called upon to consider was the fundamental one of which, if any, of the Sub-departments should be detached from the Public Works Department. This subject has already been raised in this Council, and it was discussed at some length in the Budget Debate of 1958. In their Report No. 19 "Organization Structure: Public Works Department" Urwick, Orr & Partners considered the problem in some detail, and concluded:

"In this and the previous Section of our report we have examined the case for the detachment of certain activities of the P.W.D. In

every case we have concluded that there was no advantage to Government—and most probably some disadvantage—in creating several departments to do the work now being done by one."

Following on Urwick, Orr & Partner's report much thought has been given to this problem. If there is to be no detachment it is essential that there must be a large measure of decentralization, and Sub-departments must be granted a high degree of autonomy with the authority to act on their own initiative. P.W.D. Headquarters must be a small high powered unit directing and controlling the implementation of Government policies and programmes for the overall development of the Colony.

In the last few months several major changes in organization have been worked out and are in the process of being put into effect. The main change is on the civil engineering side where the five Civil Engineering Offices, comprising Roads, Drainage, Port Works, Development and Traffic Engineering, each of which has been functioning under a Chief Engineer responsible to one of the two Assistant Directors in Headquarters, are to be amalgamated into a single Civil Engineering Office. It will be headed by the Government Civil Engineer and two Assistant Government Civil Engineers—one in Hong Kong and the other on the Mainland. The two Assistant Directors in Headquarters will become redundant. Within the framework of the Civil Engineering Office the Roads and Drainage Office will be combined, and will operate territorially in three areas, Hong Kong, Kowloon and New Territories, each under a Divisional Chief Engineer.

The greater autonomy being given to Sub-departments is further recognized by three Assistant Directors being renamed Government Architect, Government Building Surveyor and Government Electrical & Mechanical Engineer.

I believe that these changes will be reflected in improved coordination, increased output and better estimating. I am grateful to my Honourable Friend the Financial Secretary for exonerating me from part of the blame for this year's under-estimate. I shall expect no such magnanimity next year, but I hope that I shall not need it.

The rate at which we spend money depends on many factors, not all of which can be forecast twelve months in advance. To assist in assessing an overall figure of probable expenditure I have been studying the pattern of expenditure over the last ten years. Since 1957-58—by which time we had the Public Works Programme to guide our future planning—expenditure on non-recurrent works has been increasing at an average rate of about 25% per annum compound. In six years it has increased from \$118 million to \$440 million.

The increase follows a rhythmic pattern; one year it is a rather less than 25%, the following year it is rather more. In 1964-65 we are due for an increase of about 30%, but if we do no better than a flat 25% increase we shall get very close to our estimate of \$562 million.

While on this subject of growth I would like to mention that though expenditure on capital works has been increasing at 25% per annum over the last 6 years, expenditure on personal emoluments has increased at only half that rate—at just over 12½% per annum. I believe that this points to increasing efficiency and greater output per man. I believe too that it shows the value of the Public Works Sub-Committee of Finance Committee as well as the value of having a long-term plan in the shape of the Public Works Programme.

It means too that the staff of the Public Works Department is always working under very high pressure. There is no spare capacity, and we are frequently faced with a serious manpower shortage when an unexpected and urgent demand is made on our limited resources. If they are short-term demands, like the construction of the tanker terminals last May and June, we can usually cope even if some other project is temporarily delayed; but very frequently, because of very rapid expansion, we are called upon to undertake as a matter of the utmost urgency a major project for which we have no staff. If we are going to avoid the temptation to guard against these contingencies by over-staffing ourselves we must be able to get approval for new staff, and get on with their recruitment, with the minimum delay when it is found to be necessary.

In spite of the criticism of my honourable Friend, Mr F. S. LI, the procedures in the Buildings Ordinance Office have been greatly improved, and building plans are now being dealt with much quicker than previously. 2,578 building approvals were issued by the Building Authority during 1963 compared with a previous highest total of 1,328. On the assumption that most of these buildings will be completed during 1964, we may expect last year's record of \$561 million to be broken quite easily. Indeed, the total value of buildings completed in the first two months of 1964 was over \$140 million—well above the monthly average of 1963.

When I spoke in this Chamber last year I offered to investigate any complaints of delay in the Buildings Ordinance Office which honourable Members might bring to my attention. My recollection is that I received one such complaint during the year, and I was therefore surprised and disappointed at my honourable Friend Mr F. S. LI's reference to unnecessary delays in the Buildings Ordinance Office, and his statement that the present practice in that office is to point out one correction only, and then to point out further corrections in subsequent disapprovals.

Sir, out of 400-odd approvals which have been issued by the Building Authority in the last three months nearly 60% were approved on first submission or after a single re-submission. Nearly 90% were approved after a second re-submission. These figures will, I hope, satisfy my honourable Friend that repeated disapprovals are an exception.

We have many conscientious and competent Authorized Architects practising in Hong Kong; we also have a great many who are not so competent. We have many developers who encourage their architects to design good buildings, but we also have many developers whose sole object seems to be to put up the badly designed, overcrowded, and subdivided slums to which Mr F. S. LI referred later in his speech. These latter developers usually team up with the less competent authorized architects; their plans are full of mistakes which may be due to ignorance, or may be due to a desire to avoid compliance with the standards laid down in the Building Regulations, and the hope that their mistakes will not be noticed. Whatever the reason, their submissions require many hours of checking, and long letters listing not one, but a dozen or more points of disapproval; on re-submission it is not unusual for some of the original mistakes to be uncorrected and it is also not unusual to find new mistakes which were not on the original submission.

My honourable Friend also spoke of the sub-division of flats into cubicles, and the overcrowding of new buildings. I share his concern, and I have given much thought to how we can improve the present state of affairs. Overcrowding and sub-division of flats will be with us until there are sufficient family living units at rents which people can afford. It would, I think, be a retrograde step to try to legislate against the partitioning of single room flats. The enforcement of such legislation would be impossible without a large army of inspectors who would, without any doubt, be subject to very strong incentives to corruption. Quite apart from this, there are many occasions when a partition is desirable or even necessary.

The answer to the problem lies, I believe, in designing buildings in which single room flats can be partitioned off into cubicles without serious loss of lighting and ventilation. We need buildings with more frontage and less depth; similar to those in Resettlement and other Government or Government aided housing schemes. Private developers, unfortunately, prefer to build deep rooms with a small frontage. A reduction in the size of some of the living units in private enterprise housing would also help. Architects are up against a most difficult job when they must squeeze every square inch of lettable space out of every development, irrespective of the quality of the resultant plan.

I am hopeful that the reduced site coverages which will come into force on 1st January 1966, will encourage private developers to plan more openly, with less depth and greater frontage to each living unit. If this is done some of the more serious objections to partitioning and sub-division into cubicles will disappear.

I am wondering if it would be worth our while for us to prepare some type plans to show how sites of various shapes and sizes could be planned with living units suitable for sub-division, and yet be developed to the maximum permitted under the new Building (Planning) Regulations. Though we can teach developers nothing about how to attain maximum development of a site, we may be able to show them how to combine maximum development with a good plan.

Mr F. S. LI also drew attention to the difficulties of small industrialists who are unable to buy land at auctions because of the operation of rings. I am aware that in spite of the precautions taken by us these rings do operate, though I understand that the subsequent re-auctions referred to by my honourable Friend are infrequent.

Undesirable speculation of this type can be discouraged by stricter enforcement of Building Covenants, and this is being done. We are also considering the possibility of putting further restrictions on the transfer of interests in land before fulfilment of the Building Covenant.

I believe, however, that the most effective way to meet the needs of the industrialists is to put more small industrial lots on the market; and this we propose to do. In the first six months of 1963-64 we sold no lots under 5,000 square feet; in the second six months we sold 31 lots. In 1964-65 we expect to sell 13 small lots in the first two months, and we hope to sell over 100 during the year.

We have tried selling industrial land by tender and this has shown that the price paid, as well as the type of purchaser, are much the same as if the sale were by auction.

Mr LI also asked for a definition of a "European-type house". There is no statutory definition or specific case law to supply an authoritative answer, but for practical purposes connected with the calculation of a premium for modification of a Crown Lease which restricts the lessee to the erection of a "European-type house", there has to be a definition. Government, after taking the best available advice, has for modification purposes defined it as "a residential building of not more than three floors having a common entrance and not more than two flats a floor". This definition has been the basis of calculation of premia for modification of Crown leases for the past few years and, with a few exceptions, it has been accepted by all parties concerned.

Premia for modification in the urban area are calculated and set out in detail by a professionally qualified specialist of the P.W.D., scrutinized by another, and approved in the Colonial Secretariat. The valuation is not arbitrary, but is based on a careful analysis of figures from comparable properties. Expert advice is also obtained from other departments, such as the Rating and Valuation Department for rents and the Architectural Office for building costs.

This procedure leaves little room for error or bias. The data used, as well as the calculations, are recorded. Lessees or their professional advisers are free to question the valuation, and the Government valuers are always ready to discuss their assessments and reconsider them in the light of any representations which are supported by evidence, and based on professional methods of valuation. If a lessee is still not satisfied he may bring the matter to the personal attention of the Superintendent of Crown Lands and Survey or—if he wishes—to the Director of Public Works.

My honourable Friend expressed the opinion that in some cases the modification premium is excessive, thus tending to defeat the object for which it is being sought. Since the modification premium on a pre-war lease is assessed at only 50% of the incremental value I find this difficult to accept.

My honourable Friend Mr Y. K. KAN presented a clear picture of the traffic problems which confront us. It is four years since a specialist Traffic Engineering Division was set up in the Public Works Department. Since then several of our civil engineers have had the opportunity to attend courses of study in Traffic Engineering in the United Kingdom as well as in the United States of America. The Division has now got into its stride and many major improvements are under way. All these improvements are part of a co-ordinated plan which has been produced in conjunction with the Planning Division of the Public Works Department and the Traffic Branch of the Police.

In stressing the need for a long-term traffic plan Mr KAN has my fullest support. It is my intention that the Traffic Engineering Division should prepare a five-year road improvement plan which will be kept up to date, and will always look at least five years ahead. In addition to this five-year plan we have recently been authorized to set up a unit to prepare a Colony Outline Plan. Part of the staff has already been recruited and preliminary work is in hand. It is within the framework of this Colony Outline Plan that traffic and public transport will be considered in relation to all other aspects of Town and Regional Planning. I can assure my honourable Friend that there will be—as there is now—the closest possible collaboration between the planners and those concerned with traffic and public transport, in both the official and unofficial fields.

The Honourable F. S. Li spoke of communication with the new satellite town at Kwai Chung. The towns of Tsuen Wan and Kwai Chung are planned to be self-contained towns, having a balanced land use pattern to allow people to live within a reasonable distance of their place of work. Each will have its own City Centre, public buildings, shopping and amusement facilities. They are not intended to be dormitory towns with tens of thousands of people commuting daily to Hong Kong or Kowloon. Undoubtedly there will be some commuting, and there will be considerable travel to and from Kowloon for social purposes. There will also be much industrial traffic on the roads, even though the plan makes provision for deep sea berths, cargo working areas and godowns.

My honourable Friend asked if it was good planning to allow only for a single additional road between Kwai Chung and Kowloon. It all depends on what the road can take. The present road is being widened to dual carriageway with two lanes of traffic in each direction. The new coastal road is also planned as a dual carriageway road with a potential three lanes in each direction. The bottleneck at Cheung Sha Wan will disappear once we can complete the reclamation and get the new road through. A new link road joining Castle Peak Road to Tai Po Road near its junction with Lung Cheung Road is to be constructed shortly, and this will enable traffic to Kai Tak and Kwun Tong to bypass Kowloon.

Purely in the context of Kwai Chung and Tsuen Wan I would say that the road system proposed is completely adequate, and in so far as it is not needlessly extravagant it is "good planning". When the Colony Outline Plan Unit consider the region as a whole, and take into account the possibility of additional development in other areas, they may conclude that some means of mass transport will be necessary in the future. This possibility must be borne in mind during the preparation of the detailed plans for the development of Kwai Chung and Tsuen Wan.

Sir, this has not been an easy year for the Public Works Department. Water has dominated our lives, and every sub-department has had to direct part of its effort to deal with some facet of the water emergency. All have willingly responded to the calls made on their time and their skills. During this difficult period the Waterworks Office has set a magnificent example of devotion to duty and I would like to place on record my appreciation of their efforts. (*Applause*).

FINANCIAL SECRETARY: —Your Excellency, I first owe my honourable Friend Mr GORDON an apology for not having made known the results of the consideration I promised last year on two points he made in connexion with Estate Duty. That does not mean that I did not give them the consideration I promised. I did.

The first point he made last year was in rather different form from that in which he reiterated it this year. Last year he suggested that Government might consider accepting public company shares rather than requiring cash in payment of Estate Duty. This year he speaks of "payment in kind rather than cash to avoid undue hardship on certain estates". It may be that he is in fact referring again only to public company shares.

I have ascertained that payment in kind is accepted in Britain only in the case of two issues of Government securities made in 1919 and 1920. No further securities have been added to the list since then (and I may add that the current market price of both is at present standing higher than the prices at which they would be accepted in payment of Estate Duty). There is one further indirect method of acceptance of payment in kind; certain property of outstanding national interest may be handed over, for example, to the National Trust and the Inland Revenue is then paid from the National Land Fund from money voted by Parliament. This procedure is not relevant here, at least for the present.

If one looks at the narrow question whether public company shares should be accepted in payment, one comes up against the problem of justifying this one exception. Why should the concession not extend to all forms of property—which opens up rather attractive fields of fantasy? Indeed, public company shares would appear to be among the less eligible forms of property for this special treatment because they enjoy a specially organized market. I agree that, if an estate has a very substantial holding in one share, there may be difficulties in disposing of them rapidly without affecting the price. But this is an exceptional position. Hard cases make bad law—and is a situation where a large proportion of shares in a public company is in the hands of a single person one that is so desirable as a matter of public policy as to merit special protection? I doubt it myself.

My conclusion therefore is that Estate Duty should in no circumstances be accepted in kind.

Mr GORDON'S second suggestion was that, the valuation of an estate seldom being a matter of law, there should first be a right of appeal to the Inland Revenue Board of Review. I said last year that I saw some merit in this and I still do, although a differently constituted Board might be necessary for this purpose, and, unlike the Inland Revenue Board, appeal from it to the courts would be necessary even on matters not of law. But legal opinion is rather against me on this and, while we are of course not bound by precedent, I have not been able to find a precedent elsewhere, except a slightly remote one in South Africa. In Britain there is only an appeal to the courts. My

conclusion again is, I fear, although not with quite the same strength of conviction, that the present position should not be altered.

My honourable Friend Mr GORDON has also spoken of delays in drafting the Banking Bill and amendments to the Stamp Duties Ordinance. I must absolve my honourable Friend the Attorney General of almost all responsibility in the former case and of all responsibility in the latter.

As regards the Banking Bill, delay has been largely caused by the difficulty of trying to fit into it, without weakening its effectiveness, some of the less orthodox banking practices which, for a variety of reasons, are traditional in Hong Kong even in the leading banks. I shall not go into detail here. A revised bill has now been seen by the various banking and professional associations and a few final drafting amendments are in process of being made in the light of their comments.

As regards amendment to the Stamp Duties Ordinance, it is true that a draft of a major amending bill was produced in 1959, incorporating provisions, amongst a considerable list of others, to facilitate the re-organization of companies. The bill, however, involved so many thorny legal and other problems about which it was difficult to reach a final conclusion quickly, that in 1961 a simpler amending bill was prepared and passed, dealing only with urgent and simple matters. Action to produce new drafting instructions for a major amending bill began about a year ago but it is again proving a particularly intractable problem.

My honourable Friend Mr KWAN has asked that the Ordinance be amended so that duty on exchanges of property is charged on the difference in value instead of, as at present, on the value of the more valuable property. This is accepted. Indeed, it is already included in the list of drafting instructions. Revenue from such exchanges has never exceeded \$40,000 in recent years.

My honourable Friend Mr GORDON has also raised again the question of long-term credit facilities for the export of capital goods. As I proposed last year, the terms of reference of the Working Party on Export Credit Guarantees were extended to cover this subject and it is dealt with in Part V of the Working Party's Report. They made no specific recommendation but were clearly uneasy (an uneasiness I share) at the implications of using public funds to finance a section of private industry. They concluded by suggesting that the introduction of a scheme of export credit insurance might lead to a more favourable climate for the commercial provision of such finance. I can hold out no prospect of public funds being made available.

As to export credit insurance itself, I do not think that the question whether this should come under the aegis of the Department of Commerce and Industry (and I myself think it should) is really relevant to the speed with which we can set it up. This is a new field for us and a lot of public money will be at stake. We are actively trying to secure the secondment of expert staff from existing organizations elsewhere; or failing that, training facilities for our own staff. I do not think that Mr GORDON's suggestion that the wealth of knowledge reposing in our own insurance offices should be utilized in the first instance is really a propos. This is not so much akin to insurance business as to banking. I have thought of enlisting the aid of banks in Hong Kong but there are clearly great difficulties here because of the confidential relationship between banks and their clients.

As to Government control, I am not particularly moved by Mr GORDON's quotation from the House of Lords—which incidentally appears to be about credit, not about credit insurance—and, so long as \$200 million or more of public funds may be at risk at any given time in guarantees of private business, I shall keep a pretty close watch on the policy and practices adopted in connexion with our own credit insurance scheme.

My honourable Friend Mr KAN spoke of the need for a coordinating body for trade promotion. Our activities in this field are not, in fact, unco-ordinated. There are two co-ordinating bodies for two fairly distinct, although to some extent overlapping, fields of activity. First of all, trade promotion proper, such as trade missions abroad and participation in trade fairs, is subject to the continuous guidance and counsel of the Trade and Industry Advisory Board, which is widely representative of the commercial and industrial interests of the community. Then, in the field of what we call commercial public relations, where activities are carried out less by Government than by commercial and industrial associations, there is an *ad hoc* Co-ordinating Committee composed of the Director of Commerce and Industry, the Director of Information Services, the Chairman of the General Chamber of Commerce, the Chairman of the Federation of Hong Kong Industries and the Executive Director of the Tourist Association.

The Director of Commerce and Industry has himself recently suggested that consideration might be given to setting up a JETRO-type body to undertake all trade promotion, direct and indirect. I understand that commercial and industrial associations have some misgivings about this, suspecting that it would be excessively bureaucratic and subject to Government control. I think myself that we are, in any case, not quite ready for it; we are still to some extent in the experimental stage (albeit a very active experimental stage) in organizing full-scale activity, particularly in the field of commercial public relations, and our ideas should be given rather more time to crystallize.

I must now turn to two matters which do not arise directly out of this debate.

The first arises in connexion with Select Committee's consideration of the Tourist Association's subvention. The Association requested a subvention of \$3,500,000 or \$700,000 more than in the current year; and also asked that a firm indication should be given to them of the funds expected to be made available over the next few years in order to facilitate advance planning.

A majority of members of the Select Committee felt that it was not appropriate the amounts of this magnitude should be made available from public funds while the tourist industry itself was contributing no more than about \$80,000. The majority considered therefore that a part at least of the Association's budgeted expenditure should be met from a small tax on hotel accommodation. The Association had itself advised that such a tax would be a serious matter for the industry, but not so serious as any cutting back of the Association's budgeted expenditure.

It seems unlikely that in present circumstances the incidence of such a tax would fall on the hotels themselves. It may be argued that it would be anomalous that it should fall on the tourists, but it is surely on the consumer that the cost of most advertising falls?

It is accordingly our intention to introduce such a tax designed to produce \$1,000,000 a year at the present time, to be devoted wholly to the Tourists Association. In any event the rate of tax would not be in excess of 2½% and might well be less. The proceeds of this tax would be additional to a guaranteed subvention from general revenue for some years ahead at a level not less than the current year's subvention. The full requested subvention of \$3,500,000 has been included in next year's estimates, as revised by the Select Committee, but part at least of the increase over this year's subvention will be regarded as an advance against the proceeds of the tax. In order not to interfere with business already concluded by travel agents it is not proposed that the tax should take effect before 1st January 1965.

The second matter arises in connexion with a subject raised by Mr F. S. LI during last year's budget debate—the deductibility for profits tax purposes of certain costs incurred, not in producing the profits being charged with tax, but arising from the holding of investments producing dividend income which is not liable to tax. I said last year that the question of deductibility was *sub judice* but that if the case went against the Commissioner it would be necessary to amend the law. The case did go against the Commissioner in the Board of Review, then in his favour in the Supreme Court but against him again in the Court of Appeal on 25th January this year. He is now seeking leave from the Privy Council to appeal to that Council.

At this stage I will not go into the arguments for and against deductibility; but they go to the root of our whole tax system, and it was never the intention that such costs should be deductible. I will content myself for the moment with quoting the concluding words of the judgement of the Court of Appeal:

“We reach this conclusion with no sense of satisfaction because we can see no reason, logical, ethical or otherwise, why expenses incurred in earning profits which are not going to bear tax should be deducted from those profits which are made assessable; but under the provisions of the Ordinance, as amended in 1956, we can find no basis for excluding them.”

I refer to this matter now so as to give notice that, subject to the advice of Executive Council, it is our intention to introduce legislation, to have effect for the year of assessment 1964-65, to correct the serious anomaly which arises if the judgement of the Court of Appeal stands. I am advised that, without this notice, it would not be proper to bring in tax legislation having effect from 1st April this year.

The legislation will not, of course, affect any previous year of assessment. (*Applause*).

THE ATTORNEY GENERAL: —Your Excellency, my honourable Friend, Mr GORDON, reverted to the subject of delays in drafting pointing out that my department's requests for additional staff had enjoyed the support of the Unofficial Members of this Council thereby implying that the major cause for delay had been removed. It is true that my honourable Friend acknowledged that filling the new posts is not easy and I would respond to this classic understatement by saying that not only have our terms of service failed to attract sufficient recruits to fill the additional posts, but they have also failed to retain 5 of my professional staff who were on our strength when the additional posts were created. In effect this means that today more than one-third of the established professional posts in my department are vacant and my total strength is one less than it was one year ago.

Honourable Members will no doubt recollect that I had my say last year on the subject of the resources then available to me in my department and on my proposals for the future. No doubt honourable Members will be relieved to learn that I do not intend to traverse the same ground again and will content myself with remarking that I endorse fully what my honourable Friend, Mr KNOWLES, had to say on the subject of making us less dependent on the recruitment of expatriate lawyers.

On the question as to how the professional resources of my department are used my honourable Friend Mr GORDON recorded his strong disagreement with my last year's statement on the priorities which govern the use of these resources. At that time I explained fully the matters taken into account in arriving at the priorities and although I regret that I have failed to convince my honourable Friend, I can only remark that this is a responsibility which must be shouldered by me as head of my department. My honourable Friend suggested that it was for me to clear with the Commissioner of Police which of us is responsible for law and order. I would inform my honourable Friend that this does not arise; Mr HEATH and I have always co-operated closely in the full knowledge of our respective roles and of the obligations attaching to these roles in the maintenance of law and order. For my part, the due administration of the criminal law, in the sense of deciding when and where to institute criminal proceedings and the proper prosecution of such proceedings are matters which are constitutionally attached to the office of Attorney General. Sir, believing as I do that security of life and property in this Colony has always depended primarily on the due administration of the criminal law which includes the efficient prosecution of criminal cases, I shall continue to afford first priority to this commitment on my professional resources. It will, I think, be known to honourable Members that since the beginning of this year, in an attempt to relieve to some extent the pressure on what must continue to be my first priority, barristers in private practice have been briefed whenever available, in criminal prosecutions, but even so, the pressure remains unrelenting.

Going back to what my honourable Friend Mr GORDON referred to last year as one of his hobby horses, namely, delays in drafting, I think there is no need for me to add anything to the remarks of my honourable Friend the Financial Secretary who has absolved my department from all responsibility for any delays on the Stamp Duty Ordinance; and from his remarks on the Banking Bill it will have been seen that policy matters have delayed the introduction of this measure.

Before leaving this subject, I feel bound to say that in the context of my honourable Friend's comments on the "book entry" increases in my professional staff, his references to inadequacies and glaring examples of delays in drafting can only reflect adversely on the personal capability and industry of those of my officers concerned with this specialized work. I have no wish to say that my honourable Friend is aiming at the wrong target, but I do say categorically that the delays and inadequacies of which he complains cannot fairly be attributed to the draftsmen concerned. I do not for one moment think that my honourable Friend meant to convey this impression but I fear that this is how his speech reads in print.

Turning now, Your Excellency, to the remarks of my honourable Friend Mr C. Y. KWAN who has expressed his concern at the consequences of a recent case which decided that regulation 15 of the Dangerous Drugs Regulations is ultra vires, I agree that it is a matter of importance and urgency for Government to find a means of ensuring that no one may, and I quote the words of my honourable Friend, “freely use a large quantity of any dangerous drug without effective check or control, and without having to account for it to the satisfaction of the appropriate authorities.” One foreseeable difficulty however is that the medical profession may not take kindly to being required to account in this way as to their professional use of drugs.

As Mr KWAN quite rightly pointed out, this case raises the wider question of the property of one person playing two roles in disciplinary proceedings; as for example, the Director of Medical and Health Services in his capacity as Registrar, acting as accuser in submitting information against a doctor to the disciplinary body, and then in the role of Chairman of the Medical Council sitting as a judge in the matter. It certainly does look like a man being judge in his own cause, or as Mr KWAN put it, the adjudicating body having an interest in the subject matter under adjudication. I will give careful consideration to this aspect before advising Government, but at this stage, and of course the subject needs much fuller consideration than I have as yet been able to give it, I would like to suggest that this duality of roles in the Director may confer such substantial benefits on the medical profession as a whole as to make the aspect raised by my honourable Friend, appear somewhat legalistic. It must be remembered that where a complaint against a doctor is laid before the Director, supported by affidavits, he acts as no more than a post office in forwarding the complaint to the disciplinary body, since the regulations oblige him so to do. Where however information comes to his knowledge which merely suggests the occurrence of some ethical misconduct he has a responsibility to the doctor concerned to ensure that an unfounded, and perhaps malicious, case is not brought against him, because even though exonerated it would be likely to damage the doctor's good name. I can think of no one better placed to discharge this duty to members of the profession than the Director of Medical and Health Services. Then again the Medical Council, when dealing with a disciplinary case, is not just applying a set of hard and fast rules and ascertaining whether they have been broken. In many a doubtful case the Council must draw the line and establish the boundary between that which can be done ethically and that which cannot, and here the Council may be said to be redefining continuously the ethical standards by which the profession lives. I conceive this function to be a vital one both to the profession and to the general public; and again it seems right and proper for the Director of Medical and Health Services to sit as Chairman of the Council when it is fulfilling this function.

I put forward these considerations without wishing to imply that the present rules and regulations covering disciplinary enquiries for doctors, dentists, nurses and midwives, and indeed other professions, are the best that can be devised. It is perhaps not without interest to note that our procedure in these matters is almost identical with that prevailing in the United Kingdom; for example, the President of the General Medical Council has to take the decision as to whether or not disciplinary proceedings should be instituted, and thereafter by virtue of his office he is part of the disciplinary committee which tries the case.

However, I can assure honourable Members that further earnest consideration will be given to the wider issue raised by my honourable Friend Mr KWAN. (*Applause*).

COLONIAL SECRETARY: —Your Excellency, in winding up this debate, I shall be dealing with a number of subjects which my official colleagues have not already covered, but before I refer to these I would like to pay a tribute to the Unofficial Members of this Council for the careful and searching interest which, throughout the past year, they have shewn not only on questions of expenditure placed before them in Finance Committee, to which they always give close and critical examination, but over the whole range of public affairs. All my Honourable Unofficial friends carry out extensive public duties outside this Council, and they must, I suppose, find time here and there for their own private affairs, although I sometimes wonder how. Despite this they never fail to respond to the demands of public business, initiating suggestions and proposals of their own and giving the most exacting scrutiny to those from Government; and on the official side we are most grateful for the help and advantage which we derive in consequence. All this activity cannot be adequately reflected in one session of a single Budget Debate, and it is only fair, therefore, to put on record that the unofficial speeches represent an opening chorus rather than an annual swan song and that the symphony continues loud and clear throughout the year even if not always heard publicly.

By the same token, the sheer limitation of time does not permit the officials to respond adequately in one afternoon to all the points raised by their unofficial colleagues at the previous session. On this I would like to say that I will take up directly with any member any point which cannot be covered this afternoon. Moreover I would ask honourable Members to bring to my notice at any time, or in Finance Committee if they prefer, the outcome of any matter on which official action or investigation has been promised. This, I feel, would be more satisfactory than making a general complaint, as one honourable Member did, that unofficial Budget speeches are but a catalogue of forgotten points.

Sir, several Members spoke on resettlement and low-cost housing, and in response to their remarks I can assure them with confidence that, during the course of the ensuing year, even more attention and effort will be directed to this important subject. At this precise moment I cannot forecast exactly what decisions will be taken. The report of Mr McDouall's Committee is under study at the moment, and its recommendations embrace most of the points raised by honourable Members ten days ago: the rate of resettlement, the extent to which tenants displaced by development of old property are adding to the squatter problem, the co-ordination of housing activities and the possibility of slum clearance schemes. These and many other subjects are dealt with in the report which covers a very wide field and ranges over a number of controversial problems. Our object will be to bring forward to Executive Council, as soon as possible, proposals on those recommendations which are more directly aimed at speeding up the rate of resettlement and at containing fresh squatting. Following this, we shall deal with other parts of the report which are of less immediate urgency. Our present intention is that when we have secured policy decisions on these immediate matters, we should prepare a White Paper for tabling at this Council outlining the main proposals in the Committee's report and Government's decisions on them. In short, therefore, I confirm that most of the more important points which Members made on these problems are already under consideration.

There are, however, certain specific matters on which I would make some comment.

My honourable Friend Mr F. S. Li, laid particular emphasis on the question of rents in resettlement and Government low-cost housing estates and stressed the importance of these schemes being self-balancing and self-financing. I would not disagree with this, and the first-fruits of a reconsideration of resettlement rents have been the new rents announced two weeks ago for the improved Mark III resettlement estates. These rents, and the low-cost housing rents fixed in 1962, are so calculated as to recover over 40 years the cost of construction, with interest, plus recurrent maintenance and administration. They undoubtedly show an increase over rents for the older estates, but this not only reflects the increased cost of construction and maintenance, but also the improved standard of accommodation. Since the new accommodation is rateable, we have brought these rents within the rating framework, and settlers in Mark III blocks will also pay separate water charges. Our next step will be to determine the rents for the new Mark IV blocks which should be similar to Mark III and thereafter the Commissioner for Resettlement will reappraise Marks I and II rents, which were originally calculated on the same basis, but now contain, with the passage of time, an increasing element of subsidy. I emphasize however, that there has been no decision either to increase or

not to increase these rents; we need first to be fully aware, as Mr Li himself has suggested, of the financial implications of resettlement and other low-cost housing policies and the extent of the contribution which the taxpayer is already making to the housing of the lower income groups. Only when this information is available and after we have obtained the views of the Urban Council, which supports this investigation, can we take a proper and considered decision on Marks I and II rents.

My honourable Friend also referred to delays encountered by private enterprise in developing old protected properties. My honourable Friend, the Director of Public Works, has spoken about the approval of plans by the Building Authority. As to the procedure for handling exemption applications to Tenancy Tribunals, during the past year their composition has been simplified and additional Tribunals created. We have provided extra staff for all the departments dealing with exclusion applications. We are also engaged in an extensive review of the whole exclusion procedure so as to simplify and accelerate the work wherever possible. I am therefore confident that the coming year should see a reduction in the time required to deal with the exemption of protected properties. But I must sound a note of warning. In streamlining these procedures we must see that the interests of tenants in old premises are properly safeguarded before they are demolished; we must ensure that the public interest is properly protected where re-development takes place; and not least we must ensure that preoccupation with this one aspect of the housing drive does not detract from the equally important, if not more important, contribution which Government itself is making to housing of the poorer sections of the community.

My honourable Friend, Mr R. C. LEE, spoke of slum clearance. His idea of encouraging small owners to come together in joint redevelopment schemes is one which we should explore. But I doubt if this is the sort of slum clearance in which Government should invest public funds, and if it did, it would almost certainly be at the expense of the rest of the public housing programme. If funds could be spared I would prefer to see Government or the Housing Authority acquire, for a pilot slum-clearance project, a group of buildings which were particularly ripe for demolition and re-development, on a site capable of providing a greater volume of accommodation than that demolished, thus giving further scope for the process of decanting and re-development. Spare accommodation for the initial decanting would have to be available, and private developers might be associated in the scheme. But the determining factor should properly be the suitability of the site rather than the interests of a random group of property-owners. As to financing such a project, during the coming year alone we are budgeting for an expenditure of over \$130 million on resettlement and Government

low-cost housing and this expenditure is unlikely to diminish in the foreseeable future. We also expect to pay out from the Development Loan Fund some \$75 million on subsidized housing, two-thirds of which is earmarked for the Housing Authority and the Housing Society. I can therefore see little prospect of being able to increase the overall allocations already promised to the Housing Authority or the Housing Society, as Mr GORDON suggests, and at the same time provide additional finance for slum clearance.

This might be a suitable point at which to refer to my honourable Friend's enquiry about the Report of the Working Party on Sub-divided Buildings. During much of 1963, this comprehensive and detailed Report has been studied both inside and outside Government. It has been possible to make some progress in planning new legislation on the apportionment of Crown rent and premia. But it has not, I fear, been possible to implement even a modified version of the Working Party's proposals on factoring. The crux of the problem has been the need for some organization to undertake the work of statutory factors required to intervene in circumstances where voluntary factoring had broken down. We have been unable to find any qualified local bodies outside Government which would be interested in this work and it has proved equally difficult to foresee the day by which Government itself could organize the training and recruitment of the specialist staff needed for this work. We are now examining the limited possibility, at least, of encouraging voluntary factoring by giving private management committees or managers appointed by flat owners in sub-divided buildings the legal powers with which to carry out their work.

One final point on housing: Mr RUTTONJEE, has raised again the question of the rating of unoccupied premises as a way of inducing owners to lease them more quickly. As a matter of taxation there is something to be said for this, since vacant premises do enjoy a number of the services for which, in theory, rates are paid. On the other hand is it proper to use a tax with the express purpose of forcing owners to lease their premises sooner than they wish? And would it really be effective? However undesirable it may seem for any flats to be empty when there is such a general scarcity of housing, a landlord does seem to have some right to select his tenants with care. The number of flats left vacant and the length of time they are kept vacant tends to be exaggerated. If the imposition of rates were effective in forcing earlier leasing on landlords, it would, of course, be a once for all increase in housing occupation because the number of premises vacant is not continuously increasing; it fluctuates with the rate of building completions and with demand.

There are several other points both for and against the proposal which time today does not permit me to mention but, in general, I

would say that, while there are grounds for charging part rates on unoccupied property, it is unlikely that it would have much effect one way or another on the number of properties unoccupied at any given time in present circumstances, and might give rise to problems. But we will study the question further.

I now turn, Sir, to higher education. No less than three honourable Members urged the immediate establishment of a University Grants Committee on the British pattern. This is generally, though not entirely, in accordance with present official thinking. We have always accepted that, when our new University was fully and firmly established, a Committee of this sort would probably be required. It would review, and advise Government on, the respective development plans of the two Universities, and on their competing claims on the public purse, and it would thus help to avoid unnecessary duplication of expensive facilities. The Fulton Report recommended an *ad hoc* committee, not a permanent body on the lines of the University Grants Committee in Britain where there are, I believe, no less than 28 Universities. Thus the issue is not one of principle, so much as of timing. The University of Hong Kong is in the course of a seven-year plan of expansion which ends in the middle of 1966. Funds for the last three years of this plan have recently been reviewed and fixed (including, I might add, a substantial increase for research), and the financial arrangements allow the University a considerable degree of flexibility. The Chinese University, on the other hand, is just beginning. In my view, before we bring together a University Grants Committee we should prepare plans for the future development of both Universities in the light of the overall needs of the community; in other words we ought first to assess the Colony's needs for graduates, in business, the professions and in the public service and consider appointing a University Grants Committee when plans based on this assessment have taken shape.

This brings me to Mr KNOWLES' proposal that Government should set up a committee to make a quantitative assessment of the Colony's requirements for all education after primary schooling. This is an enlargement of the proposal he made last year that we should assess Hong Kong's needs for University education. Discussions have already begun with the University of Hong Kong on the appointment of such a committee and on its particular sphere and method of operation. The Chinese University will also be brought into the discussions, and in my view we should set up the committee as soon as we can.

But I am far from sure that it is desirable that it should extend its study over the whole field of post-primary education. There is a distinct danger here of overlapping with enquiries and assessments already being undertaken and that the task for such a committee would be too great for the capacity of a single body. On secondary education we have

set our sights, for the moment, at providing in Government and Government-aided schools for 15% of the total primary school population. This is endorsed in the Marsh/Sampson Report which has a good deal to say on secondary and technical education. Its recommendations are now under study by a special Working Party. I would have thought, therefore, that it would be better to limit the purview of the committee Mr KNOWLES proposes to the study of our graduate needs. This is not to say, of course, that measures which the committee might recommend for expansion and development of higher education would not, in turn, affect planning in the fields of secondary and technical education.

The committee should also, I agree, assess how far local needs can be met by local institutions, or, in certain cases, better met by institutions overseas through the agency of scholarships granted locally. This is already being done to some extent, and special schemes have been in existence for some years whereby local students have been helped to obtain qualifications which are only obtainable overseas. The Government Training Scholarships Scheme, for example, has since 1961 provided 14 awards for courses up to 4 years duration in professions for which training and education is not available in Hong Kong. Other schemes provide for training in dentistry and pharmacology and the only requirement is that the scholars shall return to Hong Kong and practice their profession for a given period of years, or that they enter the Government Service for two years, if required. It is true that these schemes have so far been related mainly to the requirements of the Government Service. For the wider requirements of the Colony at large, greater efforts are needed and steps have been taken to encourage and assist the provision of the necessary special training in Hong Kong. The University is constantly consulted on such requirements, as will both Universities in future.

I was interested to hear from Mr GORDON that he had found increasing concern on the subject of family planning. I was interested because, however controversial this subject may be, demographic experts will tell you that greater stability in our population is essential if living standards are to be maintained, let alone increased. The problem is therefore fundamental to our social progress and one to which we must give thought as to our policies. I do not believe honourable Members would expect me to say more than this today but as to the Family Planning Association, there is a proposal in the Resolution before us to increase Government's subvention from \$250,000 to \$400,000, and this is exactly the sum for which the Association asked. We shall continue to watch the expansion of its work and to assist it, as we do already, by providing space in Government clinics.

Social work training was another point Mr GORDON raised, and I agree with what he said about the dissipation of money and effort by individuals and organizations who are not properly trained.

We have in fact been giving a lot of attention to this since 1960, when Dr Eileen YOUNGHUSBAND gave us expert advice on social work training; a further report by experts was published at the end of last year on training at academic level and, with the help of its authors, substantial improvements have already been made in the existing courses at the two Universities, with financial support from the Social Work Training Fund as an interim measure, until decisions are taken on the recommendations in that Report and changes absorbed within the permanent University structure. The figure of \$121,400 quoted by Mr GORDON is almost entirely designed for Government bursaries for social work students at the University of Hong Kong and we are now considering parallel provision at the Chinese University.

At the same time we have set up a training unit, in the Social Welfare Department to assist voluntary agencies and Government Departments in training their staffs to higher standards; about 130 trainees from some 30 agencies took the courses last year and a similar number are now in the process of being trained; an expert report on in-service training is also about to be published. These are important steps forward in raising our social work standards.

On Mr GORDON's final point about seconding trained Government officers to help welfare agencies, I am glad to say that this has already been done in at least three instances in the past; but the present shortage of trained staff unfortunately extends to Government Departments as well as to voluntary bodies and it would seem better to concentrate on assisting the agencies themselves to train their staff to higher standards; I think we can take some credit for what has been, and is being, done in this direction.

I might add that in order to equip social workers in the Department for higher or more specialized duties, eight or ten officers are regularly sent overseas every year to take academic or specialized courses not available in Hong Kong.

Before I leave Mr GORDON, so to speak, a brief word about Summer Time which is determined by the 1953 Ordinance and has therefore remained the same, within narrow limits, for some eleven years, without, so far as I know, any previous complaint that it began too soon or continued too long. On the contrary, suggestions in the past have been directed at extending, not reducing, the period of summer time. On the other hand, if there is now some substantial change in public opinion, I would see no objection to reviewing the case for a modification of the precise dates in the Ordinance.

Turning now to the countryside, Mr KNOWLES asked what, if anything, we were doing about "national parks" or nature reserves. The Director of Agriculture tells me that, in the context of a revised

forestry policy, proposals are currently under discussion between departments and interested organizations and this, in fact, is what may have prompted a letter to the press to which Mr KNOWLES referred. As he says, we must if we can, preserve the beauties of our countryside against the inevitable inroads of an expanding population.

My honourable Friend also asked if it is not possible to speed up the afforestation of our barren and eroded hills. The Director of Agriculture and Forestry assures me that most certainly it is possible, but he warns that it is also very costly, particularly in the less assessable areas. Successful afforestation involves more than just the planting of trees: you need road access, for instance, for planting and after-care, for protection from fire, mis-use, and so on.

Since the War, we have directed our efforts, of necessity, to the afforestation of the water catchment areas. But during the past two years even these efforts have been frustrated to a great extent by the exceptionally dry weather, when there were not only serious forest fires, but lack of adequate rainfall severely limited both planting and replanting.

I understand the Director will shortly be taking my honourable Friend round the Department, and will be explaining his programme for forest road construction, and what he is doing with new and improved techniques, and with new species of trees.

My honourable Friend also appealed for efforts to resettle people on the land in order to increase our food production and arrest the decline in arable land. Several charitable organizations are interested in doing this, and Government helps and encourages them where prospects are good. But the plain fact is that not many can be persuaded to adopt rural, as opposed to urban, resettlement. The prospects are not always encouraging and, after a disappointing year like the one to which Mr KNOWLES referred, they can appear positively bleak: typhoon *Wanda*, followed by a prolonged drought, and, in addition, a substantial increase in the import of food-stuffs with a resulting decline in prices. Despite the help and advice given by the department to farmers to increase their productivity and to overcome plant and animal diseases, it is not surprising that the trend, as elsewhere in the world, is from the farm to the town, rather than in the reverse direction, and that marginal land goes out of cultivation.

Sir, Mr FUNG Ping-fan has directed out thoughts towards an ambitious scheme—a sort of Wembley and Olympia rolled into one, to provide for industrial trade fairs, indoor sport, and cultural and recreational activities. I think the first step here is to define our aims and see how far they can be fused in a single scheme, bearing in mind our land shortage. The Town Planning Board, in planning the southern part of the

Kowloon peninsula, is considering a suitable area for exhibition purposes, but we have taken no decision yet that we can afford to allocate land permanently for this purpose—we could certainly not afford to do so if it were to be on the scale of the annual Hong Kong Products' Exhibition—and we would need to be satisfied that any area would be adequately and economically used. I would also point out that much of the expenditure incurred by exhibitions on temporary sites would still be necessary even in a permanent hall. Meanwhile the Urban Council have suggested an indoor stadium and concert hall for Kowloon. There may be scope for combining these ideas in a single project, and I would see no objection to appointing a committee to investigate the possibilities.

The extent to which Government should encourage the creation of an Arts Council was, as Mr FUNG has pointed out, discussed in this Council two years ago. On that occasion my predecessor made it clear that Government was not unsympathetic towards this proposal, and that it was willing, within limits to encourage the development of some responsible and representative organization. But it would be scarcely appropriate, as my predecessor pointed out, for Government to take the initiative in any development of this nature. I therefore repeat Government's willingness to encourage a responsible organization of this sort, but I must also reaffirm my belief that this is very particularly an area in which Government should not take the initiative. The frail flower of the artistic temperament must be allowed to burgeon naturally; an artificial flower (notwithstanding Hong Kong's aptitude for their production) will not do when it comes to art.

It seems likely now that an embryo Arts Council may soon come into being, by a more natural and spontaneous process. If this should prove to be the case, Government will certainly consider this new project's claim for assistance, including, if necessary, some measure of support from public funds.

Sir, last year I spoke at some length on the subject of administrative delays, and endeavoured to put things in perspective. I do not propose to repeat myself today. It is the proper function of my unofficial colleagues to voice criticism on these matters, and where criticism is fair and constructive, we welcome it. There is a danger, however, for specific complaints to be taken out of context and to be regarded as a sweeping condemnation of the entire Government machine as hopelessly ineffective and slow. Such accusations seem to me to be belied by the very pace of Hong Kong's development, on which visitors so often remark. The results of the enterprise and initiative of our population are clearly visible around us; and since every development at some stage has a point of contact with Government, it is difficult to see how all this could have materialized if the official machine were as inefficient and sluggish as

some critics would maintain. I have found my unofficial colleagues very ready to accept the fact—indeed Mr KAN said this himself, —that the public service must expand if it is to keep pace with Hong Kong's remarkably rapid growth. But this is not simply a question of creating posts: suitable men and women have to be found to fill them, and here there are numerous difficulties and delays over which we have little control. Not only must we increase staff, where necessary, we must also, as Mr KAN suggested, be continuously improving our organization and speeding and simplifying procedures. This is going on all the time. Procedures are often misunderstood, and even abused, by persons who try to put private advantage above the public interest. Mr KNOWLES mentioned the Registrar General's Department, on which the ever-increasing flow of public business, and of land transactions in particular, has placed a very heavy burden. This provides an example of what I mean. Some developers dislike, and try to evade, restrictions imposed for the protection of purchasers of flats, and this has led them to seek various ingenious ways of avoiding the necessity of spending their own money on development. Dealing with such cases has added considerably to the time taken in disposing of applications for consent, which are dealt with in strict order of priority. These restrictions afford very necessary protection. However, in order to speed things up, the Registrar General has been in consultation with the Law Society on new arrangements for handling and radically simplifying the procedure for giving these consents. This new scheme, without diminishing the essential controls to safeguard purchasers, is almost ready to be introduced and I am sure that it will go a long way to meeting the complaint voiced by my honourable Friend.

The work of the Unit which advises on departmental organization and procedures is developing well within the limits imposed by shortage of trained staff. Mr Y. K. KAN has suggested that the time has come for Organizational Surveys Unit to take the initiative in investigating the procedures of any department if it thinks this necessary in the interests of greater efficiency. The present arrangement is that the Director of the Unit has regular monthly meetings with senior officers in the Secretariat who, jointly and in consultation with him, guide the unit on to the targets that are considered to have the highest priority. These naturally include procedures on which departments have sought advice, as well as matters which the Secretariat considers it desirable to investigate. The Director also uses his initiative in extending the scope of enquiries that a department has sought if, in the course of his work in that department, he sees room for other enquiries likely to lead to greater efficiency or economies. Consequently a control of the kind that Mr KAN has in mind is already in being. There is certainly no reluctance by departments of their own initiative to ask for the services of the unit. In fact the Unit, I am told, has enough assignments in hand or awaiting to keep it fully engaged for many months ahead.

Sir, Hong Kong is prone by nature and by its geographical position to be the frequent victim of disasters or of grave and critical events which threaten its security, its prosperity and, sometimes, its very existence: for instance, the first outbreak of cholera in 1961, the flood of immigrants in 1962, followed by typhoon *Wanda*, and the current acute shortage of water. The population of Hong Kong rises to these challenges, and so indeed do its public servants, with all the speed, resourcefulness and readiness to work long hours which the particular crisis demands.

All this is sometimes rather taken for granted, and if there is no criticism of Government's handling of these urgent and critical situations, there is often too little acknowledgment of the fact that these efforts can only be made at the expense of routine duties and with inevitable delay in other work. Your Excellency concluded your address at the end of last month by paying a high tribute to the qualities of the civil service, and I would wish, if I may, to associate myself with your Excellency's remarks.

Sir, I beg to 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 1964-65**

THE FINANCIAL SECRETARY moved the following resolution: —

Resolved that the Estimates of Revenue and Expenditure for 1964-65,
as amended by the Report of the Select Committee, be approved.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

**BANKRUPTCY (AMENDMENT) RULES, 1964
MEETING OF CREDITORS (AMENDMENT) RULES, 1964
COMPANIES (WINDING-UP) (AMENDMENT) RULES, 1964
COMPANIES (FEES AND PERCENTAGES) (AMENDMENT)
ORDER, 1964**

THE ATTORNEY GENERAL moved the following resolutions: —

- (1) Resolved, pursuant to section 113 and to subsection (1) of section 114 of the Bankruptcy Ordinance, that the Bankruptcy (Amendment) Rules, 1964, made and prescribed by the Acting Chief Justice on the 18th day of March, 1964, be approved.

- (2) Resolved, pursuant to subsection (2) of section 17 of the Bankruptcy Ordinance, that the Meeting of Creditors (Amendment) Rules, 1964, made by the Acting Chief Justice on the 18th day of March, 1964, be approved.
- (3) Resolved, pursuant to subsections (1) and (3) of section 281 of the Companies Ordinance, that the Companies (Winding-up) (Amendment) Rules, 1964, made by the Acting Chief Justice on the 18th day of March, 1964, receive concurrence and sanction.
- (4) Resolved pursuant to subsection (3) of section 281 of the Companies Ordinance, that the Companies (Fees and Percentages) (Amendment) Order, 1964, made by the Acting Chief Justice on the 18th day of March, 1964, be sanctioned.

He said: —Sir, these four resolutions give approval to three sets of rules and one order made on the 19th March, by the Acting Chief Justice under the Bankruptcy and Companies Ordinances. The rules and the Order are to come into operation on the 1st April, 1964.

The explanatory note to each of the Rules and the Order sufficiently explains their purpose and I have nothing further to add.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

APPROPRIATION (1964-65) BILL, 1964

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding one thousand four hundred and ninety-six million, thirty-two thousand, five hundred and ten dollars to the Public Service of the Financial year ending the 31st day of March, 1965."

He said: —Sir, the purpose of this bill is to provide formal legislative sanction for the Estimates of Expenditure which have been approved this afternoon.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

The Bill was read a First time.

THE FINANCIAL SECRETARY: —This, Sir, 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 the 1st April, it is essential

that this bill should pass through all its stages today. If, Sir, you are of the opinion, I would beg leave therefore to move 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 (1964-65) Bill to be taken through all its stages today.

THE COLONIAL SECRETARY seconded.

The question was put and agreed to.

Standing Orders were suspended.

THE FINANCIAL SECRETARY moved the Second reading of the Appropriation (1964-65) Bill, 1964.

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 (1964-65) Bill, 1964 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.

PEARL OYSTER CULTIVATION (TOLO) COMPENSATION BILL, 1964

THE COLONIAL SECRETARY moved the Second reading of a Bill intituled "An Ordinance to make provision for the termination of certain pearl oyster cultivation licences, for the extinguishment of rights in connexion therewith, for the grant of fresh licences, for the award of compensation in respect of such extinguishment and for purposes connected with the matters aforesaid."

THE ATTORNEY GENERAL seconded.

MR Y. K. KAN: —Sir, I wish to declare an interest in the subject matter of this Bill and will abstain from voting.

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 13 were agreed to.

THE COLONIAL SECRETARY: —Sir, I move that Clause 14 be amended as set forth in the paper before honourable Members.

Proposed Amendments.

14 (1) In subclause (1), leave out the word "oyster" and substitute therefor the following—

“pearl culture farm”.

(2) In subclause (2), leave out the word "granted" and substitute therefor the following—

“arising”.

(3) Add the following new subclause—

"(3) Until terminated under subsection (2) the right of inspection arising under subsection (1) shall extend to all or any part of the pearl culture farm after a purchaser has acquired any right of property therein, and for such purpose the persons appointed by the Commissioner may at all times go on to, and remain on, any site, raft, boat or other equipment belonging to, or being used by, such purchaser, his servants or agents. "

Clause 14, as amended, was agreed to.

Clause 15 and the Schedule were agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Pearl Oyster Cultivation (Tolo) Compensation Bill, 1964 had passed through Committee with three 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.

HIS EXCELLENCY THE GOVERNOR: —Honourable Members of the Council, it is just about a month since I addressed this Council at the commencement of our Budget Session and spoke at some length about Hong Kong's achievements and prospects, and I do not propose to add much more so soon thereafter to the observations I then made.

When I look back over the period of my service in Hong Kong, I find it difficult to limit the range of the years to 1958. I go back to February, 1952, when I first set foot on the territory at Kai Tak to assume the duties of Colonial Secretary. I became so immersed in Hong Kong problems and felt myself so closely identified with the people here and the work in which we were all engaged, that my return, at the beginning of 1958 after three years' absence was a resumption of something interrupted rather than an assumption of something new. And it is over these twelve years that I find my memory travelling back, including the period when I had the privilege of serving under Sir Alexander Grantham as well as over the later years when the honour fell to me to take over the leadership from him.

So much happened in these years. Some revolutions bring nothing but disaster and misery in their immediate train and many years may pass in turmoil, but the revolution which has taken place in Hong Kong has been speedily contrived and beneficial. Fourteen years ago, Hong Kong faced a grievous threat to its survival. It picked up the gauge and set in motion a revolution which brought us round to a new economy, leading, in turn, to greater prosperity and enhanced prospects. And this was a revolution in its industry. Hong Kong has to thank for this the resource, the skill and the resilience of its people. And it also owes much to the skills and experience of many immigrants from other parts of China. The fusion of the many elements which today go to make up our cosmopolitan Hong Kong is already marked and must be further encouraged, and it is my hope that Hong Kong's industry can ensure unity of purpose amid the multiplicity of effort. As I said a month ago, we must maintain in Hong Kong freedom of enterprise and freedom for the interplay of the forces of the market, and, in our industry, we must not fail to aim at higher quality for our goods, higher techniques in the processes of their manufacture, and higher techniques in management and in the methods we adopt to ensure greater productivity. We have so much to do in the field of social services, and we can do this effectively only in the conditions of prosperity which our commerce and industry can create. And so I repeat what I said before in this Council, that the best guarantee of social progress in Hong Kong is full employment in an efficient and expanding economy.

I am able, on this last occasion on which I shall be addressing Council, to announce developments on a matter to which I know you

have all given much thought and on which I have sought your advice on several occasions.

The Secretary of State for the Colonies has recently indicated that he proposes to ask Her Majesty The Queen to make provision for an extension of the representation on this Council in terms of both Unofficial and Official Members. You will recall the discussions I held with you and with the Unofficial Members of Executive Council during the latter part of last year, at which we reached general agreement that responsible opinion in the Colony would welcome an expansion of the field from which the Governor selects the unofficial representatives on the Legislative Council. The Unofficial Members have also expressed a wish to increase the scope and intensity of their own, already considerable, individual activities in the public interest and, in particular, their contact with the general public. We need some reinforcement in numbers to spread this burden and there is a further and continual demand on Members' services on representative missions outside the Colony. But the main purpose of the change is to enable the Governor to bring on to this Council persons who, while nominated as individuals, may nevertheless be able to represent views of a wider cross-section of the community than is possible with the present numbers. This, I know, is very much in accordance with your own wishes. On the other hand, the changes now proposed do not involve any departure from the principles laid down in 1960, when, as honourable Members will recall, the Minister of State for the Colonies, speaking with the authority of the Secretary of State, declared "that Her Majesty's Government consider it is undesirable that there should be any radical or major changes in the present constitutional position in Hong Kong. This does not, however, preclude the possibility of minor modifications within the framework of existing principles to the composition of the Legislative and Executive Councils."

In accordance, therefore, with these principles the Secretary of State proposes to ask Her Majesty to increase the number of unofficial seats on this Council by five and the official seats by three. Subject to Her Majesty's approval of these proposals it is proposed to advise Her Majesty that, in the latter category, the official seats, the officers serving as Director of Commerce and Industry, District Commissioner, New Territories, and Commissioner of Labour should be appointed to the Council. On the floor of the Council there would thus be 13 unofficial and 12 official seats, but the Governor's powers under the constitutional system would be maintained by virtue of his original and casting vote.

Arising out of the same discussions to which I have already referred I have also indicated to the Secretary of State that it is desirable, on similar grounds, to expand the Urban Council, and the Secretary of

State has intimated his approval of a proposal to increase in due course the unofficial membership of Urban Council by 4, namely 2 elected and 2 nominated members.

I need hardly add that my successor, Sir David TRENCH, has been consulted about these proposals and had expressed his complete agreement with the recommendations.

And so the time has come for me to depart from the scene. You all know how I feel about Hong Kong and its people, and you all have a pretty good idea of the warm regard and profound respect in which I hold them. I should like to express again my grateful thanks to my colleagues on Executive and Legislative Councils, to the members of the Urban Council, and to all who have served on so many Boards and Committees during the period of my administration. And I very much wish to take this opportunity of paying tribute to the Garrison in Hong Kong and to acknowledge to my honourable and gallant Friend, General CRADDOCK, Commander British Forces, the part which the three Arms of the Fighting Services, the Royal Navy, the Army and the Royal Air Force play in our life here and on our behalf. They fulfil their responsibilities with understanding and in an admirable spirit of co-operation.

I have been greatly supported in these years by my wife and by my family. They have willingly shared at all times the anxieties as well as the happy experiences which have been mine, and they share my sadness now that this moment of parting has come.

My successor is well known to you and, in Sir David TRENCH, you will have a Governor who will lead and sustain Hong Kong in all it has to do. And Sir David will be very fortunate in the Civil Service which will be with him and in his able chief executive, the Colonial Secretary, Mr TEESDALE, to whom, in association with his colleagues, I render my thanks and extend my best wishes. And these wishes I offer to Hong Kong for all happiness and continued prosperity in the future. (*Applause*).

Mr D. J. RUTTONJEE: —Your Excellency, my Unofficial Colleagues have given me an assignment this afternoon which is at once an honour and a challenge.

They have asked me to convey to Your Excellency, the highest consideration which we all have for you, and our regret, which all of Hong Kong shares, that you are now presiding at the last Legislative Council meeting of your distinguished tenure of office as Governor of Hong Kong.

It is not my habit to shirk challenges, but on this occasion, Sir, I find myself quite at a loss to do justice to my subject. How can we adequately voice our feelings unless we can properly spotlight the many milestones which you have erected for Hong Kong in our arduous, but always persevering, journey towards economic and industrial maturity? How can we acknowledge our indebtedness to you for these things without also noting the greater educational opportunities there are for our children, the better health and medical care available to us all, and the expanded social services and housing programmes for the less fortunate among us?

To place the limelight on these great milestones of your career in Hong Kong would mean that we must illuminate every page of Hong Kong's history during the years of your Governorship.

It would mean detailing your round-the-clock devotion to your great responsibilities, your selfless dedication to the well-being of the people of Hong Kong, your vision, and I must especially emphasise, your courage in times of crises, both international and domestic.

I must leave such a task to more able historians and eulogists. I will content myself with citing one or two of the living monuments which you will leave behind.

The true test of leadership comes in times of emergency, and you, Sir, have had more than a fair share of emergencies to deal with during your Governorship. These have given us greater opportunities to appreciate your wise leadership. Without any intention of being flippant, you seem to have been pursued by water problems—either too much water or too little water. These examples afford me an opportunity to demonstrate my point.

I flip back the pages of our recent history to typhoon *Wanda* and typhoon *Mary*, two rather violent ladies who inundated us, crippled us and put the Colony into an almost mortal state of physical chaos.

They were fearful, uncertain days; days when we needed quick decision, urgent and effective action, and, most of all, calm and understanding leadership. You, Sir, gave us that leadership, and this resulted in the necessary decisions and action being taken to bring relief to the afflicted, for the maintenance of law and order, and to ensure the rapid return to normal life.

Then last summer, we were hit by the most severe drought in our history. No modern city of our size in population as ever had the same experience. It was an emergency which could have brought the most appalling consequences to our economy and the health of our people. Again we needed able leadership, and again you gave it to us.

But while handling emergencies seems to have become your speciality, Sir, you have also demonstrated vision in your long-range planning for Hong Kong which will bear fruit long after you have left us. During your Governorship you played a leading part in giving us the biggest hospital in the British Commonwealth, and one of the largest man-made water reservoirs in the world.

In re-reading Hong Kong's history during your tenure of office, there are many many proud pages. Our international trade rose to phenomenal heights, our economy progressed towards maturity, we completed the difficult task of taking a population census which will remain the most important instrument of our future planning, and we established records for housing and educational programmes.

In this long chronicle of achievements it is hard to choose one which is greater than the others. It is not for me to attempt this. In trying to establish, however, the one act which will have the most lasting and widespread of benefits for the people of Hong Kong, I would choose your great work in launching the Chinese University. This new institution of higher learning will help Hong Kong to develop more fully its leadership resources. No territory and no community can progress without the motive power of brains. In organizing the new Chinese University you have, Sir, laid new intellectual foundations for Hong Kong's future development. By serving Hong Kong's youth, you have served Hong Kong's future.

I referred earlier to your courage, and by this I mean especially your moral courage, which is, possibly, the least publicized of all your many great qualities. I refer particularly to the courageous measures you have taken in international affairs, which have assured for us a viable and buoyant economy.

I think perhaps, Sir, of the many tributes that have been paid to you, none will give you greater pleasure than the name by which you are known by the Chinese people. Your honesty of purpose has gained for you the honorific Chinese title of "Robert, the Upright Foundation" or in an English rendition "Robert, the Straight".

I have said little, I have tried to convey much. I wish most of all to say "Thank you" on behalf of the people of Hong Kong for all you have done for us. You have made Hong Kong a happier place for us; we say "Goodbye" to you with very sincere regret. You leave us with our very best wishes for a happy, active and fruitful retirement, and we couple Lady BLACK, who herself has contributed so greatly to the welfare of Hong Kong, with this wish. This wish is not just contained within the four walls of this chamber, it is shared by the millions of people outside them. Thank you, Sir.

HIS EXCELLENCY THE GOVERNOR: —Thank you very much.

HIS EXCELLENCY THE COMMANDER BRITISH FORCES: —May it please your Excellency, it is customary for the representative of the Regular Fighting Services in this Council to speak only in monosyllables. It could well be that my honourable Friends would wish to see that custom extended to another place.

However that may be, I am grateful to all concerned for allowing this departure from custom, for it enables me to associate, publicly, the three Fighting Services, together with their dependants and all who minister to them, with the stirring tribute already paid to your Excellency by the Senior Unofficial Member of Council.

Sir, on behalf of all those who have had the good fortune to serve under you as Governor and Commander-in-Chief for over six years, I should like to thank you most warmly not only for your considerable interest in their welfare but also for the notable example of leadership you have given to them throughout that time. It has indeed been an inspiration to all of us, and especially to those who have been privileged to work more closely with you.

The Services would wish, too, to be most warmly associated with the tribute paid to Lady BLACK, who has so greatly endeared herself to so many.

To you, Sir, and to Lady BLACK and your family go both our very grateful thanks and our very sincere good wishes for the future. (*Applause*).

THE COLONIAL SECRETARY: —Your Excellency, on behalf of my Official colleagues I would like to associate myself, briefly but very sincerely, with the very eloquent words of my honourable Friend Mr RUTTONJEE.

During the six years of your governorship, Sir, the Public Service has had in front of it an inspiring example of leadership and devotion to duty. You have guided and directed the machinery of Government with unfailing energy and care, and have always taken the greatest interest in the activities of every single department.

During the past few weeks, Sir, you have paid a last visit to each and every department, and there have been opportunities for many officers to pay you a farewell tribute, but this afternoon is the first occasion on which the Civil Service as a whole can express their feelings

and place them publicly on record. On their behalf, Sir, I express the warm gratitude and admiration of the Service, and their very best wishes to you and your family for the future. (*Applause*).

HIS EXCELLENCY THE GOVERNOR: — Thank you all very much indeed.

ADJOURNMENT

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

THE ATTORNEY GENERAL: — May I suggest, Sir, Wednesday, 8th April.

HIS EXCELLENCY THE GOVERNOR: — Council stands adjourned until Wednesday, 8th April.