

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 25th March 1970****The Council met at half past Two o'clock**

[Mr PRESIDENT in the Chair]

**PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR DAVID CLIVE CROSBIE TRENCH, GCMG, MC  
THE HONOURABLE THE COLONIAL SECRETARY  
SIR HUGH SELBY NORMAN-WALKER, KCMG, OBE, JP  
THE HONOURABLE THE ATTORNEY GENERAL  
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DAVID RONALD HOLMES, CMG, CBE, MC, ED, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
SIR JOHN JAMES COWPERTHWAITHE, KBE, CMG, JP  
DR THE HONOURABLE TENG PIN-HUI, CMG, OBE, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES  
THE HONOURABLE ROBERT MARSHALL HETHERINGTON, DFC, JP  
COMMISSIONER OF LABOUR  
THE HONOURABLE TERENCE DARE SORBY, JP  
DIRECTOR OF COMMERCE AND INDUSTRY  
THE HONOURABLE DAVID RICHARD WATSON ALEXANDER, MBE, JP  
DIRECTOR OF URBAN SERVICES  
THE HONOURABLE GEORGE TIPPETT ROWE, JP  
DIRECTOR OF SOCIAL WELFARE  
THE HONOURABLE JAMES JEAVONS ROBSON, JP  
DIRECTOR OF PUBLIC WORKS  
THE HONOURABLE DONALD COLLIN CUMYNN LUDDINGTON, JP  
DISTRICT COMMISSIONER, NEW TERRITORIES  
THE HONOURABLE JOHN CANNING, JP  
DIRECTOR OF EDUCATION  
THE HONOURABLE KAN YUET-KEUNG, CBE, JP  
THE HONOURABLE FUNG HON-CHU, OBE, JP  
THE HONOURABLE TSE YU-CHUEN, OBE, JP  
THE HONOURABLE KENNETH ALBERT WATSON, OBE, JP  
THE HONOURABLE WOO PAK-CHUEN, OBE, JP  
THE HONOURABLE WILFRED WONG SIEN-BING, OBE, JP  
THE HONOURABLE ELLEN LI SHU-PUI, OBE, JP  
THE HONOURABLE WILSON WANG TZE-SAM, JP  
THE HONOURABLE HERBERT JOHN CHARLES BROWNE, JP  
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP  
THE HONOURABLE LEE QUO-WEI, OBE, JP

**ABSENT**

THE HONOURABLE SZETO WAI, OBE, JP  
THE HONOURABLE MICHAEL ALEXANDER ROBERT HERRIES, OBE, MC, JP

**IN ATTENDANCE**

THE DEPUTY CLERK OF COUNCILS  
MR RODERICK JOHN FRAMPTON

### Papers

The following papers were laid pursuant to Standing Order No 14(2): —

<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation: —	
Merchant Shipping Ordinance.	
Merchant Shipping (Small Craft) (Amendment) Regulations 1970 .....	33
Nurses Registration Ordinance.	
Nurses (Registration and Disciplinary Procedure) (Amendment) Regulations 1970 .....	34
Resettlement Ordinance.	
Resettlement (Amendment) Regulations 1970 .....	35
Interpretation and General Clauses Ordinance.	
Change of Title of Office .....	36
Interpretation and General Clauses Ordinance.	
Charities (Land Acquisition) Ordinance .....	37
Public Health and Urban Services Ordinance.	
Public Health and Urban Services (Amendment of Fourth Schedule) Order 1970 .....	38
Emergency Regulations Ordinance.	
Emergency Regulations (Repeal) Order 1970 .....	39

Sessional Papers 1969-70: —

No 49—Annual Report by the Director of Social Welfare for the year 1968-69 (published on 25.3.70).

No 50—Report of the Finance Committee on the Draft Estimates of Revenue and Expenditure for 1970-71 (published on 25.3.70).

### Oral answers to questions

#### Hong Kong Society of Accountants

1. MR H. J. C. BROWNE asked: —

Will Government say when it expects legislation covering the Hong Kong Society of Accountants to come before Council? Is it possible to speed up drafting of the By-Laws?

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT): — Sir, when my honourable Friend asked a question in this Council in July last year about progress on this legislation, the Acting Financial Secretary replied that a third draft of the Accountants Bill had been completed and that it was hoped to introduce this bill into this Council early in the current session. I must apologize to my honourable Friend that it has not been possible to achieve this.

The third draft of the bill and a first draft of the by-laws have been examined both by a Government working party and by the working party of practising members of the profession. The Legal Department is now preparing final drafts of the bill and the by-laws.

It may then be necessary to consult further with representatives of the profession on the final drafts but, depending on progress made, and on the advice of Executive Council, it should be possible, I understand, for the legislation to be introduced into this Council in about three or four months' time.

### Statement

#### **Report of the Finance Committee on the Draft Estimates of Revenue and Expenditure for 1970-71**

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): — Sir, on the 25th February 1970, the draft Estimates of Expenditure for 1970-71 were referred under Standing Order No 60(8) to the Finance Committee for examination. That Committee has completed its examination and its Report has today been laid on the Table.

I shall take the opportunity of the second reading of the Appropriation Bill to express my appreciation to those Members of this Council who, as Members of Finance Committee, devote so much of their time and energy to the scrutiny of public expenditure. This involves not only the examination of the Annual Estimates, but also consideration of proposals for supplementary expenditure at the meetings of Finance Committee held throughout the year.

### First reading

#### **STREETS (ALTERATION) BILL 1970**

#### **PUBLIC RECLAMATIONS, AND WORKS (AMENDMENT) BILL 1970**

#### **FORESHORES AND SEA BED (AMENDMENT) BILL 1970**

#### **ROAD TRAFFIC (AMENDMENT) BILL 1970**

**NURSES REGISTRATION (AMENDMENT) BILL 1970****ENTERTAINMENTS TAX (AMENDMENT) BILL 1970****PUBLIC DANCE-HALLS TAX (REPEAL) BILL 1970****ESTATE DUTY (AMENDMENT) (NO 2) BILL 1970**

*Bills read the first time and ordered to be set down for second reading pursuant to Standing Order No 41(3).*

**Second reading****STREETS (ALTERATION) BILL 1970**

MR J. J. ROBSON moved the second reading of: —"A bill to provide for the closing and substantial alteration of streets and for the awarding of compensation to persons whose property is affected by any such closing or substantial alteration."

He said: —Sir, the bill before Council is designed to improve and simplify the procedure which exists under the present Streets (Alteration) Ordinance for dealing with public objections and claims for compensation in connexion with street closures and alterations.

The existing Ordinance requires all street alterations, even those involving the most minor changes, to be gazetted but this has proved unworkable in practice. Under the new bill only substantial alterations, which are permanent or for an indefinite period, require to be gazetted. Street closures which are permanent or for an indefinite period will continue, as before, to be gazetted.

Clause 2 of the bill includes the definitions of "street" and "undertaking". Under the latter definition it is for the Director of Public Works to determine whether or not any alteration of a street is of sufficient substance as to come within the purview of the Ordinance.

Clause 3 prescribes the notice which must be given to the public when the Director determines that closure or substantial alteration of a public street is required. The present standard notification describing the particular alteration or closure involved has been revised so as to provide the public with more information. It will be necessary for this notification to be published in the press, as well as in the *Government Gazette* as at present, and for it to be posted in the English and Chinese languages in a prominent position near to the street which will be affected by the undertaking. Clause 4 provides

for the lodging of objections from the public to the undertakings which have been so publicized. It also gives more time for the lodging of objections—one month instead of the three weeks stipulated in the existing Ordinance. In addition it allows two months for submission of claims for compensation as opposed to the three-week time limit of the present Ordinance. Again in contrast to the present Ordinance, if the objectors and claimants are able to settle their objections or claims by negotiation, it is not necessary for them to be considered by the Governor in Council as is the case at present.

Clause 5 prescribes that if an objection, lodged within the prescribed time limits, is not withdrawn, or deemed to have been withdrawn, it shall be considered by the Governor in Council.

Clause 6 vests in the Governor in Council the power to authorize the undertaking with or without modifications, or refuse to authorize any proposed closure or any substantial street alteration. It also permits the Governor in Council to defer for consideration until a later date any objection which relates to any part of the proposed undertaking which he does not authorize, or to postpone consideration of any objection until any claim for compensation lodged in respect of a proposed undertaking has been determined by a tribunal under clause 7.

At present all claims for compensation from owners of properties affected by the undertaking are made to the Governor in Council before whom objectors have the right of personal attendance or representation. Experience has shown that persons exercising this right have been chiefly concerned with the question of compensation and not with opposing the street closure or alteration. Under clause 7 of the bill, therefore, all claims for compensation from owners of properties are to be considered by a tribunal appointed by the Chief Justice and if claimants wish, they have the full right of a hearing by this judicial tribunal. With the establishment of the new Compensation Tribunal, it is proposed to do away with the right of personal attendance or representation before the Governor in Council in respect of objections.

Clause 9 stipulates that once the undertaking has been authorized, no injunction may be granted by the courts in respect of that undertaking.

Clause 10 of the bill has been included as before to empower the Governor to authorize the Director of Public Works to proceed with any undertaking subject only to the award of compensation by the tribunal established under clause 7.

Clause 11 sets out the procedure by which the Governor may authorize the Director of Public Works temporarily to close, or to make substantial alterations to, any street and to proceed with the

[MR ROBSON]     **Streets (Alteration) Bill—second reading**

necessary works. However, if the closure or alterations continue for more than six months, claims for pecuniary loss or damage to the property can be submitted by the owner of the land affected to the Director of Public Works up to one month after completion of the undertaking. These claims will then be dealt with in the normal way as outlined in the bill.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

This Bill seeks to repeal and replace the existing Streets (Alteration) Ordinance (Chapter 130). It provides for procedural matters connected with the closure and substantial alteration of public streets.

2. Clause 2 includes the existing comprehensive definition of "street" and also includes a definition of "undertaking", which term is used extensively in the Ordinance. Under the latter definition it is for the Director of Public Works to determine whether or not any alteration of a street is a substantial alteration within the meaning of the Ordinance.

3. Clause 3 prescribes the procedure to be followed in respect of public notice where the Director determines that the closure or substantial alteration of a public street is required.

4. Clause 4 provides for the lodging of objections to proposed undertakings of which notice has been given under clause 3. Such objections may be lodged by any person and are to be lodged with the Director. The owner or occupier of property held under a Crown lease may, in addition to lodging an objection, submit to the Director a claim for compensation for any pecuniary loss or damage to his property which is likely to be caused by a proposed undertaking. Subclause (5) of clause 4 provides that if agreement is reached between the Director and any objector for the compromise or settlement of the objection, such objection shall be deemed to have been withdrawn. Subclause (6) provides in a similar manner for the withdrawal of a claim for compensation if agreement is reached between the claimant and the Director for the settlement or compromise of the claim.

By clause 5, an objection lodged in accordance with clause 4 shall, if it is not withdrawn or deemed to have been withdrawn, be considered by the Governor in Council.

5. Clause 6 vests in the Governor in Council the power to authorize, with or without modifications, or to refuse to authorize any proposed closure or substantial alteration of a street. The Governor in Council may, under this section, also defer for consideration at a later date any objection which relates to any part of the proposed undertaking which it has not authorized. Further, the Governor in Council may postpone consideration of any objection until any claim for compensation lodged in respect of a proposed undertaking has been determined by a tribunal under clause 7. Under subclause (2), if no objection is lodged in accordance with subclause (1) of clause 4, or if any such objection has been lodged but has been subsequently withdrawn or deemed to have been withdrawn under clause 4, the Governor may authorize the proposed undertaking. Subclause (3) provides for publication in the *Gazette* of any authorization given under subclause (1) or (2).

6. Clause 7 establishes a tribunal to determine claims for compensation which have been lodged in accordance with section 4 and are not withdrawn or deemed to have been withdrawn. The Chief Justice is empowered by clause 7(5) to make rules governing procedural matters connected with the tribunal, upon which clause 7(6) confers a number of necessary powers.

7. Clause 9 stipulates that no injunction shall be granted by the courts in respect of any authorized undertaking.

8. Clause 10 empowers the Governor to authorize the Director of Public Works to proceed with any undertaking subject to the awarding of compensation by the tribunal established under clause 7.

9. Clause 11 sets out the procedure to be followed in the case of temporary closures or temporary substantial alterations of streets. Compensation may also be claimed by the owners of occupiers of property held under Crown lease and, if not withdrawn, awarded by the tribunal for such temporary closures or temporary substantial alterations (subclauses (3), (4), (5) and (6)).

## **PUBLIC RECLAMATIONS AND WORKS (AMENDMENT)**

### **BILL 1970**

MR ROBSON moved the second reading of: —"A bill to amend further the Public Reclamations and Works Ordinance."

**Public Reclamations and Works (Amendment) Bill—second reading**

He said: —Sir, the amendment to the Public Reclamations and Works Ordinance contained in the bill now before Council has been designed to simplify the procedure for dealing with objections and claims of private rights under the Ordinance.

The amendment at clause 2 empowers the Governor to authorize any proposed undertaking which has been properly gazetted under the terms of the Ordinance providing all objections and private claims have been withdrawn or deemed to have been withdrawn before it is so considered. Otherwise the undertaking, objections and private claims must be considered by the Governor in Council as prescribed in the bill.

The amendment also empowers the Governor in Council to defer for further consideration any objection or claim which relates to a part of the proposed undertaking which is not authorized and also to postpone the consideration of any objection or claim until any claim for compensation is determined by a tribunal under section 7 of the principal Ordinance.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

Clause 2 of the Bill repeals and replaces section 3 of the principal Ordinance. The amendment provides that a proposed undertaking shall be considered by the Governor and shall not be considered by the Governor in Council if all the objections to, and all the private claims in respect thereof, have been withdrawn, or are deemed to have been withdrawn, before it is so considered.

2. The Governor in Council is empowered, under the new provision, to defer for further consideration at a later date any objection or claim which relates to a part of the proposed undertaking which is not so authorized. The Governor in Council is empowered also to postpone the consideration of any objection or claim until any claim for compensation lodged in respect of a proposed undertaking is determined by a tribunal under section 7 of the principal Ordinance. For the purposes of the new section,



an objection or claim shall be deemed to have been withdrawn if the Governor has entered into an agreement with the objector or the claimant for the settlement or compromise of the objection or claim.

3. Clause 3 makes a minor amendment of form in section 4 of the principal Ordinance, consequential upon the revision of section 3 described above.

### **FORESHORES AND SEA BED (AMENDMENT) BILL 1970**

MR ROBSON moved the second reading of: —"A bill to amend further the Foreshores and Sea Bed Ordinance."

He said: —Sir, the minor amendment to the Foreshores and Sea Bed Ordinance contained in the bill now before Council has been designed to simplify the procedure for dealing with objections under the Ordinance.

If enacted, clause 2 of the bill will empower the Governor in Council to defer consideration of any objection until any claim for compensation has been settled, compromised or determined under section 7 of the Ordinance.

Clause 3 will enable the Governor to authorize the granting of a Crown lease of the foreshore or sea bed when no objection has been lodged or when such objection has been withdrawn prior to its consideration.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

#### *Explanatory Memorandum*

Clause 2 of the Bill amends subsection (3) of section 5 of the principal Ordinance. The new provision empowers the Governor in Council to defer consideration of any objection lodged under the principal Ordinance until any claim for compensation has been settled, compromised or determined under section 7 of the Ordinance.

2. Clause 3 amends section 6 of the principal Ordinance so as to enable the Governor to authorize the granting of a Crown lease of the foreshore or sea bed, not only where no objection has been lodged but also where any such objection has been withdrawn prior to its consideration by the Governor in Council.

**ROAD TRAFFIC (AMENDMENT) BILL 1970**

MR ROBSON moved the second reading of: —“A bill to amend further the Road Traffic Ordinance.”

He said: —Sir, the proposed amendment to the Road Traffic Ordinance contained in the bill before Council will empower the Director of Public Works to carry out those minor road works which may be necessary to maintain the flow of vehicular and pedestrian traffic in public streets. If, however, these works are of such a nature as to involve the closure or substantial alteration of streets, they will then require to be gazetted under the Streets (Alteration) Ordinance.

The opportunity has been taken to give retrospective validity to any works of this nature which may have been carried out before the passing of this bill.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

The Bill seeks to insert into the principal Ordinance a provision to enable the Director of Public Works to construct and maintain road works to facilitate the flow of traffic on public roads. It is intended that no such construction or maintenance of road works should come within the scope of the Streets (Alteration) Ordinance.

**NURSES REGISTRATION (AMENDMENT) BILL 1970**

DR P. H. TENG moved the second reading of: —“A bill to amend the Nurses Registration Ordinance.”

He said: —Sir, one principal effect of the proposed amendment is to enact legislation which will provide for a new Part IIIA to be added to the principal Ordinance relating solely to Enrolled Assistant Nurses. The new grade of Enrolled Assistant Nurse recognizes a junior grade of nursing staff in both Government and private hospitals and clinics, who are not eligible, by virtue of their qualification, to be registered as Nurses under section 8 of the principal Ordinance, but who have reached a standard of nursing considered by the Nursing Board to be

suitable for them to become assistant nurses. This follows the same practice in the United Kingdom of employing State Enrolled Nurses to complement the State Registered Nurse. The proposed new sections dealing with the Roll of Enrolled Assistant Nurses, qualifications for enrolment, procedure for enrolment and a certificate of enrolment are based on the existing sections in Part III of the Ordinance relating to registered nurses, amended as necessary.

Appropriate regulations to be known as the Enrolled Assistant Nurses (Enrolment and Disciplinary Procedure) Regulations have also been prepared. These are based on the Nurses (Registration and Disciplinary Procedure) Regulations which have been suitably amended where necessary.

Throughout the bill there are a number of minor consequential clauses amending existing sections to widen their scope to cover enrolled nurses as well as registered nurses.

A second major amendment proposed by the bill is to amend the provisions of section 21 for making regulations concerning the establishment of a Preliminary Investigation Committee and the procedure to be followed by that Committee. This bill will bring these provisions into line with similar provisions in the Medical Registration Ordinance. In addition, further minor amendments are introduced. For example, section 3 is amended to provide for an officer of the Education Department nominated by the Director of Education to be appointed to the Nursing Board to advise on educational and training requirements in the light of present day emphasis on educational qualifications and teaching techniques required in the recruitment and training of nurses. The same section is also amended by replacing the term "Mentally Defective" by the term "Mentally Subnormal", to accord with modern terminology.

In keeping with the raising of entry qualifications and training standards, persons who are registered solely with the An Bord Altranais, Ireland will no longer, by virtue of such registration alone, qualify automatically for registration but will be considered on their individual merits. This amendment is necessary as not all nurse training schools in the Republic of Ireland can meet the requirements of the General Nursing Council with which the Hong Kong Nursing Board has reciprocal recognition, and therefore only nurses trained in acceptable nurse training schools in Ireland will be registered automatically. This amendment, however, does not affect persons holding the Irish qualification who are already registered under the Ordinance.

A detailed explanation of the provisions of the bill is given in the "Explanatory Memorandum" appended to the bill.

*Question proposed.*

**Nurses Registration (Amendment) Bill—second reading**

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

Clause 2 amends the long title of the principal Ordinance to enable provisions relating to enrolled assistant nurses to be added to the Ordinance.

2. Clause 3 amends section 2 of the principal Ordinance by inserting therein definitions of “enrolled assistant nurse” and “roll”.

3. Clause 4 amends section 3 of the principal Ordinance so as to empower the Governor to appoint to the Nursing Board a person qualified in the nursing and care of mentally subnormal persons and an officer of the Education Department.

4. Section 8 is amended so that a person who is registered only with the An Bord Altranais of Ireland is not, by virtue of such registration, qualified to be registered under that section (clause 5).

5. Clause 6 adds a new Part IIIA dealing with enrolled assistant nurses. The new section 10A obliges the Nursing Board to maintain a roll of enrolled assistant nurses. Information contained in this roll shall be freely available to the public (section 10B). The amendment and correction of the roll is covered by section 10C. The qualifications for enrolment as an enrolled assistant nurse are prescribed by section 10D. The procedure on enrolment is to be found in section 10E and section 10F provides for the issue of a certificate of enrolment as an enrolled assistant nurse.

6. Clause 7 includes in section 11(1) of the principal Ordinance references to enrolled assistant nurses, and empowers the Nursing Board to award costs in a disciplinary action to the chairman and secretary or other person presenting the case to the Board. The effect of the amendment contained in paragraph (b) of the clause is to remove from the Magistrates Courts jurisdiction to deal with the recovery of costs as a civil debt, when such costs are awarded by the Board.

7. Clauses 8, 9, 10, 12, 13, 14 and 15 make consequential amendments to the principal Ordinance.

8. By clause 11, appeals against disciplinary orders made by the Nursing Board shall be heard by the Full Court instead of by a single judge of the Supreme Court.

9. Clause 16 amends section 21 of the principal Ordinance, which empowers the Governor in Council to make regulations in respect of the subjects specified therein. The new provisions are based on similar provisions in the Medical Registration Ordinance (Chapter 161).

### **APPROPRIATION BILL 1970**

#### **Resumption of debate on second reading (11th March 1970)**

*Question again proposed.*

MR J. CANNING: —Sir, education has received a fair share, possibly more than its fair share, of attention during the speeches that have been made so far. Honourable Members have pressed for more money to be spent on primary education and have suggested that it should be made free and compulsory. They have also asked that more money be spent on post-primary education and my honourable Friend, Dr S. Y. CHUNG, has chided us that Singapore is spending four times as much in absolute terms and more than eight times as much on a per capita basis on technical education as we are in Hong Kong. A stranger to Hong Kong listening to the speeches which have been made would be forgiven for thinking that these comments were being made because the bill for education was rising very slowly, if indeed it was rising at all. This of course is far from the case. The actual expenditure on education for the year 1952-53, the year I arrived here, was \$22.4m or 7.2% of the colony's total expenditure—the estimates we are now considering envisage a total expenditure in excess of \$498m, 20.49% of the colony's total expenditure for next year. In addition the largest single increase in any field this year has been in education where the increase over the revised estimate for the current year is \$69m. As the Financial Secretary has said this shows how expensive is the continuation of our existing policies of educational expansion in a young and growing community. It has also to be remembered that our present teaching force is young and even if we did not build another school the expenditure on education would continue to rise, as the teachers move through their incremental scales.

We could perhaps be forgiven if having largely achieved our existing immediate aims we paused in our onward flight and drew our breath. We are not however going to indulge in the pause that refreshes. Careful consideration has been given these past few months to

[MR CANNING] **Appropriation Bill—resumption of debate on second reading (11.3.70)**

the devising of new aims in the field of post-primary education somewhat along the lines which have been indicated by honourable Members. As is usual in these matters these plans when they are prepared will be submitted to Executive Council and the approval of this Council will be sought for the expenditure involved. It may be necessary for financial and other reasons to phase the developments in stages but all this will have to be worked out. I should like to stress that the orderly expansion of an education system requires that the major features are kept in a proper balance. It is not merely a matter of providing money. We rely heavily on the voluntary agencies in our school development plans and we have to negotiate with them over sites and buildings. Teachers have to be found and trained and the various support services offered by my department have to be strengthened to take on the extra load. All this is being gone into and I hope soon to bring proposals before the Board of Education for their advice.

Now all of this as Members will realize has implications as far as free primary education is concerned. It is not so much that the \$12 million reduction in revenue from fees is too great a loss to bear but it does seem sensible not to rush matters until the proposals for post-primary expansion have been costed. The two ought to be considered together. While I am on this point if I may digress somewhat and comment on a suggestion made by my honourable Friend, Mrs Ellen LI Shu-pui. Many primary schools are repaying loans which they incurred when their schools were being built. The children now attending these schools are paying off these loans in the fees which they pay. Children in government primary schools do not of course have to face such charges to re-pay loans and I fully agree with Mrs LI that we would not be providing free primary education in the full sense unless we were to write off these loans as part of the transaction. The cost of this would have to be brought into the full picture of costs which will have to be prepared.

As far as compulsory primary education is concerned there are different schools of thought. The Board of Education recently set up a committee to look into the question of free compulsory primary education and Members may be interested in the conclusions reached by that committee on compulsory primary education. These were and I quote: —

"While strongly advocating the introduction of free primary education in the near future, we are not in favour of a system of compulsory primary education. The socio-economic conditions of many people in Hong Kong are such as to make it necessary for

children of proper primary school age to be engaged in full-time wage-earning activities (*e.g.* selling newspapers, shoe-shining, stall-keeping, making plastic flowers at home and selling 'tim-sum's in tea houses) in order to supplement their parents' income. Besides, some of them are confined in the home most of the day to look after the younger ones and to do some household work such as cleansing, washing and cooking. These factors account very largely for the non-attendance of children at primary schools. Compulsory primary education would make it statutory for parents to send their children to school, failing which they are liable to prosecution—a course of action which would lead to resentment and antagonism. Unless, therefore, Government introduced a comprehensive scheme of public assistance and free child-care centres, it would be unrealistic to introduce a system of compulsory primary education.

Financially, the operation of such a system—with its teams of welfare officers, the provision of school places even in the most isolated and scantily populated areas and the possible provision of Government transport to take children to and from centrally situated schools—might well be beyond Government's capacity, at the present time, having regard to other more urgent social welfare commitments".

These are cogent arguments. They do not rule out the introduction of compulsory primary education but they do make the point, which is an important one, that compulsory primary education has to be seen in the socio-economic context of our society. Compulsory primary education if it is enacted would take its place in a general pattern of labour legislation governing employment of young persons, public assistance schemes and expansion of other social welfare activities such as child care centres which ease the burden of the poorest families. Compulsory attendance at primary schools cannot, however, come until we are certain that we have a sufficiency of places and that the places are sufficiently spread.

If I might turn now to technical education, a subject which gained the attention of several Members. My honourable Friend, Dr CHUNG, has complained that the estimates as at present set out include Technical Education in a general vote labelled Technical and Further Education and this does not do justice to the importance of Technical Education. I take his point. I do not see any insuperable difficulties in the way of recasting the estimates in future to separate Technical Education from Further Education. At present Technical Education and Further Education are dealt with in the same section of my department and it was this which led to the vote being combined and not merely an imitation of any practice in Britain. I shall look into this and I hope that next year's estimates will show a change.

[MR CANNING]     **Appropriation Bill—resumption of debate on second reading (11.3.70)**

The major theme of the speeches on Technical Education was of course that we should have more of it from the pre-vocational level up to the Polytechnic level.

This time last year my predecessor announced in this Council that a committee was to be set up to work out an expansion plan for technical education of the kind now provided by the technical college especially at the post-secondary college level. That committee, the Polytechnic Planning Committee, has been working very hard since it was established trying to devise suitable procedures which would allow for the establishment of a second institution complementary to the existing Technical College with both institutions operating under a new system of administrative control which would ensure a proper degree of flexibility and co-ordination between the two. My colleagues on that committee will I think agree with me that these are matters of considerable complexity but considerable progress has been made.

In the lower ranges of technical education, which include the technical institutes and other post-primary institutions which have a technical bias, we move back once again to the general area of post-primary expansion I dwelt on earlier.

Considerable sums of money will be needed to finance the kind of expansion that has been mentioned earlier in this debate. Members may be interested to know that on the basis of existing policies and, I would like to emphasize, not taking any new policies into account we have in the pipe-line 55 new government and aided secondary school projects providing accommodation for 42,500 pupils the capital cost alone of these schools on present day prices is in excess of \$165 million. The extra annual recurrent cost at salary mid-points when these schools are in full operation will be \$26m.

These are considerable sums of money and any expansion in other post-primary areas, especially in technical education which is expensive, must increase the bill considerably. It does, therefore, seem to me prudent that we take the time needed to see the full financial picture and that we take the time needed to make sure that we have our priorities right.

I was asked in an interview recently if I thought that the amount of money included in the estimates for education this year was enough. My reply then was to the effect that any Director of Education worth his salt can devise valid ways of spending money faster than a fiscal system can reasonably be expected to raise the necessary funds. This community of ours lacking as it is in many of the natural resources available in other territories pays its way to a very large extent by



exporting the skills of its people. This I am conscious of and for my part will do what I can to ensure that the education system for the 1970s and beyond is properly geared to help.

Sir, I have much pleasure in supporting the motion before Council.

MR D. C. C. LUDDINGTON: —Sir, it is customary in budget debates for an Official Member to rise in support of the motion by defending himself against the criticisms of the Unofficial Members, or at least responding to points made which relate directly to his department or field of responsibilities. Because my Honourable Unofficial Colleagues on this Council made no mention of any matters directly related to the work of the New Territories Administration, I certainly do not imagine there is no room for criticism. My advisers on the Heung Yee Kuk give me little opportunity to feel complacent.

I wish now to draw attention to two features of the budget which will be of particular interest to the New Territories but which are also of importance to the Colony as a whole.

First, I should like to refer to the expenditure on Public Works Non-Recurrent. It is not easy in some cases to isolate the expenditure which is taking place in the New Territories. Building projects are placed in categories according to the nature of the services they are to perform rather than according to their location and one has to select the items individually. My own examination of Head 63 has shown that this coming financial year nearly 49 million dollars will be spent on Government building works in the New Territories including 25 million for low-cost housing and 5.8 million for resettlement. At first sight this may not appear to New Territories residents to be a very substantial proportion of the total expenditure on Government buildings which is to be nearly 189 million dollars next year. This is particularly the case when, as has been mentioned in this debate, the further growth of Hong Kong's population must inevitably be absorbed more and more by development in the New Territories. But it must be recognized that worthwhile modern building can only take place on the basis of a prepared infrastructure of formed building land, provided with roads, drains, water supplies and other basic services. I am therefore glad to be able to point out that over half of the funds to be spent next year on basic civil engineering projects listed under Head 64 is to be spent in the New Territories. The figures are \$14,122,000 for the New Territories and \$14,012,000 for the urban areas, excluding the airport which serves the Colony as a whole and certain incidental items.

In the field of waterworks over 48 million dollars out of a total of 52 million dollars is devoted to works in the New Territories. Of the 48 million dollars, more than 8 million dollars is to be spent on the distribution of mains water to the towns and villages of the New

[MR LUDDINGTON] **Appropriation Bill—resumption of debate on second reading (11.3.70)**

Territories, roughly four times the amount to be spent on such services in the urban areas.

The expenditure on roads is not so satisfactory as far as the New Territories is concerned. Only some 7 million dollars out of over 49 million dollars is to be spent in the New Territories next year. However, I am glad to know that the five-year programme involves a rapidly increasing expenditure in the New Territories, second only to that required in Kowloon. But here I must emphasize a point that I have had to make elsewhere. At present the New Territories access to the harbour, to the airport and to markets for agricultural produce is through Kowloon. Good roads in the New Territories will mean little if neither our urban visitors can get out of Kowloon nor New Territories manufactures and produce get into Kowloon. The highways of the future, and indeed all planning for the future must look on the Colony as a whole, not as two separate areas.

Having said that, may I emphasize one point. The New Territories must provide the land required to solve many problems for the future besides the need for more land for industry and housing. For instance, it is already the mainstay of Hong Kong's water supply and will shortly provide the Colony's principal container terminal. If new industrial towns are to be built without going through all the problems the urban areas have had to face, and are still to a great extent facing, all departments must now take the present and future needs of the New Territories into consideration in official planning. Such consideration must not be put off simply because in many fields problems in Hong Kong and Kowloon are so much more acute pressing and immediately visible.

The other point I should like to draw to this Council's attention is the provision included in this year's estimates under a separate Head 27 for the reorganized London Office. I am glad to see special provision for the Chinese Liaison Section which has an important part to play in maintaining the contact between the many New Territories people who have gone to the United Kingdom to make a living. The Chinese Liaison Section and the Information Section do much to maintain the contact between families in rural towns and villages and their menfolk working in various parts of Britain. Many of our villagers depend to a great extent on remittances from abroad to achieve an improved standard of living. I feel sure that the increased expenditure which may well have to be devoted to the Liaison Section of the London Office in future will bring benefits to Hong Kong, both social and economic.

Sir, I wish to support the motion.

MR J. J. ROBSON: —Sir, Mr WATSON suggested that I should give a progress report on the three complex schemes mentioned by my predecessor in his speech a year ago, *i.e.* slum clearance, mass transit and the next major water scheme. He also asked me to translate the amounts of money to be spent on resettlement and low-cost housing, into the number of people to be housed, and for an assurance that there has not been any slowing down in what still remains an urgent task. A number of other honourable Members including Mr FUNG Hon-chu and Mr BROWNE, either directly or indirectly, touched on this subject and expressed hopes that, in spite of the many problems involved, the housing programme could be speeded up.

The position is, of course, that resettlement and low-cost housing have for many years represented the largest slice of Public Works Department expenditure and, in spite of the proposed expansion of the road construction programme, High Island Dam and slum clearance, this will continue to be the case for many years. Within existing policy the problem has not so far been one of money but of finding sufficient suitable sites, staff to do the work and the capacity or ability of the building industry. These problems do not, of course, become easier with time. Last year, with the rapid rise in costs, it was the building industry which gave cause for concern. Two low-cost housing/resettlement contractors finally went out of business and others were having financial difficulties. Nevertheless, in the last three years, accommodation was built for 255,100 persons in resettlement blocks and 106,600 in low-cost housing while in the next three years the figures will be 198,800 in resettlement and 211,750 in low-cost housing. I have quoted 3-year figures as, when dealing with units as large as resettlement and low-cost housing estates which take two to three years to complete, annual figures can be misleading. Allowing for an increase over approved estimates to take care of the rising costs of labour and materials, this next three-year programme will cost, say, \$270 million. The programme recommended by the Housing Board of which my honourable Friend, Mr WATSON, is Chairman is for the construction of 300,000 individual units of resettlement accommodation and 290,000 individual units of low-cost housing between the 1st April 1969 and the 31st March 1975, and given stability in the building industry it seems that this target can be met. These figures do not include certain low-cost housing estates at Kwai Chung which have been deferred because supply there is at present well ahead of demand.

To provide any significant expansion of the programme will, however, require acceptance by all involved in the provision of housing, as well as those who are to be rehoused, that, except in the private sector, new sites will have to be located outside the present urban areas in, say, Sha Tin, Kwai Chung, Castle Peak and Ap Lei Chau.

[MR ROBSON]      **Appropriation Bill—resumption of debate on second reading (11.3.70)**

But the contribution made by private development, both in the provision of housing and slum clearance, should not be underestimated. From figures provided by the Commissioner of Rating and Valuation it seems that in the urban areas up to 31st December 1965 the estimated number of tenement floors and small flats built by private developers was 187,000. During the four years to 31st December 1969 a further 60,000 tenement floors and small flats were built representing an increase of 32%.

With what seems to be the start of another building boom I sincerely hope this pattern will continue, as the part played by this production in slum clearance is obvious from the transformation which is gradually taking place in Wan Chai and other areas.

The western district of Hong Kong, however, remains as a black spot but the urban renewal district draft statutory plan which was published last Friday, when approved, will provide a blueprint for the acquisition of that land which is required for public open space and other purposes. It will also provide the framework within which redevelopment by private enterprise can take place and I should like to see Hong Kong's enterprising real estate companies direct their attention to acquiring small lots within this area for amalgamation and comprehensive redevelopment on an imaginative scale.

Implementation of the public aspects of the plan depends of course upon the provision of the necessary finance by this Council but funds have already been voted to meet the cost of acquiring the property which is required to implement the most urgently needed aspects of the plan. I have already recommended acquisition of 150 such properties and 78 offers to purchase have been made to the respective owners 20 of whom have accepted. Funds have also been provided for the redevelopment by Government of the 13 acres of land between Hollywood Road and Queen's Road which has been chosen as the pilot scheme within the urban renewal district. Detailed planning of this project is now almost complete and I have submitted an item for inclusion in the Public Works Programme to cover the new roads and drainage works which are required to serve the pilot scheme area.

It is proposed to subdivide the pilot scheme into three phases and I hope that resumption proceedings can be initiated in respect of the first phase before the end of the year. Acquisition, clearance, demolition, disposal and redevelopment will take a number of years in respect of each phase, but the phases will overlap so that if all goes well the whole scheme should be completed within about 6-7 years. Before then consideration will be given to embarking upon a

further comprehensive scheme in another area but obviously this will depend upon the success of the first.

To allay the fears of my Friend, Mr Wilson WANG, I repeat details of our recently published urban area land sales programme for the next six months. These are 800,000 sq ft of land of which approximately 600,000 sq ft is for residential purposes. I wonder, however, if the building industry has the capacity to handle immediately the extra volume of work which the development of these new sites entails as it already seems to be fully stretched in dealing with those projects which have now restarted after being in abeyance for some years plus the normal work load provided by the Public Works Programme, and construction of factories, *etc.* Perhaps it is not realized that since 1962 some 290 acres of residential and commercial land has been sold by Government for private development; of this there are some 52 acres on which development has not been completed.

A number of Members indicated interest in the progress of the investigations into an underground railway scheme on which further studies commenced nearly 7 months ago. The Consulting Engineers, who are drawing on up-to-date knowledge and experience from all over the world, are examining every aspect of this complex project in order that the system they may finally recommend will be the one best suited to Hong Kong's needs. Their report is expected at the end of July. To date, traffic forecasts have been reassessed, alternative routes and alignments have been examined, station and coach layouts have been designed in considerable detail as also has the rolling stock and equipment. In addition, the ground conditions over the entire length of each route have been checked and a very wide range of soil tests carried out enabling all known methods of construction to be assessed and costed.

Two features peculiar to Hong Kong are being given special consideration. The first relates to passenger volumes and the need to match station and coach layout and capacity with the expected passenger volumes. Since our traffic patterns are peculiar to Hong Kong, it is important that we get our capacities right. In this connection, Mr WATSON has suggested that our stations be provided with three platforms in order to relieve congestion and thus increase capacity. Such stations are being considered along with other layouts, but, since they cover a greater area than the more conventional type of station, they are more expensive and, in most locations, their construction would require considerable demolition of adjacent buildings.

The second feature to which attention is being paid is the ventilation requirements. There is no underground railway system operating anywhere in the world under conditions of temperature and humidity which are similar to those which we experience in Hong Kong, so

[MR ROBSON]     **Appropriation Bill—resumption of debate on second reading (11.3.70)**

we must be certain that the ventilation provided will be adequate and not inhibit maximum use of the system.

All this work is being continuously processed and evaluated by a small team in the Public Works Department who work very closely with the Consultants. This team is also responsible for the coordination of the Department's activities on all Mass Transport matters and deals with all private and public development which affects or is affected by the underground railway proposals. Acting as a kind of "Clearing House", this team feeds information to and from the Consultants, thus speeding up their investigations and subsequent recommendations.

Every new building proposal both private and public which might affect any part of an underground railway system is checked in detail to see whether it can proceed or not and so far over 100 cases have been examined. In almost all cases it has been possible to devise some method by which the development could proceed. The notable exception was a large site in Nathan Road which by negotiation with the owner was purchased at not an inconsiderable cost.

Finally, coming to water, heavy expenditure on new supplies cannot be long delayed and the true value of large schemes in times of drought has been well illustrated this year. Without the resources of Plover Cove the Colony would by now have been on very severe rationing indeed, possibly 4 hours every 4 days as occurred in 1963.

Demand in 1969 averaged 155 million gallons per day, compared with 136 million gallons per day in 1968. This is a 14 per cent increase, and, at present, demand shows no indication of slowing down. To help meet these new demands, work is now in hand to increase the storage capacity of Plover Cove Reservoir by 13,500 MG by 1973. I also expect that investigation and design work will have progressed sufficiently by June this year for me to put forward firm proposals and ask for approval to proceed with the High Island Reservoir Scheme, for completion in 1975-76.

However, I should like to make it clear that, if demand goes on increasing at anything approaching the present rate it seems inevitable that in addition to building High Island Reservoir, it will be necessary to build very large desalination plants not later than the end of the 1970s. One such plant could be required quite soon in order to maintain an acceptable standard of supply, and later others will be the only means of providing for new demands for water.

I do not think it is necessary for me to enlarge upon the recently announced 5-year road programme approved by the Finance Committee

of this Council except to say that I disagree with certain of Mr WATSON'S interpretations of the Long Term Road Study. His remarks were, however, addressed to the Honourable Financial Secretary and I shall therefore restrict myself to the suggestion that experience of the effects of high family car ownership on road congestion in Britain has little relevance in Hong Kong as the population densities of our urban areas are probably 10 times higher than what would be considered tolerable in Britain.

Sir, with these comments I support the motion before Council.

MR G. T. ROWE: —Sir, several Members have asked to be informed of the progress in dealing with the proposals for a revised Public Assistance Scheme, and I am now happy to be able to report that detailed proposals were considered and endorsed by Your Excellency in Council on the 17th March, subject to the provision of the necessary funds by the Finance Committee of this Council.

Broadly, these proposals envisage a radical change from the present scheme, which is largely based on the distribution of food to needy families, to a scheme for cash payments and the maintenance of a minimum income level, depending upon the size of the family concerned. Families considered to be living below this level will be assisted by cash payments to bring their income up to the appropriate level until measures can be taken for their permanent social and economic rehabilitation in the community where this is possible. In determining the appropriate levels, careful consideration has been given to representations made by the Council of Social Services on this matter.

Since some of the Members have yet to consider the scheme in Finance Committee I do not think it is appropriate for me at this stage to give details to this Council but I can say, as has been said before, that it is estimated (or rather guessed, for no possibility of accurate estimation exists) that this scheme may cost some \$20,000,000 in its first full year of operation, as compared to the \$5,000,000 shown in the estimates for the anticipated cost of the existing scheme.

Detailed measures for the implementation of these proposals have been prepared, with the assistance of the adviser from the United Kingdom who was in Hong Kong earlier this year. But I must stress that there is still a long way to go before these proposals can be brought into full implementation. Subject to approval for the provision of the necessary funds, it will now be necessary to proceed with the provision of additional posts, the recruitment and training of staff, the provision of office accommodation and equipment, and the adoption of entirely different administrative procedures from those in force at present. It will also of course be necessary to convert the present

[MR ROWE] **Appropriation Bill—resumption of debate on second reading  
(11.3.70)**

recipients of public assistance to cash payments before any steps can be taken to expand the scheme to new clients. It has been estimated that it may take 9 months to a year to put the new scheme fully into effect. I need hardly say that I will do my best to shorten this period.

I should like to make it clear that measures of assistance under the existing scheme, converted into cash payments when this becomes possible, will continue during this interim period, and such assistance will be readily available as at present to all those who require it.

Both Mr Y. K. KAN and Mrs Ellen LI have referred to the training of social workers and Mr Y. K. KAN suggests that the Government should “take a more positive and leading role in the training of social workers”. Perhaps I should detail briefly the steps which have been taken towards this end in recent years and which are reflected, albeit obliquely, in the budget proposals before us.

Undergraduate courses are available at both Universities. At the Hong Kong University there is a degree course in Social Studies, as well as a post-graduate Diploma in Social Studies which may well be further extended. At the Chinese University there is a degree course in Social Science with a major in Social Work. Both Universities organize seminars in the Social Work field from time to time, as well as arranging Extra-Mural courses.

The Social Welfare Department has a Training Unit which provides pre-service and in-service training to social workers in voluntary agencies and Government Departments alike, as well as providing field work training for undergraduates. An Advisory Committee on Social Work Training has been established, with representatives from both Universities, from Government and from the voluntary agencies. There is a Social Work Training Fund which provides for the expenses of training social workers, where these cannot be provided by the individual concerned or from other sources.

Developments in all these fields continue and, for example, the opening of the Lady Trench Training Centre later this year will allow an expansion and diversification in the courses provided by the Social Welfare Department's Training Unit.

A Member asked whether it is not possible for "the Social Welfare Department to undertake in co-operation with the Departments of Extra Mural Studies of both Universities to offer a certificate course on case work, field work survey, group work and community development". Such proposals have in fact already been implemented. A 2-year programme leading to a certificate was first initiated by the



Chinese University in November 1966. 23 workers from both Government and voluntary agencies completed this course in 1968. The Hong Kong University followed on with an 11-month course in 1968-69. The contents of these two courses were based on the actual training needs of the workers. The Chinese University has now conducted a survey on the continuing need for such courses and the survey findings will be carefully studied by the Advisory Committee on Social Work Training. It seems likely that the courses will continue as long as the need is there.

Mr Y. K. KAN suggests that the existing University courses are “necessarily academic rather than professional in content”, and that “post-graduate professional courses should be provided by Government”. I will refer his suggestions to the Advisory Committee on Social Work Training for its views.

Again, Mrs Ellen LI proposes that Government should “formulate a system of subsidy for salaries of qualified social workers in recognized welfare agencies”, and she reminds us that she made the same proposal in the Budget Debate last year. In the circumstances, I do not think I can do better than repeat the reply I made to the suggestion last year. I said, and I quote: “She is, I think suggesting that Government subsidy should specifically provide for the adoption of Government salary scales and Government standards of qualification for appointment in voluntary agencies. There are various considerations here. First, I am far from certain that the Government standards of qualification for appointment in various grades are the right ones, or that the present Government salary scales are the best scales to use. The Government salary structure is a fairly rigid one, and bound by a number of considerations which do not affect a voluntary agency. Second, the adoption of Government salary scales and standards of qualification also implies the adoption of Government stall ratios and even control over appointments. I doubt if this would be welcomed by voluntary agencies; and I doubt whether, in many cases, it would be suitable for their operations. The activities of voluntary agencies are many and varied; a rigid salary and staff structure might only impede those activities.” My opinion remains the same, and I have yet to see any proposals from voluntary agencies or elsewhere which might overcome these difficulties.

I appreciate the fact that many honourable Members would like to see an increase in the figures of expenditure shown under Heads 73 and 75, and I should like to make a few points regarding these figures. First, the figures shown in these 2 Heads of expenditure do not of course represent the total expenditure by Government in the field of social welfare. For example, nearly all capital expenditure is excluded. Second, Government expenditure by no means represents

[MR ROWE] **Appropriation Bill—resumption of debate on second reading  
(11.3.70)**

the total expenditure on social welfare activities. There are many other sources of funds operating in Hong Kong. Third, whilst expenditure under these Heads may represent a comparatively small proportion of Government expenditure on social services as a whole, it must be remembered that these other social services—such as cheap housing, cheap or free education, cheap or free medical services all of which are subsidized directly or indirectly from public funds—lift a tremendous burden from social welfare services which would otherwise necessarily be reflected here.

With these remarks, Sir, I support the motion.

MR D. R. W. ALEXANDER: —Sir, the lack of comment in the speeches of my honourable Friends, the Unofficial Members, on matters which fall within my province has made my task this afternoon all the simpler. Indeed, there is only a brief reference in the Honourable Mrs LI's speech to Government encouraging all forms of entertainment or establishment of a cultural nature, on which I would like to hang a few remarks which follow.

In the urban mass of Hong Kong, it is not easy to find enough space—in some areas *any* space—for recreational purposes and even where space is available, it is often well-nigh impossible to distribute it as evenly as we would wish. There is no doubt, however, that great advances have been made—particularly by the Urban Council—in providing the public with recreational and cultural facilities.

At present, 1,350 acres of land are available on which to provide recreational facilities and this year alone will have seen some \$10,000,000 spent in providing them. And this is always indeed money well spent. For example, it is estimated that somewhere around 10,000,000 people a year use Victoria Park and over 400,000 children a year a playground like the one at Middle Road in Kowloon. While last year, 1½ million people went to the two swimming pools.

It can perhaps be said that in providing these facilities, we are only *beginning* to meet the people's needs in this respect and that what we have provided so far are only the basics of recreation. And this would be true. However, recently we have been able to explore certain refinements and have managed to produce such things as obstacle golf courses, Hong Kong's first adventure playground, an open-air theatre, and even a garden for the blind.

We shall continue to innovate while pressing ahead with basic needs. 1970 will see several important projects coming to fruition

including the three swimming-pool complexes in Kowloon and a prototype multi-purpose games hall (also in Kowloon) while Aberdeen will get a 14-acre sports ground. There will also be an important sports ground at King's Park, and I hope to increase the tempo of the programme for floodlighting playgrounds, including a number in the New Territories, to enable maximum use to be made of them.

The Urban Council and Urban Services Department's popular entertainment programme (which began so successfully towards the end of 1967-68) attempts to provide something for all ages and many tastes from traditional Chinese operas to "pop-in" dances and from film shows to summer camps, and during this year it has catered for some 470,000 persons in no less than 390 entertainments of one kind or another.

In the cultural field, the Urban Council's series of City Hall presentations at popular prices has enjoyed a very successful year and its scope has been expanded to include all branches of the performing arts including music, dance and drama, both Chinese and Western. Needless to say, these performances play to packed and enthusiastic audiences, the great majority of whom are young people—while most of the artists are local talent, including the Hong Kong Philharmonic Orchestra. Thus the opportunity is provided for the community to make and enjoy music regularly. The Urban Council proposes to continue and develop this facet of its work, and is clamouring for facilities in Kowloon. Government naturally supports in principle such a cultural activity which is so clearly beneficial.

Similarly, Government supports a steadily phased development of the public library services. Funds have already been approved for the opening of a new branch library at Wah Fu to serve the residents of the Housing Authority estate there and also the residents of Pok Fu Lam and Aberdeen areas: and planning continues towards the opening of further branches at Yau Ma Tei and Ping Shek.

With these remarks, Sir, I support the motion.

DR P. H. TENG: —Sir, I would like first to speak about the social and medical services provided by voluntary organizations and the relationship of these to the services provided by Government. My honourable Friend, Mr Y. K. KAN, has referred to the fact that Government spends \$130 million on its six major hospitals which between them provide the majority of the total of 5,000 beds whereas the subvention to Government assisted Hospitals which provide 7,000 beds is only \$64 million, of which \$40 million goes to the Tung Wah Group of Hospitals. I would like to explain the reasons for this. In the first place the figures quoted for Government Hospitals are gross, not net, in that they take no

[DR TENG]      **Appropriation Bill—resumption of debate on second reading  
(11.3.70)**

account of the charges levied for maintenance and medical facilities which are waived in case of financial hardship. Secondly, among Government Hospitals, Queen Mary Hospital is a teaching hospital for medical under-graduates and post-graduates for the University, for the Government service and also for Hong Kong with a Casualty Department and a training centre for nurses and other ancillary medical staff of the Medical and Health Department. For this purpose some very specialized facilities and a great variety of modern equipment are necessary.

Queen Elizabeth Hospital is another acute general hospital to which patients are referred from a specialist clinic, serving all the general clinics in Kowloon and the New Territories as well as from its own Casualty Department. The Institute of Radiology attached to this hospital is one of the most up-to-date and best equipped in this part of the world. This hospital also has a nurses training school and is used for the post-graduate training of medical officers.

The Tsan Yuk, Castle Peak and Lai Chi Kok Hospitals are special hospitals for maternity, mental cases and infectious diseases respectively.

In the Kowloon Hospital there are beds for chest, orthopaedic and convalescent cases and a comprehensive rehabilitation centre for both in and out-patients with a full-scale orthopaedic appliance unit. In the major hospitals the medical staff, including specialists, senior medical officers and post-graduate trainees, is supported by a large number of nursing and other ancillary staff such as physiotherapists, occupational therapists, laboratory technicians, orthopaedic appliance technicians and others. The services provided by Government assisted hospitals vary as much as the Government hospitals but the distribution of the different types of beds in them is not the same. For instance, against the figure of 2,500 acute beds in Queen Mary and Queen Elizabeth Hospitals there are only 1,500 in the Kwong Wah Hospital. Another major Government hospital which has no equivalent in the Government-assisted field is the Castle Peak Hospital which contains many separate blocks of buildings with special amenities for mental patients. To sum up, the specialized facilities provided in the Government hospitals that I have mentioned contribute to the bigger bill for them.

With regard to medical subventions altogether 17 institutions are assisted by Government. There are four types of subvention which are employed for different types of institutions. I will not go into details of these but I am grateful to my honourable Friend, Mr Y. K. KAN, for making the suggestion that the system of medical subventions should be reviewed. I firmly believe that to do this it will be necessary to

reclassify the types of beds in the various Government assisted hospitals and to re-examine the types of service rendered by the different agencies. The Medical Development Plan Standing Committee is formulating a proposal to set up a working party to make such a review and to evaluate the costs of various types of beds and services. In addition, this working party will also, I hope, study the future need for medical facilities for the Colony and evaluate the part played by various private agencies in providing medical facilities in the Colony. In my capacity as Government's adviser on medical and health matters, I am fully appreciative of the help given by organizations and individuals which assist the Medical and Health Department in providing a wide range of medical services for this community, but I feel that I also owe it to the Legislature, the Government and also the taxpayers including ourselves to ensure that every dollar that is being spent is not only for items which are desirable but also absolutely essential in order that other forms of social services can get a fair share of the cake.

I now turn to the subject of medical planning. An honourable Member has condemned this as "haphazard", an expression to which I take exception. The expansion of medical facilities for the period 1963-1972 has been meticulously planned in accordance with the recommendations of the White Paper on the Development of Medical Services which was laid before this honourable Council in February 1964\*. The objectives of the 10-year plan will be attained and the target of bed provision will in fact be exceeded and will be beyond 4.25 beds per thousand population. The progress of the new Lai Chi Kok Hospital is going according to schedule and with the experience gained from building and commissioning the Queen Elizabeth Hospital, all aspects of planning including the training of additional staff have been taken care of. The Honourable Mr FUNG has mentioned the establishment of a Geriatric Unit in the new hospital. The objective of a geriatric service is to add life to years rather than years to life. As our population is ageing, we are going to be faced more and more with the problem of old age, not all of them pathological as some are in fact physiological and other psychological and in many cases social.

The Medical Development Plan Standing Committee has done invaluable work by advising on all questions relating to the development of medical services in Hong Kong and I would like to take this opportunity to express my thanks to its Members. For the information of my honourable Friend, I am sending him a schedule of completed projects and projects under construction and planning.

In the 1968 Budget Session and on numerous occasions since then, I have referred to the doctor shortage in the Government service. I would like to say that the number of vacancies at present is only 43.

---

\* 1964 Hansard, page 20.

[DR TENG]      **Appropriation Bill—resumption of debate on second reading  
(11.3.70)**

It will be recalled that it reached a peak of 120 at the end of 1967. The conditions of service have been improved, including an increase in salary in common with other Government servants, a housing allowance, and a three-year contract with a gratuity on its completion. The number of graduates who is expected to finish their internships this summer is larger than in previous years. Be it specialized training or general duties they want to take up, the prospects are better now than before as an increased number of senior posts have been recently approved and other additional posts are under active consideration. I am confident that local recruitment will yield good results and it is hoped that the gap will soon be narrowed and closed.

Brain drain is not a phenomenon peculiar to Hong Kong. I am sure that I need not dilate on the many reasons why our graduates have emigrated or have chosen private practice in preference to a career in Government Service. My honourable colleagues are no doubt aware of the motives of these doctors and of the better incentives which have created problems of recruitment and retention of doctors in the Government Service. Despite the shortage of doctors, I can state that we have been able to maintain our standard of service and this has been due to the sense of dedication of those who have even made personal sacrifices.

Turning to health education, the expenditure proposed in the draft estimates for the Medical and Health Department for health education is \$23,000. This is allocated to the various units and services of the Department and is expended on participation in various exhibitions. The sum available does not include staff costs. I should also mention that we co-operate closely with the Government Information Services and other Government Departments. For example, the Government Information Services Department has spent \$35,000 in the current year in providing health education materials over and above the expenditure of the Medical Department. Much more useful health education materials are being introduced by the various voluntary agencies including the Kaifong Associations. I would like to add that health education is becoming more and more important in this community because of the erroneous and sensational information on medical and health matters which is being widely disseminated in lay literature, and my colleagues and I have to devote a considerable amount of time to ensure that correct and factual information is presented to the public. We are greatly indebted to the Press, the professional associations and other public information agencies for their kind help and co-operation.

Concerning the administration of the Department, a post for an Assistant Director (Administration) was established so as to relieve

professional officers of certain duties and to enable them to concentrate on professional matters. This post is now held by an Administrative Officer Staff Grade "C". Other experienced staff on the administrative side include a Chief Executive Officer as Secretary, a Senior Executive Officer as Deputy Secretary, a Senior Executive Officer as Secretary to our many statutory Boards, a Senior Treasury Accountant, a Treasury Accountant in charge of Medical Subventions and a Chief Hospital Secretary. With a Deputy Director, an Assistant Director and one Principal Medical Officer, in each of the Medical and Health Divisions, a Principal Medical Officer in charge of development and statistics and a Principal Matron, all of whom are professional officers, I consider that the administrative structure of Medical Headquarters is more than adequate and I do not agree with my honourable Friend that the machinery requires overhauling or even additional staff.

I am particularly grateful to those on this Council and other organizations and to the many public spirited individuals for their enlightened and constructive criticisms which will help to ensure that the less affluent members of our community who require subsidized medical care are not denied medical treatment.

Sir, I support the motion before Council.

THE SECRETARY FOR HOME AFFAIRS (MR D. R. HOLMES): —Sir, I should like first to refer briefly to the point raised by the Honourable Mrs Ellen LI about the Marriage Reform Bill. I think it is perhaps not free from doubt, Sir, whether the discussion of this matter in the present Debate falls properly within the terms of Standing Order 54(2) but I shall be glad to answer the question, if I may, Sir, the more so as I am well aware that the honourable Member has been raising it annually on this occasion since long before the present Standing Orders were introduced. I am happy to say that I know of no obstacle now to the introduction of the Marriage Reform Bill at an early date. It is true that a considerable period of time has been allowed for public comment, and it is also true that in the case of this particular bill such comment as has been received does not suggest that any significant change is needed in the original draft bill as published last year. But this does not in my view mean that we are wrong to allow ample time for the public to express their views on this sort of legislation, and I hope my honourable Friend was not too serious in her suggestion that the purpose of this cautious approach to delicate matters of personal law is to give one half of the population (that is to say, one sex) the opportunity to further their sectional interests at the expense of and to the detriment of the other half.

Sir, I expect the Marriage Reform Bill to be submitted for the final consideration of the Executive Council some time next month,

[THE SECRETARY FOR HOME AFFAIRS] **Appropriation Bill—resumption of debate on second reading (11.3.70)**

and whilst I cannot of course anticipate the decisions of Your Excellency in Council I see no reason why this bill should not thereafter come forward to this Council in the normal course of the legislative programme.

I have been asked also to refer to the objections mentioned by more than one honourable Member to the inclusion of public dance halls in the establishments to be relieved from entertainment tax. These objections are put forward on moral grounds and I think there is here a misunderstanding, since no moral judgment is implied. Indeed it could be argued the other way round, that if moral disapproval is called for then these dance halls should never have been dignified by inclusion amongst the legitimate entertainment establishments to which this form of taxation has hitherto applied. I think what honourable Members have in mind is the question of control, and control is exercised not in the context of taxation but through the powers conferred by the Miscellaneous Licences Ordinance, Chapter 114. There is nothing in the Budget proposals now before Council which would preclude the application of stricter statutory or administrative controls or, for that matter, the increase of the licence fee which is at present \$1,500 a year; but this would be a matter for separate consideration. Meanwhile I hope Members may agree that since we are proposing to abolish entertainment tax on all entertainments other than cinemas and horse-racing it is logical and appropriate to include the abolition of the tax on dance halls. Separate legislation is of course needed in order to give effect to this proposal, and Members will note that the bill for this purpose has today been introduced and so far given its first reading. Nothing, of course, that is said in this Budget Debate will in any way limit the opportunity which Members will have to express their views when that bill is under discussion.

Sir, I support the motion.

THE ATTORNEY GENERAL (MR D. T. E. ROBERTS): —Sir, the Judiciary has recently put forward to the Government a proposal that the office of the Director of Legal Aid should be separated from the Judiciary. This proposal is acceptable in principle to the Government and consideration is now being given to the financial and administrative problems involved and to the question of whether the Legal Aid Office should become a separate department or whether, for administrative purposes, it should form part of an existing one.



In moving the second reading of the Legal Aid Bill in 1966, I said: —

"The Director himself may act for an aided person and for this purpose is given a right of audience under clause 3(3) of the bill. It is, however, not intended that the Director shall himself act for an aided person so long as the post falls within the administrative structure of the Judiciary. When the Director becomes independent of the Judiciary at some future date, he will then make use of this power if he thinks fit."

Thus the separation of the Legal Aid Office from the Judiciary will enable the Director and his qualified staff to undertake work which is now done by private practitioners, a development which should, depending on the size of the Director's staff, effect some saving of public money.

During the past five months there has been a heavy increase in the number of applications for legal aid in civil cases. Indeed, if this rate were maintained, there would be twice as many applications in 1970 as in 1969. Furthermore, since 1st January this year, the new Legal Aid in Criminal Cases Rules, under which legal aid in criminal cases is granted, have been administered by the Legal Aid Office instead of by the courts, thus adding further to the responsibilities of that office.

These increases in the work of the Legal Aid Office have made it necessary for the Director to apply urgently for approval of the creation of a fourth professional officer's post in his Office, and I understand that this proposal is likely to come before the Standing Finance Committee very shortly.

The honourable Member has suggested that additional lawyers should be employed in the Legal Aid Office, to take on some of the opinion work, which is at present done by private practitioners. Proposals for a further increase in the further expansion of the Director's professional staff for this purpose, and also to take over other legal aid work which has so far been undertaken by solicitors in private practice, have recently been submitted to the Government and are now being carefully considered.

It is, I believe, generally agreed that an extension of legal aid to cover criminal cases in the District Court is desirable. However, this can clearly only be done within the amount of public money which can properly be made available for legal aid, in competition with the many other pressing claims upon public revenues.

The recent increase in the number of applications for legal aid in civil cases makes it likely that the cost of civil legal aid will be at least twice as large in this financial year as in the last. Furthermore,

[THE ATTORNEY GENERAL] **Appropriation Bill—resumption of debate on second reading (11.3.70)**

the new scale of fees in criminal legal aid cases introduced in January of this year, and the increasing numbers of applications for legal aid in criminal appeals from Magistrates Courts makes it probable that criminal legal aid also will be substantially more expensive in the coming year than in the past. Any further extension of legal aid to the District Court, therefore, may well have to be deferred or perhaps introduced in a limited way only at first.

Government proposes to initiate an interdepartmental study of the way in which the legal aid scheme has operated and may perhaps be further developed. Such a study will naturally involve an investigation into the various factors mentioned by the Honourable Mr P. C. Woo. It will also be necessary to consider the ability of both sides of the legal profession to undertake any additional work, the proper scale of fees for the work (the honourable Member's suggestion as to reducing refreshers will certainly be borne in mind) and the possibility of defences being undertaken wholly or partly by members of the Director of Legal Aid's staff. It will not be a simple task and will take some time to complete.

Sir, I support the motion.

4 p.m.

HIS EXCELLENCY THE GOVERNOR: —I think perhaps honourable Members might like a break at this point, I accordingly suspend the sitting of Council until quarter past four o'clock.

4.15 p.m.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, I must first apologize to this house in advance if my voice becomes a husky whisper before I've finished what I have to say. As Commissioner for Hong Kong I recently attended the inauguration of Expo '70 in Osaka, where for three days the climatic conditions were extreme, and came away with many happy memories and a bad cold. This apology does give me an opportunity to congratulate Japan, and the Expo '70 organizers, for a truly magnificent achievement, and to pay a tribute to our own Hong Kong team who in a highly competitive field have achieved something of which Hong Kong can be very proud. I hope that as many honourable Members as have an opportunity will take the chance to visit the Expo and advise them not to miss our Pavilion Restaurant.

When I listened to the lively, often critical but nearly always constructive, comments of my Unofficial Colleagues in this Chamber two weeks ago I was struck by the way in which Member after Member

returned to the theme of our social services and the need to do more in this direction. I hope that what has been said today about our activities and plans for housing, education, medical services and social welfare will have demonstrated very clearly that we are setting ourselves not unambitious targets in these directions. As to the pace of expenditure on social services, my honourable Friend, the Financial Secretary, will no doubt have something to say. Meantime, I would say that the past year has been one of considerable achievement, both in planning and in work done on the ground; and for this I would like to pay tribute to the members of the civil service, and to the many private citizens who serve on our advisory bodies. The time and energy contributed by these unofficial advisers is considerable, and the community as a whole has good reason to be grateful for their public-spirit.

Before I go on to deal with specific points arising from the debate, I would wish to express my thanks to the Unofficial Members of this Council for all their labours during the past year. Their wise advice both in this Council and in Finance Committee has been of the greatest value to the Government. It is a constant source of wonder to me that they can continue to manage their own affairs while giving so much of their time to these public duties. These duties do not simply relate to meetings of this Council or of Finance Committee; my Unofficial Colleagues also serve on the various subject committees of UMELCO, and on a roster basis in the UMELCO Office. They pay a regular series of visits to various urban districts and acquaint themselves more closely with the problems on the ground. I have read with interest the reports presented by the UMELCO Members on these visits, and I know that the various Heads of Departments to whom these are sent welcome the informed and constructive suggestions contained in them.

Now to particular points, the first being the Public Service. Students of these draft Estimates will not have failed to observe that the size of the Public Service is again to be increased. The emoluments of the Service as in all Government Administrations represent a very substantial part of total annual expenditure and each year Heads of Departments seeking to enlarge their staffs are required to show that additional staff are not simply desirable, but will make a real contribution to the service of the public. As in past years, the burden of putting all such bids through the hoop has fallen to the Establishment Sub-Committee of Finance Committee. This Committee comprises three Unofficial Members of this Council and two Officials. It was faced with departmental bids for over 4,700 new permanent posts for inclusion in these Draft Estimates and the final result of its deliberations is a proposed net increase of 1,700 permanent posts and 666 supernumerary posts. This demonstrates how very carefully and how

[THE COLONIAL SECRETARY]      **Appropriation Bill—resumption of debate on second reading (11.3.70)**

effectively the Committee has wielded its pruning knife. The result is that the bill for Personal Emoluments for 1970-71 is in the region of \$891 million, compared with just over \$811 million last year. This higher sum does of course include provision for the recent salaries award to the Public Service.

Apart from dealing with proposals for new posts in the context of the Estimates, the Sub-Committee was of course active throughout the year in dealing with urgent requests for additional posts and with general regradings within departments. A particularly worthwhile feature of the Committee's work was its proposals to Finance Committee for the introduction of two new apprenticeship schemes in the Public Service; these provide for craft apprentices to be trained to become tradesmen, that is, fitters, electricians, carpenters, painters *etc.*, and for technical apprentices to be trained for appointment in the more senior technical grades.

The creation of new posts is however only a first step. Equally important is getting the right people into these posts, and it is the task of the Public Services Commission to make sure that this is done; it does this in two ways, first by advising on the selection of candidates for posts on salaries above approximately \$1,200 *p.m.*, and second by keeping a close watch on departmental procedures for selecting candidates for more junior posts. As an indication of the burden discharged by this Committee, in 1969 it advised on appointments to 1,663 posts, and processed applications from a total of 6,567 candidates. In addition, the Commission gave advice to Your Excellency on a variety of policy matters affecting the Public Service. For all this work I am most grateful to the Chairman and Members.

I should now like to turn briefly to the subject of public service training. The expenditure on training of all kinds is considerable and these draft Estimates include a provision of slightly over \$4 million for this purpose. Centres mainly for basic training exist in many departments, and the recruits passing through them every year are numbered in their thousands. Increasing use is being made of our two Universities and of the Technical College. However, overseas training continues at a high rate and understandably so. The Government Training Scholarship Scheme designed to qualify young officers for certain posts at the professional level now provides 30 scholarships a year; over 100 awards have already been made since the scheme began. By far the greatest amount of money, however, is spent on post-qualification specialist courses for officers who have been in the service for some time, and it is only through comprehensive overseas training schemes that we are able to maintain the high

standards and wide range of services which the community has come to expect.

My honourable Friend, Mrs. LI, spoke eloquently on the subject of equal pay for men and women, with particular reference to the pay of women teachers. The question of equal pay for teachers had become inextricably involved with the whole question of new pay scales for teachers in the Government and aided sectors. Proposals have now been made which I have every hope will disentangle the two problems, and enable us to put to the Finance Committee of this Council proposals which the Committee and serving teachers will, I hope, find acceptable.

As to the broader issue of equal pay throughout the Public Service, I am glad to say that good progress has been made. In October last year Government announced the introduction of a phased scheme for achieving equal pay starting with effect from 1st April 1969 and aiming at completion by the 1st April 1975. This scheme covers a very substantial proportion of the total number of women in the Public Service. The delay in the case of teachers, and I would add of nurses and certain other deferred grades, will not operate to their detriment because Government has given an assurance that, if and when the deferred grades are included in the equal pay scheme, their inclusion will be back-dated to 1st April 1969.

My honourable Friend, Mr BROWNE, has asked whether there are any plans for expanding or re-organizing the Organizational Surveys Unit and whether they are taking advantage of new management techniques. The Unit was set up in 1962 with a Director and five Assignment Officers; since then it has grown steadily to its present total of fifty-eight staff members (excluding secretarial and supporting staff but including staff who look after the computer centre). The estimates now being considered provide an additional Senior Assignment Officer and three Training posts in the Assignment Officer grade. Three other Assignment Officer posts are under consideration.

Although there has been a steady expansion, this is not to say that the Unit could not achieve more but there are considerable difficulties in recruiting, training and retaining suitable staff for this work. Moreover, in the past few years the Unit has taken over responsibility for Government's Computer Centre and this has inevitably diverted its attention somewhat from pure O & M work. However, we must remember that every computer feasibility study and systems analysis does in fact have a considerable O & M content. The Unit has run Computer Appreciation courses for over a hundred and thirty departmental officers and there is a growing appreciation in departments of the ways in which computer and Data Processing Systems can streamline their work. The OSU computer is now working fourteen hours a day and this reaches a peak involving 3 shifts when examination

[THE COLONIAL SECRETARY]      **Appropriation Bill—resumption of debate on  
second reading (11.3.70)**

results are processed in the summer months. In passing, I might mention that the examination processing techniques used in the Computer Centre are amongst the most advanced of their type in the world.

Nonetheless, I agree with Mr BROWNE's view that more could be done in this field and since the work of the Finance Branch is closely complementary to that of the OSU we intend to move the Unit in the next few months from its present premises in Rodney Block to the Central Government Offices for the purpose of integrating it with the Finance Branch. This should produce better co-ordination and a greater output.

Mr BROWNE also referred to the desirability of decentralization; over the past months there has been further discussion about the possibility of creating small O & M units in certain major departments and this is being pursued. But, again, much depends of course on the availability of competent staff.

Perhaps I should add that the Public Service generally has been given every encouragement since 1963 to participate in management training courses both here, under the auspices of the Hong Kong Management Association, and in the United Kingdom. Since 1968, for example, 18 senior officers have attended specialist and general management courses overseas. Senior departmental officers are well aware of the range of management techniques now available, and that there is no reason to believe that we are lagging in this field.

My honourable Friend, Mr KAN, put in a plea for the resettlement of all squatters. I should like to put the record straight on eligibility for resettlement. Squatters who are eligible include those occupying land required for development, those who are made homeless by natural disasters, and those who are recommended for compassionate resettlement by the Director of Social Welfare. In addition, resettlement accommodation is reserved for various categories of families that are not squatters, including families displaced from dangerous buildings under the Rent Advance Scheme, occupants of cottage areas that are required for development and the relief of overcrowded families living in resettlement estates.

My honourable Friend's proposal must be considered in the context of these existing commitments. And as the resettlement building programme is geared to the estimated requirements under these various heads, any major additional commitment could not be met in the near future without reducing the amount of accommodation available for one or more of these existing commitments.

I notice, however, that my honourable Friend very wisely qualified his proposal by referring to "squatters desiring resettlement". The latest estimate is that there are 363,000 squatters in the urban areas. It is of course impossible to say, precisely how many of these want resettlement though it probably would be fair to say that the majority of them would really like to have decent accommodation at a low rent and as close as possible to where they are living now.

The definition of squatter covers a wide range. It includes a large number of genuinely poor families but it also includes many people who, although technically squatters, are comparatively affluent and would not welcome resettlement. It is partly for that reason that the emphasis has been shifting away from resettlement towards Government Low Cost Housing; that is, that instead of the indiscriminate rehousing of families without any regard to their financial status, those in housing need, including squatters, should be encouraged to move voluntarily to the type of housing best suited to their status.

If the word "resettlement" is used only in the broad sense of rehousing in Hong Kong, then what Mr KAN proposes is already very much underway. Squatters can apply for subsidized housing in Government Low Cost Housing or Housing Authority flats, according to their income; and there are vacancies in these estates. These vacancies are in the less central areas; but with the increasing scarcity of sites in the central areas, it would be physically impossible to build sufficient accommodation to provide for all squatters in the areas in which they would prefer to live. And if they were compulsorily resettled it would mainly be in the same sort of location to which they have refused to move voluntarily.

For these reasons therefore, I would not myself be in favour of any proposal compulsorily to rehouse all squatters. That is not to say that I regard the present position as satisfactory; and I know that the Housing Board is giving further consideration to this very complicated question.

My honourable Friend, Mr WATSON, also referred to resettlement and stressed the need for progress in such matters as the relief of overcrowding in resettlement estates, and the conversion or rebuilding of the older estate blocks and resettlement policy generally. I understand that proposals under these heads are already under consideration by the Housing Board and that further proposals will be made in the near future. I can assure the Honourable Mr WATSON that any recommendations made by the Board as a result will be dealt with as expeditiously as possible by the Government.

The present programme makes inroads on the very real problems posed by both my honourable Friends, and will continue to do so, but there are limitations to the speed at which we can go as my honourable

[THE COLONIAL SECRETARY]      **Appropriation Bill—resumption of debate on  
second reading (11.3.70)**

Friend, the Director of Public Works, has said this afternoon. These limits are not merely financial—there are limits imposed by a shortage of labour, of skilled artisans and of suitable land.

My honourable Friend, Mr WATSON, complained about delays in local mail deliveries, and I must admit that he has grounds for his complaint. Not only has there been a very considerable increase in the total number of postal items handled in Hong Kong over the last two or three years but the number of items posted locally for local delivery has now, for the first time, and very dramatically, begun to exceed the number of items for delivery from abroad. The approximate figures from 1st April 1969 to date are 82 million for local items and 64 million for items from overseas. The ability of the Post Office to cope with this increased work-load is hampered by very genuine problems of accommodation and also, to some extent, by the need to employ untrained staff to cope with the extra work resulting from the recent reduction of postal clerks' working hours. However, I am hopeful that the situation will steadily improve as the new staff become more experienced, and I can assure my honourable Friend that the Postmaster General has the matter under constant review.

Commenting on the problem of hawkers at the opening of this session in October, Your Excellency noted that the Urban Council had agreed on the guiding principles for an overall policy towards hawkers, and that a start had been made in improving the most congested areas. I am very pleased to be able to say today that the Urban Council has reached conclusions on almost all the basic issues in this field, such as the classification of streets for permitted use by hawkers, the future of pedlar hawkers and so on. Hawker Liaison Units have been set up in the ten City Districts and have been active in paving the way for the implementation of the policy. The Hawker Control Force has been reorganized under its new Commandant to get better results from its limited manpower. Seven major and twelve minor street-clearing operations were carried out during the year and have notably improved conditions in these areas, as well as relieving traffic congestion in some. However, the rapidly growing number of vehicles on the roads is making it increasingly difficult to find street sites for hawkers, and it is no easier—indeed, if anything it is more difficult—to find off-street space for hawker bazaars, especially in the older built-up areas. However, wherever this is possible, space in new markets is being allocated for hawkers' use, and the possibility of combining bazaar sites with multi-storey carparks is being considered though opinion on the desirability of this is by no means unanimous.

I would like to say a few words about the operation of the new scheme for giving financial assistance to university students, which



started at the beginning of the current academic year. Roughly \$2,450,000 was provided for outright grants during the academic year 1969-70 calculated on the basis of a maximum grant of \$2,000 each for just over 1,200 students, or 25% of the total student body. These grants help students to meet tuition fees and other unavoidable expenses such as books, stationery and equipment. In fact some 1,800 students received outright grants for 1969-70, at amounts ranging from just over \$100 to the maximum of \$2,000. In addition, a little over \$3 million was paid out in interest-free loans, to help meet living expenses and hall fees. This provision was calculated on the basis of 25% of the total student body receiving a maximum loan of \$2,000 for students living at home, and \$4,000 for students in residence at the universities, and it was assumed that one-quarter of the students assisted would, in fact, be in residence. In fact, some 1,500 students have received loans for 1969-70, in amounts ranging from \$500 to the maximum of \$4,000. The total of \$5.5 million for outright grants and loans for 1969-70 is a very substantial increase over the assistance given previously.

Sir, I have attended more budget sessions in many parts of the world than I like to think of, and in every capacity from that of President to that of Clerk at the Table. But I have always observed that while it is the pleasant position of the Colonial Secretary to be able to agree with almost everything said by honourable Members, it is always left to the Financial Secretary to take issue with them. He has my sympathy, and my support in the motion which he has so ably moved.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT): —Sir, my honourable Friend, Mr WATSON, has said that he doubts if he could ever persuade me to join him on his euphoric cloud. It seems to me that so many public commentators have joined him there this year that there must be standing room only. Many people appear to be reacting to our present prosperity as if we had won first prize in a cash sweep and should be looking around to see what we should splash it on. It is indeed gratifying to have had a year when, after three comparatively leaner years, we have achieved the rate of growth we enjoyed in the early sixties; and it must be particularly gratifying to be able to advocate a large expansion of public expenditure without feeling any need to propose additional taxation to meet it. I am afraid, however, that a more sober appraisal of the facts of the situation suggests that things are not quite as they tend to be represented; although I think that what my Colleagues have added to what I said earlier about further plans for the expansion of public services shows that we do look to the future with a degree of optimism, even if our feet are on the ground rather than our heads in the clouds.

[THE FINANCIAL SECRETARY]     **Appropriation Bill—resumption of debate  
on second reading (11.3.70)**

We have been criticized for the fact that the Estimates do not provide for a much greater expansion of public services next year, although many of our critics, I suspect, probably have little idea how much expansion is in fact provided for. Figures are beginning, of course, to become so large as to lose their meaning; but, even so, this criticism appears odd when we are proposing to increase expenditure in next year by a higher amount than we have ever achieved before. Indeed, the increase alone equals approximately the whole expenditure of the year 1952-53.

But in any case money is not all that one needs to achieve development. I have often spoken of the time it takes to put together projects and policies and to see them reflected in actual expenditure. Also, of course, manpower is required. Time varies according to the type of project but it is difficult to get any major policy into its full stride in less than three years. A magic stroke of the Director of Education's wand will not produce an "instant" secondary school and its complement of teachers; nor that of my honourable Friend, the Director of Medical and Health Services, an "instant" 1,000-bed hospital with staff and equipment. Those who criticize what they regard as the inadequate expenditure proposals next year are disqualified from doing so if three years ago they failed to forecast our recent extraordinary economic expansion and to make reasonably specific proposal at that time for an increase in public services commensurate with that forecast; not that it would necessarily have been practicable to do more in the time. I think I myself can claim to have seen the symptoms of our recent economic growth much earlier than most (I recall being criticized for not increasing taxes two years ago).

It may be, of course, that the criticism is that, in the light of our recently realized economic growth, this year's budget should contain proposals for large-scale future expansion, even if these could not be reflected in terms of actual expenditure next year. This, too, is an unfounded criticism. I have explained before that the Budget is not the proper time for this. Policy-making is a continuous process and cannot wait for Budgets; nor Budgets for it. These are principally occasions for taking stock of the financial consequences of existing policies and for proposing how the cost of them should be met. It is probably that the relative steadiness of our tax structure has obscured this in recent years.

There is, indeed, a case for not having annual budgets at all because public spending cannot be readily forced into the artificial framework of a year. This case is reinforced by the continuing inability of many public commentators to understand this. But I myself, in spite of this, hold very strongly that the annuality of Budgets is

an essential safeguard of the constitutional duty of this Honourable Council to control the public purse; just as annual balance sheets are essential to the proper conduct of a commercial corporation.

I have become so concerned at these misunderstandings that I think that we might in future adopt the practice of publishing annually a forecast of expenditure arising from existing policies, not only for the next financial year but for the four years following it. This is now done in Britain. It is available to honourable Members in the Five-Year Forecast of Revenue and Expenditure but that Forecast is not suitable for publication as it stands. I should like to give the basic figures today because without them it is not easy to understand the full extent of our existing policies of expansion and the growth of expenditure built into them. We estimate that between now and 1973-74 expenditure will rise from \$2,100 million this year to \$3,200 million in 1973-74, an average increase of \$275 million a year. These figures were compiled last year and are based on last year's costs. Let me emphasize, because there are seeds of misunderstanding here too, that the figures are based on presently approved policies and projects only; actual expenditure, when the time comes, is unlikely to be limited to these. This seems to me to indicate a very great deal of faith in our continuing growth. For, just as it is difficult to generate expenditure quickly, it is difficult to reduce its inbuilt rate of growth quickly, should the need arise. Two years ago I estimated that an increase of 10% was unavoidable.

This year's surplus is a large one, particularly in absolute terms; but it is likely to dwindle quickly in the light of these forecasts of growth of expenditure. We should not be misled by the rate of growth of revenue this year. It is an exceptional year and it is the consequence, as I said in introducing the estimates, at least partly of inflation abroad. I doubt if that inflation will be allowed to continue at last year's pace; indeed, for the longer run, its continuance could bring adverse consequences outweighing the immediate benefits we enjoy today. But, while it does continue, it is likely to increase the costs of our public services as well as the yield of our taxes. Last year's increase was not, in fact, worth as much in real terms as similar increases in the different circumstances of the early 60's. The forecast I have given of expenditure up to 1973-74 will require about a 9% per annum growth in revenue in real terms, if it is not to be met without dipping into reserves or introducing additional taxation; or, to please my honourable Friend, Mr Wilfred WONG, and if it were possible, by borrowing.

No-one who is today advocating extensive expansion of expenditure beyond the level arising from present policies should confidently assume that the present surplus means that his proposals will not require additional taxation. This is too easy an assumption.

[THE FINANCIAL SECRETARY]     **Appropriation Bill—resumption of debate  
on second reading (11.3.70)**

I have been criticized for not achieving the same rate of growth for expenditure as for revenue, in spite of my explanation why this is not possible, year after year, except perhaps by the undesirable means of constant changes in taxes. But I have looked up my record in this connexion and have found that between 1961-62 and 1968-69, revenue increased by 98% and expenditure by 97%, which seems pretty close; although this is a rather too simple way of looking at it. 1969-70 spoils the record a bit, as this puts the increase in revenue over the whole nine years at 130% and in expenditure at 120%. But this has, I must insist, been a most exceptional year which could not have been forecast and whose rate of growth it seems improbable we shall be able to continue to maintain consistently.

I think also that our diversion to other matters in 1967 lost us what I believe in chess is called a "tempo"; growth of public expenditure, but not of the economy, was far below average that year and it will take time to make up the lee-way—particularly in relation to the extraordinary growth of revenue since.

I should like to add that, although I have said, and some have agreed with me, that underspending in good years and over-spending in the not so good is a sound practice, this does not mean that I believe we should deliberately go out to seek a surplus with this in mind (far less with any Keynesian ideas). But surpluses and deficits are a natural result of a steady growth of expenditure and steady tax rates, in conjunction with fluctuating but generally steep rates of economic growth.

I might refer here to my honourable Friend, Mr WATSON's even more optimistic new forecast of revenue by 1986, *i.e.* \$20,000 million. I am still not sure how serious he is but I have done some calculations. In the first place, he complains that it was not entirely honest of me to base my own forecast two years ago on the three preceding years which he believed to be unusually low. Surely it is right to look at the experience of the most recent years? But actually it was only two years that I took, 1966-67 and 1967-68, and he has not taken into account the fact that the 1966-67 increase must be reduced from 11% to 8% to take account of increased taxation, giving an average of 6¼% for the two years. Even taking 1968-69 into account as well, the adjusted average is only 7½%. I have already mentioned, too, the change in the real value of last year's revenue increase, due to its sources in world inflation.

But he has ignored the main fallacy, which I pointed out two years ago, in his assumption that we shall enjoy the same rate of revenue growth in future as we experienced on average from 1947-48 to date,

*i.e.* that he fails to take into account the fact that revenue growth reflects tax increases as well as the growth of the economy. I reckon that there has been a 50% increase in the total weight of taxation during this period; without this increase tax revenue would have been almost \$500 million less this year than they have been. It is too difficult for my purposes today to analyse non-tax revenue in the same way. The conclusion it seems that one can draw from this is that my honourable Friend proposes a similar increase in taxation over the next 16 years.

What is particularly interesting is that during this period taxes paid by road transport increased by 110%. It seems, therefore, that he proposes a similar increase in these particular taxes over the same period. This brings me a little closer to accepting my honourable Friend's revenue forecast (and his road traffic policy) but we remain very far apart.

While on the subject of surplus revenues, I should refer to a proposal by an honourable Member that our reserves should be used to meet the needs of increasing social services. It is not clear whether he was proposing that they be spent on recurrent or only on capital projects. I think he meant the latter because reserves once acquired are virtually capital and it would be dangerous to use them to expand recurrent financial commitments.

As to the separate financing of public works, I do not think we really achieve anything by allocating particular revenues or particular loan funds to particular projects in advance. We have to look at our resources and our needs as a whole at all times and priorities can change. And, as the honourable Member has said that his previous loan proposals were based on his belief that Government had "a rather fixed idea on adequate official reserves", let me repeat my last year's assurance that this is not so. I said then that, since 1962, we had not taken any hard and fast view about what part of our total surplus funds should be treated as a basic reserve; how far we should run down our funds was a question best left for decision in the circumstances of the time.

When speaking of our official reserves, my honourable Friend, Mr Wilfred WONG, included the Development Loan Fund, which, he said stood at \$881 million on 30th September 1969; the figure he put is in fact that of total allocations from the fund. The fund assets themselves stood at \$635 millions. This was, I think, a natural error on my honourable Friend's part as the estimates give the former figure but not the latter figure. Of this sum of \$635 million in assets of the fund, only \$9 million was available for actual spending at that date, the remainder being tied up in loans and investments. It would hardly be possible, when faced with salary bills to pay, to call upon the Housing Authority or the Building and Loan Agency to repay their

[THE FINANCIAL SECRETARY]     **Appropriation Bill—resumption of debate on second reading (11.3.70)**

loans in order to provide the cash we need. So important indeed is the concept of liquidity in fiscal matters that we publish on page 5 of the draft Estimates a specific statement entitled "The Liquidity of Surplus Balances". I draw my honourable Friend's attention to this. It is true, of course, that the Development Fund enjoys a substantial income estimated at \$50 million next year, which is available for further development projects.

I think I have said enough now about the general financial situation and its relation to the expansion of public services. Let me now speak on some more specific points which have been raised.

First, my honourable Friend, Mr Woo, has advocated abolition of Estate Duty or, failing that, an increase in the exemption limit. He has said that the yield amounting to \$15 million is merely a drop in the bucket—although in another context it has been suggested by another honourable Member that \$2 million at present raised by the Public Dance Halls Tax is fiscally important. I am afraid, that, however small the drop or, however, large the bucket, I believe myself that Estate Duty is important as a matter of equitable principle, particularly in the light of our necessarily incomplete form of Income Tax, incomplete both as to coverage and to progression.

As to the arguments against Estate Duty based on its allegedly discouraging effect on investment in Hong Kong, I have taken my researches into the origin of the tax further back than did my honourable Friend. Estate Duty was first imposed not in 1932, but in 1915 as stated by my honourable Friend; but even before that there was a rudimentary estate duty in the form of a substantial duty on probate. Although I have not traced it right back to its origin, probate duty was already here in 1886 and I suspect that it is in fact one of our oldest taxes. But what is really interesting is that in 1915 Members of this Council were speaking against the tax in almost exactly the same terms as we commonly hear today. Looking around today one would hardly suspect that investment has been discouraged. I am afraid that I can hardly accept an argument that we are in a position where we should follow in this matter the Bahamas, Bermuda, the British Virgin Islands, the Cayman Islands, the Isle of Man, Jersey or Guernsey; we have a more solid base for our economy than to be a residence of convenience for capital actually invested elsewhere.

As to raising the exemption limit my honourable Friend appears to make out as good a case for lower legal fees. But we have considered his suggestion, particularly in relation to the proposed relief at the lower level of Salaries Tax, and have decided to adopt it to the

extent of proposing an increase in the exemption limit from \$100,000 to \$200,000. The bill I shall be presenting later today makes provision for this.

The only other tax question raised, I think, was personal allowances for income tax. I had anticipated my honourable Friend, Mr Wilfred WONG's disagreement with relief for a substantial number of the lowest group of taxpayers, and I have some sympathy with his point of view; but I had not expected the support given by other honourable Members to increasing allowances after my explanation of the reasons for not doing so, as I saw them. I am afraid I still find it very difficult to think in terms of personal hardship arising from our present rates of income tax; nor do I accept that my comparison of allowances elsewhere with ours is misleading because, it is said, I have not cited social and other fringe benefits and tax deductions elsewhere. I did give an example of the high fringe benefits enjoyed by our taxpayers through educational subsidies alone. I think that if I were to give a complete statement of taxes and benefits the position of our middle-income groups would seem relatively more lightly taxed in Hong Kong than elsewhere, to a very significant degree. I am inclined to the view that we have a substantial element of inequity in our system of taxation and public services taken together. The tax system is generally non-progressive while services are made available free or nearly free to all, irrespective of means. This favours relatively the middle and upper income groups against the lower.

An honourable Member has spoken also of the size of the problem involved in the centralization of the control of finance and has suggested a greater degree of delegation of authority to departments by way of block votes. I think there is a tendency to under-estimate seriously the existing degree of delegation. There is really very little centralized control of finance and departments have a very substantial degree of delegated authority. It is true that this is generally subject to agreed codes and to general or particular financial regulations, and to the Annual Estimates. These last, however, are not in any great detail, recurrent expenditure being broken down between seven or eight subheads on average. Reference is needed to the Secretariat or to Finance Committee generally only when there is a need for supplementary provision; or where a matter of principle arises; or where there is need for that conformity of policy or practice which only centralization can give. These are very limited cases in the context of the total budget.

As to block votes themselves in any large sense, they are generally unsatisfactory devices. To set them at a reasonable level involves some pre-knowledge of what they are to be used for; while it is virtually impossible to consider a request for supplementary provision, because there has been no prior sanction of the objects on which the

[THE FINANCIAL SECRETARY]     **Appropriation Bill—resumption of debate on second reading (11.3.70)**

original vote has been spent. What block votes may give in flexibility of the objects on which they may be spent is offset by their inflexibility as to amount.

We have been engaged in recent years, successfully, in broadening the scope of financial delegation (which is by no means always popular with Heads of Departments), but this cannot be taken too far without prejudicing the Government's and this Council's general control. I attach the very greatest importance to preserving the latter of these from erosion—even in the interests of departmental enterprise. I am perhaps excessively conscious that the financial support for such enterprise derives from this Council's exercise of its power to appropriate the private resources of the taxpayer.

My honourable Friend, Mr HERRIES, has spoken about the need for further extensions to the Terminal Building at Kai Tak after the present extension has been completed. I shall not express any opinion today about the probable need; nor on what are acceptable or unacceptable degrees of congestion; nor on the clear need to stagger air-services rather than concentrate them at particular hours of the day; but I can report that planning of further extensions (known as Stage IV) has advanced to the stage where inter-departmental discussions on a specific plan are taking place, with particular reference to its timing and phasing. The planning has reached a point where working drawings for the first stages could commence as soon as a decision is taken.

I feel I must say something in support of my honourable Friend, the Director of Medical and Health Services, against the charge that has been made that Government has for years been haphazard in the forward planning of medical facilities. This is the reverse of my own experience. My honourable Friend, the Director, and his predecessors have kept their eyes steadily on the targets they set themselves several years ago and have progressed steadily towards them; indeed are, I believe, at this moment substantially in advance of the plan. Thousand-bed hospitals and similar institutions cannot be mass-produced and come steadily off the production line; there must be intervals between them. This perhaps gives an illusion of erratic development but it is, I believe, an illusion.

I have to thank my honourable Friend, Mr Q. W. LEE, for his comments on the remittance of some part of this year's surplus into sterling. As a banker he can explain the case for this more convincingly than I can, the more particularly as he is speaking against the immediate interests of banks; our action has been largely designed to divert from banks to public funds part of the income from overseas interest which would accrue to Hong Kong in any event.



There is only one point I should like to expand his remarks a little. He spoke of the remittance of surpluses as helping the foreign exchange position of sterling. This is not true today of public funds looked at in isolation; at present the sterling involved would be held by banks if it were not held by Government. It is true to say that the acquisition of balance of payments surpluses by Hong Kong as a whole helps sterling, as the foreign assets held by Government and banks must, at present, be held in sterling under the Guarantee Arrangement. It is clear that we have been running a substantial balance of payments surplus recently and I believe Hong Kong has been of considerable assistance to sterling over the past eighteen months.

My honourable Friend spoke of the possibility of diversifying our sterling reserves into other currencies when the Sterling Guarantee Scheme expires in 1973. I think it too early to consider this but I believe there will be preliminary consultations some time next year on the future of the Scheme.

There was a plea from honourable Members relating to the need for formal Gross National Product figures. Such figures are very inexact even in the most sophisticated countries I think they do not have a great deal of meaning, even as a basis of comparison between economies. That other countries make use of them is not, I think, necessarily a good reason to suppose that we need them. But, although I am not entirely clear what practical purpose they would serve in Hong Kong, I am sure they would be of interest. I suspect myself, however, that the need arises in other countries because high taxation and more or less detailed Government intervention in the economy have made it essential to be able to judge (or to hope to be able to judge) the effect of policies, and of changes in policies, on the economy. One of the honourable Members who spoke on this subject, said outright, as a confirmed planner, that he thought that they were desirable for the planning of our future economic policy. But we are in the happy position, happier at least for the Financial Secretary where the leverage exercised by Government on the economy is so small that it is not necessary, nor even of any particular value, to have these figures available for the formulation of policy. We might indeed be right to be apprehensive lest the availability of such figures might lead, by a reversal of cause and effect, to policies designed to have a direct effect on the economy. I would myself deplore this.

The other concern seems rather to be for our international prestige. If we had formal GNP statistics, I suppose we could boast of our economic progress in more precise and authoritative, even if not very accurate, figures and thereby prevent others from belittling us; but I cannot see any great value in that. It is the fact of our progress that is important.

[THE FINANCIAL SECRETARY]      **Appropriation Bill—resumption of debate  
on second reading (11.3.70)**

My honourable Friend, Mr Wilfred WONG, remarked that we have not yet heard from the University fellow appointed to study the question. In fact his report was published in December last year; I shall have pleasure in sending my honourable Friend a copy. My own conclusion from the report is that the expense and effort needed to produce even very approximate figures in our free economy outweigh the value of having them. As to cost, about which my honourable Friend, Dr CHUNG, enquired, the report suggests a figure of \$250,000 a year for basic salaries alone at 1967 levels. Today, I suppose the total cost would be of the order of \$500,000 a year. But the budgetary cost is only a small part of the story; I doubt if our friends in commerce, finance, the professions, *etc.* would relish the form-filling that would be necessary; for their time also is money. In the meantime we have a rough idea of where we are, certainly enough for any practical purposes; and we may be able to refine that idea to some extent in future from a number of sources. Perhaps we might consider the whole question again indeed when we see how the proposed census of Industrial Establishments goes.

But I feel myself that, in Hong Kong, GNP and other national accounts are a proper subject for academic rather than official research; as it was indeed in other countries at a time when the relationship of Government to the economy was not dissimilar from ours today. We should be happy to give any assistance we can in furtherance of such research.

If I may now turn to the perennial problems of roads and motor cars, I must apologize to my honourable Friend, Mr WATSON, at least partially. The conclusion which I quoted about the need, at some stage, to damp down private car ownership derives, as he says, from the Passenger Transport Survey of 1964-66; but I will say this in my defence that the introduction to the Long Term Road Study, which I wrongly quoted as the direct source of that opinion, states that it itself is the third in an interconnected series of reports, starting with the Passenger Transport Survey and continuing with the Mass Transport Study.

I am surprised that my honourable Friend should allege that Government may have dictated to Mr DALBY an assumption that it was unable to provide road capacity to match the increase in vehicle registrations. For if that were so, it was very odd that Government should proceed to commission a Long Term Road Study. It is the case, however, that the consultants for this latter study were told to assume that large-scale demolition of existing buildings for road improvements could not be contemplated. That is only commonsense, I think.

But in any event, contrary to what my honourable Friend says, the Long Term Road Study did confirm the conclusion of the Passenger Transport Survey. Its main conclusion, based on the rather heroic assumption that road improvements costing \$2,051 million (at 1968 prices) were carried out by 1986, was that "if ownership and use of private cars continues to rise with personal income, and public transport needs continue to be met by buses and trams, more than 50 miles of roads will become seriously over-loaded during the planning period". It also concluded certainly that if private car ownership were limited to about half the level it was expected to reach by normal growth, serious overloading could be predicted on about 35 miles of road and it is found further that the situation would be much improved if an underground railway were built, although even then it concluded that 10 miles of road would become seriously overloaded.

My honourable Friend referred only to this last conclusion, no doubt because he wished to take it for granted that an underground would be built to cater for those who use public transport; and that road congestion would thereby be alleviated for the remaining road users, principally commercial traffic and private cars. I am very interested indeed in this, for I think I can draw the logical conclusion from it that, as an underground would benefit residual road users to the extent of making their continued operation possible, then they can reasonably be expected to provide, through increased taxation, a substantial part of the cost of an underground as well as of road improvements. That would certainly simplify the financial problem.

I find it difficult, in any case, to accept my honourable Friend's figures for future revenue from road transport at present rates of tax, as congestion is likely to damp down, if not car ownership, then certainly car usage, during the intervening period before an underground could be built, and even thereafter; while, if the increase in car ownership continues at its present rate (on which my honourable Friend has based his assumptions of revenue growth), the consultants' 1986 forecast of car population will be reached by the end of this decade.

My honourable Friend's figures for revenue and expenditure connected with road transport (including fuel duties) are fairly close to ours although we would put revenue slightly lower and expenditure slightly higher. But, on present plans, and at present rates of tax, the position is likely to be reversed by 1972-73, when we estimate expenditure will exceed revenue by a substantial margin; while, if we project expenditure forward as my honourable Friend has projected revenue, then both his figure of \$600 million for revenue in 1986 and of \$6,400 million for total revenue in the period to 1986 will be substantially exceeded by expenditure.

[THE FINANCIAL SECRETARY]      **Appropriation Bill—resumption of debate  
on second reading (11.3.70)**

But I put little faith in such extrapolated figures on either side of the account, and I must, of course, put in my usual demurrer that my honourable Friend must not treat fuel tax as a contribution by motorists to a fund for providing benefits for themselves. It is a tax on consumption for purposes of general revenue and is not confined to road users. Other taxpayers do not have a privilege of this kind. The gap next year between revenue from and expenditure on road transport which my honourable Friend has commented on is just about equal to the yield of fuel taxes on transport. But I know that my honourable Friend and I will never agree about this.

But, if we are to have the number of private cars forecast, that is, 310,000 by 1986, another problem will arise in acute form much earlier than the problem of circulating space, that is the problem of residential parking, or, shall I say, low-cost housing for private cars. We are already close to the maximum that can be parked on public roads; indeed, perhaps more are already parked in this way than future road congestion can allow. I know my honourable Friend's view on Government duty in respect of parking in the sense of temporary parking at what the consultants call "car trip destinations"; but I am not sure of his views on the quantitatively much more serious problem of residential parking. To house the additional 230,000 private cars forecast for 1986 would require a housing effort roughly equivalent, in terms of money, to our total resettlement effort in the last fifteen years, that is about \$1,200 million at present costs. It would also require 200 acres of land, sufficient to house 300,000 people, much of which, if it was to be of any use for the purpose, would have to be resumed in existing areas of high density population; thereby adding significantly to the cost and, of course, causing serious social disturbance to the majority who will not be able to afford a car.

Were it possible to have these facilities provided by private enterprise, the annual rental for a car-space would add to the annual cost of motoring a sum not very far short of that said by my honourable Friend to be necessary to have an adequate dampening effect on car ownership.

If my honourable Friend were to suggest that there should be a subsidy for residential parking, I must reply that motor-car ownership, even on his assumptions, will remain a privilege of the minority. At present about 7% of families have cars; the forecast for 1986 is that by then this will have increased to about 17% only.

If I may return now to the more mundane world of the Estimates—Finance Committee's report on these, which has been laid on the

table today, records our intention of revising certain of the revenue estimates in the light of more recent information. I propose to amend this year's revised estimate for Head 1, subhead 1—Duty on Hydrocarbon Oils from \$131 million to \$140 million and for next year from \$139 million to \$150 million. I propose to amend the revised estimate for this year for Head 3, subhead 4—Earnings and Profits Tax from \$617 million to \$630 million and for next year from \$669 million to \$690 million. Information now available from company accounts suggests the higher figure for next year; that figure takes into account the changes I have proposed in personal allowances and will have to be increased by a further \$7 million, should they not pass into law.

Some surprise was expressed at the revenue estimates for land sales both in Finance Committee and in the present debate—not surprisingly, as, since the estimates were made up, actual revenue has already exceeded this year's estimate. After consulting my honourable Friend, the Director of Public Works, I propose to alter this year's revised estimate from \$86 million to \$120 million and next year's from \$77 million to \$102 million. This latter figure may seem low in comparison with the amended figure for this year but this year's revenue has been inflated by a single large payment by a utility company and by the payment, under the stimulus of improved prospects for development, of a substantial amount in overdue instalments on land sold in previous years.

These changes do not include the effect of my tax proposals other than on Earnings and Profits Tax. The Estimates will be amended appropriately should these proposals be adopted.

The Finance Committee Report also contains a list of proposed minor amendments, mostly by way of correction of errors, misprints and so on. None have any effect on the expenditure proposals or on the Appropriation Bill.

The amended revenue figures for this year relate only to the most important subheads. I do not think it is worthwhile amending them in further detail at this stage on the basis of the latest results. I should say, however, that a calculation done at the beginning of this week suggests that expenditure this year will be \$2,020 million against the printed revised estimate of \$2,088 million; and that revenue this year will be \$2,470 million against the printed revised estimate of \$2,380 million, giving an amended surplus of \$450 million for the year. I am not particularly surprised at the degree of underspending against the revised expenditure estimate. I spoke of this probability when introducing the estimates. The difference of \$68 million is not very different from last year's \$58 million. But I continue to be surprised by the buoyancy of revenue; I had expected some falling off in the last two

[THE FINANCIAL SECRETARY]     **Appropriation Bill—resumption of debate on  
second reading (11.3.70)**

months of the financial year, as is usual, but collections have continued at a high level.

As to next year, the amendments to the revenue estimates which I have listed, and the tax changes I have proposed, result in a revised estimated surplus of \$187 million against the original estimate of \$137 million.

*Question put and agreed to.*

Bill read the second time.

*Bill committed to a committee of the whole Council pursuant to Standing Order No 54(3).*

**ENTERTAINMENTS TAX (AMENDMENT) BILL 1970**

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) moved the second reading of:—"A bill to amend further the Entertainments Tax Ordinance."

He said:—Sir, this bill seeks to give effect to the proposal which I made when introducing the Estimates that all live entertainment be freed from Entertainments Tax. I gave reasons for so proposing at that time and, as the proposal was generally welcomed and no Member of this Council has spoken against it in the Budget debate, it is proposed to put it through all its stages today. This is desirable because it is important that those in the entertainment industry should know where they stand as soon as possible and there are practical problems about ticketing.

The bill follows the United Kingdom model of a few years ago, when a similar measure was introduced, in not attempting to define "live entertainment" but instead specifying the types of entertainment to which the tax will continue to apply. *i.e.* cinemas and horse-racing. There are certain types of entertainment which would be difficult to define in terms of being live or not, for example, amusement parks and gramophone recitals. Only the former of these produces any significant revenue, about \$800,000 a year, and much of that is probably genuinely live. The rest is not really worth the cost of collection.

*Question put and agreed to.*

Bill read the second time.

*Bill committed to a committee of the whole Council pursuant to Standing Order No 43(1).*

*Explanatory Memorandum*

The purpose of this Bill is to restrict the application of the Entertainments Tax Ordinance to cinematograph exhibitions and race meetings at which totalizator or *pari-mutuel* betting is conducted.

Clause 2 amends the definition of "entertainment" accordingly.

Clause 3 removes a paragraph made redundant by the removal of live entertainment from the scope of the Ordinance.

This measure was proposed by the Financial Secretary in his Budget speech.

**PUBLIC DANCE-HALLS TAX (REPEAL) BILL 1970**

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) moved the second reading of:—"A bill to repeal the Public Dance-Halls Tax Ordinance."

He said:—Sir, this bill also seeks to give effect to a proposal I put forward when presenting the Estimates.

Two honourable Members have voiced a degree of opposition to the proposal in the debate on the Estimates and my honourable Friend, the Secretary for Home Affairs, has elaborated the reasons for wishing to repeal the tax. He has, I hope, dispelled the fears of the two honourable Members as to the moral implications, but in view of their expressed doubts, my honourable Friend, the Colonial Secretary, will propose that the second reading be adjourned until the next meeting of Council. Fortunately there are not the same practical problems as with Entertainments Tax.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

The purpose of this Bill, which repeals the Public Dance-Halls Tax Ordinance, is to abolish, as from the 1st April 1970, the taxes payable under that Ordinance. This measure was proposed in the Financial Secretary's Budget speech.

**ESTATE DUTY (AMENDMENT) (NO 2) BILL 1970**

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) moved the second reading of:—"A bill to amend further the Estate Duty Ordinance."

He said:—Sir, this is the third bill seeking to give effect to tax proposals I made when introducing the Estimates. At that time I gave the reasons for the proposal to reduce the top rate to 20%; and, in winding up the debate on the Estimates, I said that we proposed to accept, in part, the further suggestion by my honourable Friend, Mr Woo, that the lower limit of exemption be raised—although to \$200,000 only, for I must confess that I have difficulty in accepting that an estate of \$200,000 is a small one. The cost of this further concession is of the order of half a million dollars a year. The bill before Members seeks to apply both these changes to the estates of persons dying after 1st April 1970.

I should like to take the opportunity of adding that my proposals for charges in personal allowances under the Inland Revenue Ordinance require rather more complicated drafting, but I hope to be able to present a bill to Council very soon.

*Question proposed.*

*Motion made (pursuant to Standing Order No 30).* That the debate on the second reading of the bill be adjourned—THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER).

*Question put and agreed to.*

*Explanatory Memorandum*

This Bill gives effect to the proposal, made by the Financial Secretary in his Budget speech, to reduce the rate of estate duty payable on estates valued at \$2,000,000 or more to 20%.

Clause 5 of the Bill adds a new Ninth Schedule setting out the rates applicable to the estates of persons dying on or after 1st April 1970. The other clauses make minor consequential amendments.

**Committee stage**

Council went into Committee.

**APPROPRIATION BILL 1970**

HIS EXCELLENCY THE PRESIDENT:—We will now consider the Appropriation Bill 1970 taking the Schedule first in accordance with



Standing Order No 55(1). With the permission of Council I think it will save time if I put the question on five heads at a time unless an honourable Member wishes to speak on a particular head in which case we can revert to that particular head and take it separately.

Head 21 was agreed to.

Head 22.

MR FUNG HON-CHU: —Your Excellency, I note that the personal emoluments for this department amount to more than \$12 million. This is greater than those for the New Territories Administration and virtually twice those for the Secretariat for Home Affairs.

Surely with the progressive reduction of the area being devoted to agriculture over the years and also the progressive reduction in the size of the fishing community, the number of staff in this department should also decrease. Continued increases in the size of the establishment in the face of diminishing responsibility seems on the face of it to be unjustifiable. If expenditure is in any way related to Government's assessment of the relative importance of various activities, it would appear that the Agriculture and Fisheries Department is twice as important as the Secretariat for Home Affairs. Is this in fact the assessment? If not, then why is Government devoting more funds to what is less important at the expense of something which is more important? I understand that many of the City District Officers are hard pressed and could well do with more staff.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT): —Sir, as the Director of Agriculture and Fisheries is not a Member of this Council, I take it upon myself to speak for his department. I think that my honourable Friend's remarks were based to some extent on misunderstanding of recent developments in agriculture and in fisheries.

There has not, in fact, been any significant reduction in land utilization in recent years, although there has been an increasingly intensive use of it, particularly in the field of poultry production and certain field crops.

Market gardening production, principally vegetables, has, for example, increased four times in the last ten years, and poultry seven times.

As to fisheries, reduction in the size of the fishing community is a reflection not of the reduced scale of operations but a deliberate move under the active encouragement of the department to larger and more efficient fishing vessels; between 60 and 70 such vessels are at present

[THE FINANCIAL SECRETARY] **Appropriation Bill—committee stage**

operating and the annual catch has more than doubled in the last ten years.

It is clearly of considerable importance that we make the most efficient use of our scarce resources providing we make economic use of them, particularly in the light of the scarcity of manpower in the field of primary production. It is the function of the department to promote this, with particular reference to productivity, and its responsibilities are, I think, increasing rather than diminishing. It is by its nature a department which requires substantial numbers of staff to carry out its work.

Between 1965 and 1968, the annual value of primary production, excluding forestry work (since timber production is not the main objective), doubled to about \$526 million. Some of the increase certainly is due to higher prices but it reflects also substantial increases in the volume and quality of production. It is in the light of figures of this sort that the cost of the department must be regarded, not in the light, as suggested, of comparison with estimates of expenditure of other departments with responsibilities of an entirely different nature.

Head 22 was agreed to.

Head 23 was agreed to.

Head 24.

DR S. Y. CHUNG: —Sir, although the actual field work for the Population and Housing Census as well as the Census of Establishments will be carried out during the fiscal year 1970-71, there has been some preparation work prior to 1970-71 and there will also be some analytical work and publication expenses after 1970-71. Will Government give an estimate of the overall total costs for this complete exercise of the Population and Housing Census and Census of Establishments?

THE FINANCIAL SECRETARY: —Sir, the overall total cost of the Census including preliminary work in the Private Census is approximately \$9½ million. Just over half a million dollars has been provided in the 1969-70 financial year, a little over \$8 million is provided in the estimates before us now and the balance of just under \$1 million will be required in the year 1971-72.

Head 24 was agreed to.

Heads 25 and 26 were agreed to.

Head 27.

DR CHUNG: —Sir, I was surprised to find under Sub-head 1(17) the post of Director of Public Works in the London Office. Will Government explain the need for such a post in the London Office?

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —I am not in the least surprised by my honourable Friend, Dr CHUNG's surprise to find the post of Director of Public Works in the London Office. The short answer is that there is no such post. It is at the moment a supernumerary post as a technicality to cover the remuneration of Mr A. M. J. WRIGHT, the former Director of Public Works, as Administrative Commissioner of the Hong Kong Government Office in London. The salary shown in the Estimates is personal to Mr WRIGHT, whose services were extended and, when he retires, the appropriate grading for the post of Administrative Commissioner will be considered. I have, however, asked personally that in future it would be simpler to show the post of Administrative Commissioner and explain his salary in the footnote.

Head 27 was agreed to.

Heads 28 to 33 were agreed to.

Head 34.

MR P. C. WOO: —Sir, under this Head there is a Sub-head for a cadet corps and I understand the provision is merely for the recurrent expenditure of the current year of 8 units of cadets, consisting of 800 persons. I also understand that application for 6 additional units have been sent to Government and I am grateful to my honourable Friend, the Financial Secretary, who assures me that if the application is approved, this can be met by supplementary provision. Sir, may I take the opportunity to mention the special characteristic of the cadet corps of the Civil Aid Services. The Civil Aid Services is a general purpose organization and the Services claims that these cadets should not be viewed as other cadets, for example, the Hong Kong Regiment who has now 80 cadets and intends to increase to 135 cadets, but the Hong Kong Regiment train these cadets with a view to provide potential recruits for its own services. The Civil Aid Service cadets are generally trained and they can join any other auxiliary or regular services when they reach the age of 19. The Civil Aid Services can train 12 units more by the end of 1971 by stages and, when these are trained, they provide a pool of very important and skilful young men to serve the Colony. Sir, the expansion of the cadet Civil Aid Services should receive careful consideration from Government.

Head 34 was agreed to.

Head 35 was agreed to.

Head 36.

**Appropriation Bill—committee stage**

MR Y. K. KAN: —Sir, once again I must voice my objection to Sub-head 1 under this Head, that is, Sub-head 1—"Defence Contributions".

I do not propose to propound on the grounds for my objection. They are, I think, well known to this Council. I have in fact expressed my opinion on this item on two occasions in the past, I would rest with recording my objection.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER): —Sir, as the Colonial Secretary said in 1967 and again in 1969, and I wouldn't mind betting in 1896, I note my honourable Friend's objection and although I may not necessarily agree with all his feelings on the subject, I respect his feelings. We did enter into the most advantageous agreement that we could reach under the circumstances and though we may not like it, we have to abide by it.

Head 36 was agreed to.

Head 37.

MR WILSON T. S. WANG: —Sir, under this Head of Expenditure a total of 238 million dollars is earmarked to provide for about 640 thousand primary school places. This shows that the increase of places will be about 22,000 places for this year and this does mark a step nearer to the target we are trying to achieve, that is, an aided place in a primary school for every child who wants it. But I think what it amounts to is the question of how to establish that it is a child who wants it, or the parent who wants it (we have at the present moment 60,000 children of school-age who are not in schools). I would like to know from the Director of Education what step he is going to take about it, admitting that compulsory education is not feasible at this moment? Is there any part of expenditure which is allocated in this Head which he can use for this purpose? On post-primary education, I understand that the Director of Education is proposing a plan, but I am sure we can well take it that the future emphasis will be on technical education and practical education, and this is the field where we are short of the right teachers. I think it would not be too much of a mistake that, while we are considering the general plan, we should go ahead with the training of teachers for technical or vocational subjects, and this is where I would like to see us go ahead otherwise we may be caught when all the plans are set up and we have no teachers to enable us to implement the plans. It is with these two reservations that I vote in support of this part of the expenditure.

DR CHUNG: —Sir, I want to raise two points on this Head relating to the Education Department. My first point is about the annual recurrent expenditures for secondary technical schools and junior technical schools, which I understand are included in the amount of about \$95,000,000 under the Sub-head of "Secondary Education". Will Government give the actual amount earmarked for these secondary technical schools and junior technical schools respectively for the fiscal year 1970-71?

My second point, Sir, is similar to that raised by my Honourable Colleague, Mr WANG, just now, but concerns more particularly with technical teacher training. In view of the need for the rapid expansion of our technical education, particularly at the middle and lower levels in the decade of the 1970s, the training of technical teachers is an important and pressing problem. Many people would like to know how much we spend on this area of activity in Hong Kong. However, I cannot locate any Sub-head for this particular aspect of expenditure. Will Government, therefore, clarify where and how much are the provisions for technical teacher training?

MR CANNING: —Sir, let me say first, in answer to what my honourable Friend, Mr Wilson WANG, had to say, that it is correct that the estimates for Education expenditure include a total of \$238 million in respect of primary education. I regret however that I misinformed him in regard to the number of places that this sum was required for when he enquired recently. The total number of government and aided primary places provided for in 1970-71 will be 684,290, an increase of 65,250 places. The confusion, I much regret, was caused in part by the fact that the annexe primary schools do not appear as a charge against Head 37, the present Head we are discussing to which his questions were directed. The capital costs of these schools appear in the Public Works Non-recurrent Vote.

The figure of 60,000 children of primary school age, that is 6-11 years old, not attending primary school has been arrived at by subtracting the number of children in that age group which schools stated were attending primary schools at March 1969 (some 587,000) from the population of 647,000 in that age range in mid-year 1969 given in the Medium Projection II figures from the By-Census 1966. It is therefore an approximate figure but the most accurate figure which can be arrived at using present information. I should also add that this figure is affected by the simple fact that a number of children for a variety of reasons do not begin their primary schooling as soon as they have reached the age of six. For example, there were 14,390 children in registered kindergartens of primary school age at that date and there is every likelihood that the great majority of these children will continue with their primary education. In this connexion it must also be remembered

[MR CANNING]     **Appropriation Bill—committee stage**

that kindergartens with an enrolment of 9 children or less are not required to register under the Education Ordinance.

I would think that a major socio-economic survey would be required to give a full answer as to why children of primary school age are not in primary schools.

I confirm the figures quoted by my honourable Friend relating to secondary education. As I indicated in my speech earlier today consideration is being given to the expansion of post-primary education and I thought I had stressed but I might not have paid as much attention to it as I should have done, but I thought I stressed that the teacher training needs will have to be assessed.

This leads me now to the points raised by my honourable Friend, Dr S. Y. CHUNG. He is correct when he says that the annual recurrent expenditures for secondary technical schools and junior technical schools are included in the amount of \$95,086,500 under the subhead of secondary education. Of that amount the secondary technical schools require an estimated recurrent expenditure of \$6,924,600 and the junior technical schools require \$549,000 for their estimated recurrent expenditure. There are other three year secondary schools, the secondary modern schools, offering courses with a practical bias and it is estimated that they will require for their recurrent expenditure \$2,168,600.

This does not however tell the full story of what will be spent on these categories of schools during 1970-71. Various non-recurrent items of expenditure including part of the costs of building and equipping three new schools will need to be paid for and it is estimated during 1970-71 the total expenditures planned in the secondary technical field will be \$13,248,850 and in the junior technical field in which I include the three-year secondary modern schools it is estimated that we will spend a total sum of \$2,789,490.

In answer to the further point raised by my honourable Friend, Dr S. Y. CHUNG, the training of technical teachers is carried on jointly by the Technical Institute and the Colleges of Education. The costs of this training are included in the general estimates for Technical and Further Education and are not separately shown.

At present there is operating a one-year course intended to produce 20 trained teachers annually. The candidates on this course are holders of the Ordinary Diploma of the Technical College with some experience in industry. The first output of this course is expected in July of this year.

It is proposed in September 1970 to begin a two-year course of training for technical teachers, in addition to the one year course I

mentioned, which will also produce annually 20 teachers. The minimum level for entry to this two-year course will be a Certificate of Education gained after a five-year secondary technical school course with high standards in technical subjects.

It is hoped that a combination of these two courses, expanded in due course as resources allow, will meet the needs for technical teachers in the junior technicals, secondary technicals and technical institutes which are not now being met from other sources.

Head 37 was agreed to.

Heads 38 and 39 were agreed to.

Head 40.

MR FUNG:—Your Excellency, my honourable Friend, the Colonial Secretary, announced in this Council that a senior Administrative Officer would be sent to the Immigration Department for the purpose of examining its administration. I have been assured that it is Government's intention to proceed with this plan. However, I see no provision for an Administrative Officer in the provisions under this Head. I would like to know whether it will be a permanent appointment, what precisely will be the terms of reference under which the said officer will be expected to carry out his task and when he will be sent. It is perhaps not entirely relevant to the present discussion but I am sure that the public will welcome an early clarification by Government.

THE COLONIAL SECRETARY (SIR HUGH NORMAN-WALKER):—Sir, I can confirm that a staff grade Administrative Officer has been selected for assignment in the Immigration Department. The officer concerned is at present on leave but he is due back in Hong Kong in about four weeks' time and should be available to start his assignment later next month or early in May. No provisions for his salary is made under the Immigration Department Head since his posting is by way of a secondment not necessitating the provision of a permanent post and he will, in fact, be paid from the Colonial Secretariat vote. He will be required, in conjunction with the Director of Immigration, to take such steps as are necessary to reorganize Immigration procedures so as to achieve a proper balance on the one hand between eliminating loopholes and scope for corruption in departmental procedures, and on the other in avoiding such rigidity as to cause unjustified hardship or inconvenience to the public.

Head 40 was agreed to.

Heads 41 to 54 were agreed to.

Head 55.

**Appropriation Bill—committee stage**

DR CHUNG: —Sir, I would like to refer to Sub-head 6(1) for "Conveyance of mail by air". The approved estimates for this Sub-head 6(1) of Head 55 were \$27.8 million for the fiscal year 1968-69 and \$39 million for the fiscal year 1969-70. These figures indicated an increase of expenditure of almost 40% for this item in 1969-70 as compared to 1968-69. For the next fiscal year 1970-71, the estimated expenditure for this item is \$47 million, which represents an increase of only 20%. Even on absolute terms there is a reduction in the rate of increase. Firstly, will Government inform this Committee the actual expenditure of this item in 1968-69 and the revised estimate for the current year 1969-70. Secondly, is Government satisfied that the 1970-71 estimate is really realistic?

MR K. A. WATSON: —Sir, in the past, the increasing amount of work in the Post Office has usually been matched by an increase in the number of people employed. But in the past 3 years there appears to have been a change. From 1966-67 to 1969-70, the revised estimated revenue, the approved expenditure and the annual surplus have all increased by approximately 40%. But the number of people working in the Post Office in 1966-67 according to the estimates was 1,962. In 1969-70, it had fallen to 1,954. If we assume that the figures for revenue indicate roughly the volume of work involved, this means we now have about 40% more work and this is being done by less people than were employed 3 years ago. My honourable Friend, the Colonial Secretary, has explained the slow deliveries by referring to lack of space and to the difficulty of training new staff. There is, however, very little or no evidence of this new staff either in the present year's accounts, and the increase shown in the 1970-71 estimates is only 1.7% more than the figure for 1966-67, 4 years ago. May I suggest that the establishment of the Post Office for 1970-71 be reviewed and more staff taken on in order to provide better postal deliveries.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT): —May I deal first of all with my honourable Friend, Dr CHUNG's point. The rapid growth of airmail traffic in recent years has made it very difficult to calculate the accurate provision required for this vote, particularly as the estimates have to be based on figures prepared some 4 to 5 months before the beginning of the financial year. On his specific points, the actual expenditure in 1968-69 was \$41 million compared with the original estimate of \$27.8 million. This very large increase was due not only to growth of traffic, but also to higher cost of conveyance in Hong Kong dollar terms due to devaluation. As to the 1969-70 estimate the latest revision of the funds required is \$47½ million. In the light of these recent trends, the Postmaster General has reviewed his original



estimate for 1970-71 and now takes the view that he will require \$54 million next year or \$7 million more than the figure standing in the draft estimates. If he is correct in this forecast, and I have got no reason to believe that he is not, we will have to come to this Council for supplementary vote, but, of course, such supplementary vote will be matched virtually dollar for dollar by increased revenues.

As to the point raised by my honourable Friend, Mr WATSON, I am afraid I can give a very incomplete reply only to what he has said. So far as I am aware the Postmaster General has on no occasion failed to secure the staff that he requested and it may well be that the growth of traffic being in excess in the growth of staff is a matter of increased efficiency in certain aspects of the Postmaster General's work I don't know, but we will certainly bring to his attention the suggestion by my honourable Friend that his staff requirements be reviewed.

Head 55 was agreed to.

Heads 56 to 71 were agreed to.

Head 72.

MR FUNG: —Can my honourable Friend, the Secretary for Home Affairs, confirm my understanding that many of the City District Officers are hard pressed and could well do with more staff and, if my understanding is in the affirmative, what step Government is going to take.

THE SECRETARY FOR HOME AFFAIRS (MR D. R. HOLMES): —Yes, Sir, I can confirm that the proposition as put by my Friend is correct, but it does not follow that it is desirable or easier or even practical to carry out a rapid further expansion of the staff of the Department which was itself almost doubled in size in 1968 with the setting up of the scheme to which the honourable Member has referred. Certain increases in staff are provided for in the estimates before Council, others are still in the process of being considered, not in the sense that they have been excluded from the present head as before Committee, but in the sense that the examination of this further project has not yet been completed. I would like to thank the honourable Member for what I take to be a favourable and helpful interest which he takes in this new organization, but I am sure he will appreciate that we do find it necessary to regard the present period as one of consolidation and we see great dangers in attempting to over expand the stall in a machine which has really been tried for a relatively short period and I think we shall aim, we have been aiming, to keep this tempo of work within the capacity of the existing staff or the staff of that order, and I would myself have misgivings about attempting any very large expansion at the present time.

**Appropriation Bill—committee stage**

Head 72 was agreed to.

Heads 73 to 84 were agreed to.

The Schedule was agreed to.

**Clauses 1 and 2 and the Preamble were agreed to.**

**PENSIONS (AMENDMENT) (NO 2) BILL 1970**

Clauses 1 to 6 were agreed to.

**ENTERTAINMENTS TAX (AMENDMENT) BILL 1970**

Clauses 1 to 3 were agreed to.

Council then resumed.

**Third reading**

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) reported that the Appropriation Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) reported that the Pensions (Amendment) (No 2) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

THE FINANCIAL SECRETARY (SIR JOHN COWPERTHWAIT) reported that the Entertainments Tax (Amendment) Bill 1970 had passed through committee without amendment and moved the third reading of the bill.

*Question put and agreed to.*

Bill read the third time and passed.

### ADJOURNMENT

Council adjourned *pursuant to Standing Order No 8(5)*.

5.58 p.m.

### NEXT SITTING

HIS EXCELLENCY THE PRESIDENT: —Council will accordingly adjourn. The next sitting will be held on 8th April 1970.

*Adjourned accordingly at two minutes to Six o'clock.*