

25TH JANUARY, 1892.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, Sir WILLIAM ROBINSON, K.C.M.G.*

Hon. W. M. GOODMAN, Acting Colonial Secretary

Hon. A. J. LEACH, Acting Attorney-General.

Hon. J. H. STEWART-LOCKHART, Registrar-General.

Hon. N. G. MITCHELL-INNES, Colonial Treasurer.

Hon. F. A. COOPER, Acting Surveyor-General.

Hon. W. C. H. HASTINGS, Acting Harbour Master.

Hon. C. P. CHATER.

Hon. Ho KAI.

Hon. J. J. KESWICK.

Hon. T. H. WHITEHEAD.

Mr. A. M. THOMSON, Acting Clerk of Councils.

THE DEATH OF THE DUKE OF CLARENCE AND AVONDALE.

HIS EXCELLENCY—Hon. gentlemen, a very painful duty devolves upon me this afternoon, in consequence of the great sorrow which is overshadowing the British Empire. On the 15th inst. I received a telegram from Lord Knutsford announcing the death of Prince Albert Victor of Wales, Duke of Clarence. Their Royal Highnesses the Prince and Princess of Wales by their personal qualities, apart from the conscientious performance of their public duties, command the respect and affection of millions of Her Most Gracious Majesty's subjects. No Royal personage has ever taken so great a practical interest in Her Majesty's colonies as the Prince of Wales, and his sons have on different occasions visited nearly all of them. I am sure therefore that I express the sentiments of all classes of this loyal community when I say that Her Majesty the Queen and the Prince and Princess of Wales have our deep and heartfelt sympathy in the inexpressibly sad bereavement they have sustained by the death of the eldest son of the Prince and Princess, Prince Albert Victor. I have already sent a telegram to that effect, which has been graciously acknowledged. Cut off in the early days of his manhood, and at a moment when his parents and all England were filled with rejoicing at the prospect of an alliance approved of by the nation, the death of the Duke of Clarence is not only a most distressing event so far as the

Royal Family is concerned but a national calamity, calculated to awaken the profoundest emotion throughout the civilised world. Having no doubt that the Council desires to express its condolence with the Royal Family in these painful circumstances I now beg to move the following address:—

"We the Governor and Legislative Council of Hongkong desire to express our heartfelt sympathy with Her Majesty the Queen and the Prince and Princess of Wales in the irreparable bereavement they have sustained by the death of Prince Albert Victor, Duke of Clarence and Avondale."

Hon. C. P. CHATER—In the absence of the senior unofficial member the mournful duty devolves upon me, of adding to your Excellency's remarks, and one more mournful it has never been my lot to undertake. The subject which is now before us forms the wave of sorrow which has passed over the whole of the British Empire, the sorrow of all loyal subjects at the loss of their future king and at the bitter calamity which has befallen our Royal Family. I need not dwell on the sad features of this great loss, but I can only hope that the royal family may derive some consolation from the true and heartfelt sympathy which has been manifested throughout the length and breadth of the Empire, a sympathy in which we to-day in Hongkong publicly and solemnly declare our participation. On behalf of all the unofficial members I beg to record our heartfelt sympathy with the proposition made by your Excellency.

The resolution was then adopted.

THE FINANCIAL POSITION OF THE COLONY.

HIS EXCELLENCY—Hon. gentlemen, as this is the first time we have met for the transaction of public business, I think that before we deal with the orders of the day I may very properly make some remarks in reference to the position and prospects of the colony. Doubtless you expect me to do so. As a preface to those remarks I would mention that I am happy to find myself associated in Council with gentlemen several of whom have for a long time devoted their energies to the service of the colony I

* Sworn in 10th December, 1891.

am certain that I shall receive from both official and unofficial members that support and assistance which you are so well able to give and which have invariably been extended by this Council to a Governor who has, as I claim to have, the true interests of the community at heart. I shall always be ready to receive any advice and suggestions you may tender to me, and to weigh such advice most carefully and respectfully. Our relations will, I trust, be ever of the most harmonious character and the proceedings of the Council conducted with due dignity and decorum. Having only been in the colony for six weeks I must claim your indulgence if I should appear in any way to fail to appreciate correctly the position of its affairs. The first public document which attracted my attention was naturally the address delivered in this chamber on the 15th of October last and the colonial estimates for 1892, which had been sent home before my arrival. I at once conveyed to the Secretary of State an expression of my opinion that in one particular at all events those estimates were framed in far too sanguine a spirit. The principal item which struck me as over-estimated was a most valuable portion of our revenue, namely, the yield of the Opium Farm. There may, of course, have been an object in over-estimating this amount. The figures, I understand, were arrived at in the following manner:—1892, January and February, at the reduced amount agreed upon in 1891, namely, \$35,800 per month, equal to \$71,600; ten months at the original amount of tender, \$39,800 equal to \$398,000, making \$469,600; add 1891 ten months' arrears at \$5,000 per month equal to \$50,000, making a total of \$519,600. The highest tender which has been received for the next three years is at the rate of \$340,000 a year, and therefore the receipts for 1892 will be as follows:—1891, ten months' arrears, at \$5,000 per month, \$50,000; 1892, January and February at reduced amount, \$37,800, \$71,600; 1892, ten months' at \$28,400 per month, \$284,000, making a total of \$405,600 and leaving a deficit on the estimated revenue for 1892 of \$114,000 and a prospect of \$340,800 only from the Opium Farm for 1893 and 1894. It is hardly possible at this moment to state what the actual revenue and expenditure of 1891 have been, but I am informed that the amount collected was \$2,019,136 instead of \$2,052,098 as estimated. The difference is owing to the fact that land sales realised only \$55,325 out of an estimate of \$100,000. The total expenditure of 1891 will be as nearly as possible \$2,357,488 instead of \$2,416,626 the estimated amount. The expenditure therefore for 1891 will have been \$337,352 in excess of the revenue. You will of course notice that those figures do not agree with the revised estimates for 1891 which are embodied in the colonial estimates issued in October, but they are compiled from the latest returns in the Colonial Treasury. The balance of assets over liabilities on the 31st December was, it is said,

about \$150,000. This is not a very large sum and points to the necessity of economy in the future. It will be my duty to prevent any ordinary expenditure therefore which is not absolutely necessary. There are some satisfactory features in the returns for 1891. For example, stamps were estimated to yield \$179,356; there have been collected \$193,979, showing an excess over the estimate of \$14,663. The revenue from this source in 1890 was \$203,160, an excessive yield which can easily be explained. In the Registrar-General's department there has been an increase of \$7,138; in the Supreme Court a decrease of \$4,000. In the returns of that Court there is one most gratifying feature, namely, a remarkable decrease in the number of criminal cases tried. They amounted in 1891 to only 32, whereas the average from 1882 to 1886 was 87, and the average from 1887 to 1890 73 per annum. There is only one other item to which I would call special attention, and that is the tonnage of shipping in and out during 1891. My predecessor in one of his able and elaborate speeches state that the total tonnage in and out in 1890 was 131/2 million tons, and he regarded it as phenomenal, but it may surprise you to learn that notwithstanding a slight shrinkage in the foreign junk trade, which is principally owing to the river steamers having absorbed the carriage of kerosine and matches, the shipping in and out last year represented no less than 177,005,698 tons. Some very interesting and lucid returns from the Acting Harbour Master in reference to this stupendous traffic will shortly be published. During the last six weeks I have visited nearly every public institution and every public department. No stranger coming to Hongkong can fail to be struck with the magnificent works which have been and are being carried out by the Public Works department. The water and drainage works, Bowen Road, the great Reclamation Scheme, and the Central Market are and will be lasting monuments of the energy and ability of that department as well as of the liberality of the Legislative Council. But there are other works which have been recently executed or are nearing completion which might, in view of diminishing assets, have fairly been postponed until more prosperous times. With regard to the future, it is evident that if the public works extraordinary described in pages 43 and 44 of the estimates are to be carried out, and I assume for the moment that their necessity with perhaps very few exceptions is admitted, the revenue will not be able to bear the expenditure without a considerable increase of taxation. To my mind it is both unfair and illogical to tax the present generation for public improvements which will be of more benefit to posterity than they can be to existing taxpayers, and the only way of proceeding with these undertakings

is by a loan, the Council having previously approved of the detailed estimate and designs as the case may be in respect of those works. I am sure that you will give me a patient hearing if I deal with this question at some length on the assumption that a loan must be contracted, and that with little delay. Before doing so I would remark with regard to the proposed expenditure in 1892 that it is possible that a saving can be effected under item 9, improvement of the recreation ground. The lowering of Queen's Road West has been abandoned. The re-construction of Governor's residence at the Peak cannot be undertaken. The house is in a most dilapidated condition, according to report of the Surveyor-General practically unfit for occupation. It would be unsafe to attempt to repair it. Doubtless the Council will not object to a revote of a portion of the \$10,000 voted for the repair of Mountain Lodge for the hire of a residence for the Governor and his family if necessary. As to the contemplated gaol extension I have asked the Secretary of State to allow me to postpone it for a short time in the hope that more economical arrangements can be made than those which have been proposed. This matter is engaging my most anxious consideration, but no doubt a large expenditure for additional accommodation will be required. The revenue for 1892, owing to the diminution by \$114,000 of the opium farm receipts, will be \$2,030,178 instead of \$2,144,178, and the ordinary expenditure \$1,773,260, leaving an estimated surplus of \$256,260. The balance of assets over liabilities is said to be \$150,000, making with that surplus \$406,260. The proposed expenditure for 1891 on public works extraordinary is \$680,000, which may perhaps be reduced to \$640,000. The total sum required for all the public works extraordinary in contemplation is say \$2,680,000. Of this sum upwards of \$900,000 was expended to the 31st December last, leaving a balance of \$1,780,000 to be provided in 1892 and subsequent years. Assuming that \$640,000 is spent during 1892 the surplus and assets amounting to \$406,260 will be swallowed up and a further sum of over \$233,000 will have to be found before the 31st of December, 1892. From the correspondence which took place previous to the loan of 1881 the Secretary of State for the colonies is clearly averse to raising a fresh loan until there is no escape from that obligation. From a glance at the figures I have quoted it is evident that the time has arrived when this matter must be grappled with and if these works are to be undertaken Government must be in a position to supply funds for their completion within the next three or four years. By the end of the year it is possible that the Colony will be in debt to the Crown Agents, it may be to the extent of \$233,000. This sum the Crown Agents could borrow at a reasonable rate, provided that in the meantime an Ordinance was passed by the Council authorising the issue of a loan. If this could be arranged the

raising of the loan might be postponed until the end of the year. Before that time arrives, however, it must be settled what amount will be required, what form the loan should take, whether it is to be raised by lump sum or by instalments, and whether it shall be a gold or a silver loan. As to the amount, you will see that if \$640,000 is spent in 1892, the Colony will owe the Crown Agents \$233,000, and there will remain a balance of \$1,140,000 to be provided in 1893 and future years, making a total liability of some \$1,373,000—say \$1,400,000. This sum, "there or thereabouts," may therefore be taken as the amount of the loan required; and the Ordinance should give power to borrow up to that amount. As to the form of the loan, the Government in my opinion cannot do better than issue it in the same way as the existing one, viz., by the sale of debentures, with a sinking fund sufficient to redeem it in twenty years, with the option of paying it off at any time after five years. With regard to borrowing in a lump sum or by instalments, it is manifest that if the Colony could get equally good terms it would be desirable to adopt the latter alternative. In 1886-7 the Crown Agents borrowed \$138,000 for the Colony in this way, at an average rate of 33/4 per cent., pending the issue of debentures. Application might be made at once to the Secretary of State as to the rate the Colony would have to pay for such temporary convenience. From the Colonial Hansard it appears that in 1886-7, and indeed much more recently, the question of a silver loan as against a gold loan was discussed. Unless silver can be borrowed on the same terms in regard to interest as gold, a gold loan would be more advantageous than a silver one. The Crown Agents have large gold payments to make for the Colony, and if a silver loan was raised the whole amount would have to be remitted to the Crown Agents in the course of two or three years, and the Colony would have to take the risk of an adverse exchange. If a gold loan is raised none of it need be remitted to England, as it might be absorbed in meeting gold payments at home, and the Colony would be relieved for a time of the cost of transferring money to England to meet the requirements of the Crown Agents. In such a case there could be no difficulty in meeting any objection that might arise in reference to the loan account not being kept distinct from the general financial transactions of the colony. It would be simply "a matter of account." as it is called, and full information on the subject could be published every month or every quarter by the Treasurer, as the Council might desire. Judging from the state of the share market at home, a loan could be raised at home at 33/4 or 4 per cent. at the outside, whilst here it would cost at least 41/2 per cent. Had a silver loan been raised in 1887 in precisely the same form as the gold one, it would

have cost the colony up to September last \$69,000 more than the remittances for the gold loan. The equivalent of the \$1,400,000 which the colony will most likely have to borrow is at the present time, at say 3s, equal to £210,000. Members of the Council will doubtless concur in the opinion that an Ordinance similar to that of 1886 (No 10) should be introduced, authorising the borrowing of a sum not exceeding £210,000 at the end of 1892, or at any time after 30th June, 1892, should the state of the market be favourable. I have already stated that the estimated surplus of revenue over ordinary expenditure for 1892 will be about \$256,260, and there appears no reason to doubt, notwithstanding the decrease in the opium revenue, that a similar amount will be available in future years, if the expenditure is carefully watched. It must not be forgotten that considerable additions to the revenue will be derived at no very distant date from the new Central Market and the depots for slaughtering cattle, so that looking to these and other sources of revenue, I do not think that by borrowing £210,000 a too heavy burden would be imposed upon the revenue of the Colony. That it should have fallen to my lot in my first address to the Council to suggest that it should consent to an increase of the public debt is to be regretted, but I cannot flinch from the responsibilities of my office, and I anticipate that the Council will be prepared to share this responsibility, as my views as to the necessity of such a course coincide with those of some of my predecessors, as well as those of several hon. members. The question is one of great urgency, however inadequately and imperfectly it may have been brought before you. In speaking of the loan I should say I have adopted throughout the use of round numbers, as being least confusing, and the amounts I have quoted must be regarded as approximate only. It would, in my opinion, be most satisfactory to the community if a Committee were appointed to consider the subject fully and in all its bearings. Should the Council agree in that view, I would nominate the following gentlemen to be a Committee for that purpose, feeling sure that they will readily place their valuable services at the disposal of the Government:—the Hon. the Registrar-General, the Colonial Treasurer, C. P. Chater, J. J. Keswick, and T. H. Whitehead. In order to assist them I would appoint the Clerk of Councils as secretary, giving him authority to lay before the Hon. Committee any official papers and returns that may be called for or may tend to throw light on the financial position or the future prospects of the Colony. Before concluding I should like to say that, having regard to the history of the past, and notwithstanding the somewhat gloomy picture my financial statement presents, I have every confidence in the future of Hongkong. It is true that the Colony has passed and is passing through a period of severe depression, but there are distinctly favourable and promising indications of better times to come. I have been very much struck by the peaceful, sober, and industrious habits of the Chinese. I hope the leading members of that community fully understand that they and their compatriots will have in me a Governor, a friend, and a supporter in all their reasonable

aspirations. It is my most anxious desire to see greater attention paid in our elementary and secondary schools to the teaching of the English language, and this matter I hope to take up before the end of the vacation. The establishment and recent extension of sugar refineries, dock accommodation, brick and cement and rope works are healthy signs, and indicate the advantages which would accrue to the population generally from a further encouragement of local industries. The community may rely upon my aid and assistance in fostering in every legitimate way the development of such enterprises. It will also be my endeavour to cultivate harmonious and friendly relations with the Government authorities of the mainland of China, with which we are so closely connected geographically and commercially. I am afraid, gentlemen, that my remarks have been somewhat prolix, and that I may have been guilty of repetition, but the occasion is undoubtedly an important as well as an interesting one, and that must be my excuse if I have erred in those directions. I thank you for your forbearance, and in claiming your confidence and support I can honestly assert that during my tenure of office I shall try by every means in my power to promote as far as possible the well-being of the community, and to maintain the efficiency of the public service.—(Hear, hear.)

The gentlemen named in his Excellency's speech having intimated their willingness to serve upon the Committee, his Excellency declared the proposition carried and the Committee constituted as he suggested.

Hon. T. H. WHITEHEAD—I rise to briefly express our hearty and grateful thanks for the very lucid and exhaustive address which your Excellency has placed before us to-day. I think the colonists are the more indebted to your Excellency seeing that you have been such a very short period amongst us. On their behalf and on behalf of the Chamber of Commerce which I represent I beg to assure you that your address will have the most careful consideration, and that your Excellency may safely rely upon our doing our very utmost in the unfortunate circumstances in which we are placed financially, to render you every possible aid in our power.

REPORTS.

The ACTING COLONIAL SECRETARY—I have the honour by direction of his Excellency to lay the following papers on the table:—The report of the Acting Superintendent of the Fire Brigade for 1891, the report of the Surveyor-General's department for 1891, and the Report of the Water and Drainage department for 1891.

FINANCIAL MINUTES.

The ACTING COLONIAL SECRETARY—I have the honour by direction of his Excellency to invite the attention of hon. members to the following financial minutes (read). I beg to move that these minutes be referred to the Finance Committee.

The COLONIAL TREASURER seconded and the minutes were referred to the Committee.

BILL FOR INCORPORATING A CHURCH BODY IN HONGKONG

The ACTING ATTORNEY -GENERAL—With regard to the first item on the orders of the day I have to ask that the Bill should be allowed to stand over. I understand that it got on the paper by some mistake. The draft Bill was sent to me some weeks ago to settle on behalf of the Government and the Bill has not yet received its final form or been finally approved. I apprehend that there has been some slight mistake in the Colonial Secretary's office and that it is placed upon the orders of the day by error. I beg therefore to withdraw motion for the first reading of the Bill entitled "An Ordinance to constitute and incorporate a Church Body of the members of the Church of England in Hongkong, and to define the duties and powers of such body."

The ACTING COLONIAL SECRETARY—With regard to the remarks of the Acting Attorney-General I might state that it was intended to approve the Bill as soon as possible, but we did not quite see its difficulty. It was put on the orders of the day as it was thought that it could be managed by to-day.

THE DIOCESAN SCHOOL.

Hon. J. J. KESWICK moved the first reading of a Bill to incorporate the chairman of the committee of the Diocesan School and Orphanage.

Hon. C. P. CHATER seconded.

The Bill was read a first time.

The Council then adjourned.

FINANCE COMMITTEE.

The Council then went into Finance Committee, the Acting Colonial Secretary occupying the chair vacated by his Excellency.

The ACTING COLONIAL SECRETARY moved the following vote:—The Governor recommends the Council to revoke the sum of twenty-three thousand seven hundred and fifty-eight dollars and ninety-two cents. (\$23,758.92), for the following "Extraordinary Public Works" voted for 1891. It was not possible to finish these works during last year, so a re-vote is required. *Vaccine Institute*:—Original vote, \$3,577.00; expended in 1891, \$1,812.77; balance \$1,687.23. *Additions to Government House*:—Voted for 1891, \$15,000; expended in 1891, \$7,929.31; balance \$7,070.69. *District School—Kowloon*:—Original vote, \$8,000.00; Expended in 1891, Nil; balance, \$8,000. *Repair of the rain-storm damage Yaumati*:—Amount voted, \$7,037; expended in 1891, \$36,00; balance \$7,001.

Sum voted.

The ACTING COLONIAL SECRETARY—The Governor recommends the Council to vote a sum of five hundred dollars, (\$500), for the purchase of Twelve Pillar Letter-Boxes to be placed about the town with a view of increasing existing Postal facilities. I think everyone will agree that we should be glad to see pillar boxes erected at various places, which will save a good deal of time and trouble to the public.

Hon. C. P. CHATER—I should like to know something more about the scheme.

The ACTING COLONIAL SECRETARY—I think the details have scarcely yet been settled. It will be left to the Postmaster-General and will of course take some time.

Hon. C. P. CHATER—What I want to know is what the programme is to be and how it is to be carried out.

The ACTING COLONIAL SECRETARY—I am afraid that I cannot give the information, but I will ask the Postmaster-General to report on the subject.

Hon. C. P. CHATER—I am sure information will be welcomed by members of the Council.

The ACTING COLONIAL SECRETARY—I will ask the Postmaster-General to give us so me scheme as to places and hours of collection. I thought, however, it was the wish of the Council that these pillar boxes should be put up. It was a suggestion that emanated from the Governor, who was struck by the absence of pillar boxes in our streets, and he directed that this minute should be presented.

Hon. C. P. CHATER—I have no objection to the vote, but I should like to have a little information as to the working of these boxes.

The ACTING COLONIAL SECRETARY—I shall be very happy to lay before you a scheme as to the hours of collection and the places where these boxes are to be placed. But as the procuring of them will involve a considerable delay perhaps it would be best to pass the vote meanwhile.

Vote passed.

The ACTING COLONIAL SECRETARY—The Governor recommends the Council to vote a sum of six hundred and two dollars, (\$602), for the purchase of clothing, bedding and furniture for the Chinese Lunatic Asylum. This Asylum as you know has been built at the suggestion of the unofficial members and this clothing, bedding, and furniture is now required to complete the work.

Vote passed.

The ACTING COLONIAL SECRETARY—The Governor recommends the Council to vote a sum of six hundred dollars (\$600), to cover the increase to the salary of the Attorney-General, from 1st January, 1892, sanctioned by the Secretary of State. I may say that in nearly every colony with which I am acquainted the salary of

the Attorney-General is equal to that of the Puisne Judge. I may mention for instance Singapore, Ceylon, Jamaica, Trinidad British Guiana and other places where it is always equal to and sometimes exceeds the salary of the Puisne Judge. The Secretary of State has sanctioned the amount of increase.

Hon. T. H. WHITEHEAD—Might I ask, in these other places, whether the Attorney-General has a private practice?

The ACTING ATTORNEY-GENERAL—In some of them he has, in others he has not. In Jamaica to my own personal knowledge he has £1,500 and a private practice which makes a total of about £3,000. In Singapore the salary of the Attorney-General is \$9,000, in Ceylon 18,000 rupees. Trinidad £1,000, and £300 for clerical assistance, British Guiana £1,500. When the Attorney-General's right of private practice was taken away and \$3,000 given in lieu thereof his income was considerably diminished.

Vote passed.

The ACTING COLONIAL SECRETARY —The Governor recommend the Council to vote a sum of six thousand five hundred dollars, (\$6,500), for lighting with gas the roads and streets in the Kowloon Pensnsula—for erection and cost of lamps, \$3,000; for maintenance and lighting of lamps, per annum, \$3,500. There has been so much progress in this place that it was strongly recommended that there should be some lighting there.

Vote passed.

The ACTING COLONIAL SECRETARY —The Governor recommends the Council to vote a sum of one hundred and twenty dollars, (\$120), for allowance to Chinese teacher to Mr. Watson, gaol clerk.

Vote passed.

The ACTING COLONIAL SECRETARY —The Governor recommends the Council to vote a sum of two thousand dollars, (\$2,000), for furniture for Government House. This vote is a revote payment. In 1888 of the sum of money granted by the Council for furniture a sum of \$2,05???.66 was not spent. The Governor was struck by the total absence of any furniture at all in some rooms of Government House. He found that this money was voted in 1888 and he therefore suggested that the \$2,000 which was not spent should be revoted by the Council.

Vote passed.

The ACTING COLONIAL SECRETARY:—The Governor recommends the Council to revote the sum of seven thousand and five hundred dollars, (\$7,500), for "New Streets, Kennedy Town." Voted for the year 1887, \$25,000; voted for the year 1888, \$25,000; payments to date, \$35,059; balance unexpended, \$14,94??.

Vote passed.

The Committee then adjourned.
