

7<sup>TH</sup> SEPTEMBER, 1905.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR MATTHEW NATHAN, K.C.M.G.

Hon. COLONEL C. H. DARLING, R.E. (General Officer Commanding the Troops).

Hon. Mr. T. SERCOMBE SMITH (Colonial Secretary).

Hon. SIR H. S. BERKELEY, K.C. (Attorney General).

Hon. Mr. L. A. M. JOHNSTON (Colonial Treasurer).

Hon. Mr. E. A. IRVING (Registrar-General).

Hon. Mr. B. SIL H. TAYLOR, R.N. (Harbour Master).

Hon. Mr. W. CHATHAM (Director of Public Works).

Hon. SIR C. P. CHATER, C.M.G.

Hon. Dr. HO KAI, M.B., C.M., C.M.G.

Hon. Mr. R. SHEWAN.

Hon. Mr. GERSHOM STEWART.

Hon. MR. WEI YUK.

Hon. Mr. C. W. DICKSON.

Mr. A. G. M. FLETCHER (Clerk of Councils).

The minutes of the previous meeting were read and confirmed.

NEW MEMBERS.

Mr. T. Sercombe Smith and Mr. Basil H. Taylor took the oath and assumed their seats as members of the Council.

HIS EXCELLENCY'S ADDRESS.

Before business was commenced HIS EXCELLENCY, in an address to the Council, said:—

GENTLEMEN,—Our only meetings this year have hitherto been the four we had in the short Session between the 25th May and the 29th June, the Extraordinary Meeting of the 27th February at which we revised the Jury List and the Extraordinary Meeting of the 27th July at which we passed the Supplementary Estimates. A further short Session is now necessary for important financial and for some legislative business. It is my desire to limit if possible the meetings of the Council to two short Sessions in the year. By this means not only will the call on your time be lessened but the Government will guard against the tendency of hasty legislation to meet some suggestion which on the face of it seems good but which comparatively short trial often proves to be ineffectual to attain its object. The first business of the present Session will be to pass a few votes authorising excesses on the Estimates for the present year and then to make financial provision for the year 1906. On this latter matter I will address you on the first reading of the Appropriation Bill. The Merchant Shipping Amendment Bill, which stands next on the order of the day, provides for bringing the law with regard to lights carried by junks inside and outside the waters of the Colony into harmony, and will repeal the

Junks (Collision) Ordinance of 1902, which has proved ineffectual. It also embodies provisions in place of those enacted by the Small Ships Exemption Ordinance of 1903 which have been urged on the Government by the Chamber of Commerce and for repealing that Ordinance. Opportunity is further taken of making one or two minor alterations in the Merchant Shipping Ordinance tending to simplicity and clearness of procedure. The Women and Girls Protection Amendment Bill is intended to introduce the provisions of the Criminal Law Amendment Act of England with regard to the method of taking the evidence of young children. It also provides for raising the age limit in connection with some offences against girls in a manner approved by the directors of the Po Leung Kuk, who can be trusted safely to guide us in such a matter. The Summary Offences Amendment Bill is intended to strengthen the hands of the police in dealing with prostitutes. Legislation in this matter has been suggested both in the Chinese and European press. The Summary Jurisdiction (Married Women) Bill is intended to make provision for the separate maintenance of deserted or ill-treated wives. It is complementary to the Ordinance passed in 1903 punishing persons for harbouring runaway wives. The last of the new Bills on the paper is to enable the Government to take over the Widows and Orphans' Pension Fund and to make it liable for payments on account of that fund. It contains provisions for distributing any present surplus of the fund in actual and prospective pensions to the widows and orphans of past and present contributors. The Peak Tramway Bill which was referred to the Law Committee of the Council at the end of last year appears in the orders of the day for 3rd reading.

FINANCIAL.

The COLONIAL SECRETARY laid on the table financial minutes Nos. 24 to 32 and moved that they be referred to the Finance Committee.

The COLONIAL TREASURER seconded, and the motion was carried.

PAPERS.

The COLONIAL SECRETARY laid on the table the following papers:—Memorandum explaining estimates of revenue for the year 1906; Award of H.E. the Governor in the claim of Messrs. Howard and Stephens for compensation for injury sustained by them as owners of Marine Lot No. 184 through the works carried out under the Praya Reclamation Ordinance No. 6

of 1889; Financial Statements in connection with the Estimates for 1906; Memorandum on the Estimates of expenditure for 1906; Abstract showing differences between the Estimates of Expenditure for 1905 and 1906; Sanitation; Report on the existing flushing system and proposed sites for new tanks.

THE ESTIMATES.

The COLONIAL SECRETARY moved the first reading of a Bill entitled, An Ordinance to apply a sum exceeding five million seven hundred and seventeen thousand two hundred and seventy-six dollars to the Public Service of the year 1906,

The COLONIAL TREASURER seconded the motion.

HIS EXCELLENCY—Gentlemen, before putting to the vote the motion of the Honourable the Colonial Secretary, I propose to explain to you briefly the probable financial position on the 31st December, 1905, the Estimates of Revenue for the year 1906, the Estimates of Expenditure for the same year and the financial position which will result if those estimates are realised. I shall then give you some figures with regard to the allotment of the expenditure and explain my reasons for certain alterations in scales of salaries that are being introduced. I shall conclude my remarks by a few brief references to the general policy which will guide the framing of the Estimates in the years immediately in front of us.

PROBABLE FINANCIAL POSITION ON THE  
31ST DECEMBER, 1905.

The year 1904 closed with a balance of Assets not including arrears of \$297,722. In the original Estimates for the current year a surplus of \$23,419 was estimated. The revised estimate of ordinary revenue (that is revenue exclusive of land sales) for the year 1905 is less than the original estimate by \$18,511, a reduction of \$180,000 in the receipts from the Opium Farm, to which I will refer again presently, not being entirely covered by increases on other items. A shortage of \$100,000 is also now expected in land sales which have lately much fallen off, probably owing to the financial crisis in the Chinese Community. The revised estimate of ordinary expenditure (that is expenditure other than that on Extraordinary Public Works) is more than the original estimate by \$25,768, the unanticipated expenditure on account of arrears for the Eastern Mail Service, the acceleration of that service, the survey for the Canton-Kowloon Railway, and the award in the Howard and Stephens case, not being entirely met by savings on sterling payments owing to the high rate of exchange in the first eight months of the year, on plague expenditure and on various other votes. A sum of \$42,100 less than the original estimate will according to the revised estimate be spent during the year on Extraordinary Public Works. This difference between original and revised

estimates is not great in connection with a sum of over \$1,800,000. It will be seen that the revised estimates of revenue and expenditure convert the surplus of \$23,419 which appeared in the original estimates into a deficit of \$78,760. Deducting this from the balance of assets at the end of 1904, that is from \$297,722 and adding \$113,000, the estimated arrears for the year, we get as the estimate balance of assets at the end of this year with which to start the year 1906 a sum of \$331,962.

ESTIMATES OF REVENUE.

In the Memorandum explaining the Estimates of Revenue which has been laid on the table an explanation has been given of the increase or decrease in every item of which the amount differs from that included in the amount for 1905. It will assist Honourable Members if I point out the most important of these differences and their effect on the total of the estimate. If they will turn to pages 2 to 5 of the printed Estimates before them they will be able easily to follow my remarks. Taking in the first instance the increases, it will be observed that the principal one of \$249,000 is due to the bringing to revenue account of the accumulated funds of the Widows and Orphans' Pension Fund and the subscriptions for the year 1906. I have already referred to the taking over of the fund in my remarks on the legislation proposed for the Session. A new assessment brings in an additional \$89,300 from rates while payments for excess consumption of water and for meters are put down at \$30,000 more for the coming year than for 1905. The items for receipts under the Stamp Ordinance, for New Territory Rents, and for Sunday Cargo Working Permits, each accounts for an additional \$15,000, while the Low Level Tramway not having had the anticipated effect of reducing the number of carriage and chair licences it is safe to go back to the figures for those licences of 1904 and to add \$14,200 to the amount which stood in the 1905 Estimates. In addition to the foregoing seven items, aggregating \$427,500 there are 35 items of the Estimates that show increases under \$10,000 which amount altogether to \$63,484 and indicate general development. The sum total of the increases is thus \$490,984. The items on which there are decreases are less numerous. The most serious is a diminution of \$15,000 a month or \$180,000 for the year on the payment for the Opium Farm. This reduction was granted from November, 1904, after very careful investigation and full consultation with the Executive Council. \$100,000 less is estimated to be produced by land sales, our anticipations in 1905 under this heading not having been realised. It is possible that the determination of the track of the Railway through Kowloon may result in the reduced estimate of \$400,000 for 1905 being largely exceeded, but I prefer to be on the safe side with regard to this very speculative item. The returns for the sale of timber have been

put at \$25,900 less than estimated for 1905, the period of average felling rotation having been somewhat extended after discussion in this Council and reference to the Forest Department of India. There is a decrease of \$10,500 in the item for Slaughter House Fees which was over-estimated for 1905. The aggregate of the decreases in the above four items is thus \$316,400. To this has to be added \$25,800 due to minor decreases in 14 other items. There results a total decrease of \$342,200, which deducted from the total increase of \$427,500, leaves a net increase of \$148,784 in the revenue of \$7,347,395 estimated for 1906 over that of \$7,198,611 originally estimated for 1905. (applause). The increase over the revised estimate of \$7,080,100 for 1905 is \$267,295.

#### ESTIMATES OF EXPENDITURE.

The Memorandum explaining the Estimates of Expenditure which has been laid on the table deals mostly with items for which the approval of the Secretary of State has not already been obtained. Some further explanation will be of assistance to Honourable Members with regard to those items which, subject to the vote of the Council, have been approved at the Colonial Office. In this explanation I shall endeavour to avoid confusion by omitting references to minor details which are explained in the notes at the foot of each page of the detailed estimates. Turning to page 6 of the printed Estimates you will see that the Charge on Account of the Public Debt remains the same as last year. The amount for Pensions is increased by \$15,676, of which \$6,600 is due to the Government taking over the Widows and Orphans' Pension Fund and the balance to an excess of new pensions over pensions ceased. There is a decrease of \$2,500 in the vote for the Governor due to economies on the furniture item, and one of \$8,517 in that for the Colonial Secretary's Department and Legislature, which is partly only apparent as the items connected with the Police Magistracy in the New Territories amounting to \$4,498, have been transferred to the vote for the Magistracy where they seemed to me more in place. A change in the holder of the office of Chief Clerk accounts for \$1,720 of the balance. The vote for the Registrar-General's Department is increased by \$10,184 but \$3,900 of this is a transfer from the Miscellaneous Services Vote, to which the rent of the Registrar-General's Office was formerly charged, while \$4,000 is special expenditure for the quinquennial census which is due in 1906 and which the Principal Civil Medical Officer strongly recommended should be taken. Minor alterations are explained in the Memorandum accompanying the Estimates. There is a small apparent addition of \$840 to the vote for the Audit Department on account of an alteration in the rate of conversion of Sterling into Dollars and an

increase of \$6,439 to that for the Treasury, of which \$3,000 is for the expenses of the Widows and Orphans' Fund, \$1,000 for the additional cost of adhesive stamps, and the bulk of the remainder is due to stipulated increments and to minor changes in salary explained in the Memorandum. In the Post Office there is an increase of \$44,231. Of this \$27,848 comes from an increased payment for the Eastern Mail Service based on the award of Lord Balfour of Burleigh, which was laid on the table of this Council with my Financial Minute No. 13 of this year and on the new three years' contract which has been entered into with the Peninsular and Oriental Steam Navigation Company for an accelerated service from the 1st February, 1905. It has also been necessary to provide \$3,500 for Mail Bags and Parcel Post Receptacles. The considerable portion of the excess of this year's over last year's Estimates not accounted for by the two items I have mentioned is due to new subordinate appointments that have been created and to an improved scheme of salaries that has been adopted in the hopes of increasing the efficiency of this Department which so affects the convenience of the public. I shall explain precisely to you this revised scheme of salaries. A special expenditure of \$15,000 incurred in 1905 in the purchase of a steam-launch need not of course be repeated in 1906. You will observe that the Harbour Master's Department now provides for a separate Mercantile Marine Office. This Office, estimated to cost \$6,083, has been established on the very strong recommendation of the Harbour Master that it was necessary to make additional provision for the growing requirements of the Mercantile Marine. On his recommendation I have also introduced the new scheme of subordinates' salaries throughout the Department. These, and a few minor changes, including some savings, have resulted in a net increase in the vote of \$6,336. Special provision of \$15,400 has also been made for the purchase of new Fairway Lights and Buoys for the Western Harbour entrance, a provision which has been urged in this Council. The vote for the Observatory remains as before except for a small reduction of \$300 in the item for the printing of observations. That for the Judicial and Legal Departments shows an increase of \$23,223. Of this increase \$2,100 is for an arrangement that has been urged on me by His Honour the Chief Justice for obtaining accurate reports on important Law Cases. \$4,498 is due to the transfer to the Magistracy of the charges in connection with the Magistracy at Tai Po previously borne by the Colonial Secretary's Department, and \$1,830 to an increase in the Crown Solicitor's salary, out of which salary the expenses in connection with his office are now to be defrayed. \$12,946 is on account of a considerable addition being required to satisfactorily deal with the registration of land in the New Territories. The police vote

is increased by \$6,276, partly by more Europeans drawing Sterling salary while \$3,240 is due to the engagement of the probationer now in Canton learning Chinese. The Fire Brigade remains practically the same, being increased by \$180. When the first draft of the Estimates was being prepared I directed the inclusion of an item for a new Floating Fire Engine. The cost of this would be some \$50,000, and after careful consideration I came ultimately to the conclusion that this item should be omitted from the Estimates, at any rate for this year, partly because the rapid extension of the rider main system which will secure a supply to the hydrants at all times of the year made it of less importance and partly because I was not satisfied that the pattern of floater proposed was a very useful one. On the latter point enquiries are now being made in England. The Prison vote has been increased by \$3,490, the largest item of the increase being that for lighting the Gaol and Warders' Quarters, last year's provision having proved insufficient. The vote for the Medical Departments has been increased by \$3,350. The addition of \$5,000 which I considered necessary to bring up the reserve of Medical and Surgical appliances to a quantity which would make the Hospital independent of outside supplies for some months has been partly met by savings on other items of the vote. (applause). The reduction of \$5,839 in the vote for the Sanitary Department is mainly based on provision for fewer plague patients. As Members are doubtless aware there have been considerable savings effected on the amounts voted for combating the plague both this year and last. The reduction on the whole vote would have been greater but for the transfer to it of the item of \$3,900 for rent of office from the Miscellaneous Service Vote and had it not been necessary to make provision for the various minor items mentioned in the Memorandum before you, of which a staff for the New Western and Mong Kok Tsui Markets (\$2,688) is the most considerable. The Botanical and Forestry Department Vote is reduced by \$679, as the Children's Garden at the Peak, costing about that amount, is to be finished this year. A decrease of \$4,259 in the vote for the Department of the Inspector of Schools is more than accounted for by the amount which is found to be earned under the Grant Code being considerably less than that entered in the Estimates last year. The retirement of the Head-Mistress and consequent reorganisation of the Belilios Public School result in a further reduction. On the other hand the separation from that School of classes for Indian boys and the establishment at Tai Po of the second Government School in the New Territories involve small increases, and a further small increase is necessitated by the adoption of the grading scheme throughout the department. The application of the same scheme to the Chinese masters is partly responsible for the addition of \$3,775 to the vote for Queen's College, the provision of a laboratory for a

technical class also contributing to the increase. The ecclesiastical, charitable, and transport votes remain as they were for last year. A reduction of \$19,916 in the vote miscellaneous services is more apparent than real, as two important items, equalisation of exchange on payment of widows and orphans' pensions, and rent for Government offices, have merely been transferred to other votes. There are, however, considerable reductions on the payment of interest on funds and on the item for equalisation of exchange on Indian Police Remittances. The Military Contribution to Imperial Government of 20 per centum of our revenue is within \$43 the same as last year. On the Volunteer vote an increase of \$5,652 is partly due to the keenness shown for rifle practice by members of the Volunteer Reserve Association, partly to increased strength of the Volunteers, and partly (which they asked me to make) to the provision for a longer period in camp for them. The Public Works Department requires \$18,564 more this year than last mainly owing to the necessity for bringing up important arrears of survey work and for providing a working establishment in connection with the Tytam-Tuk Pumping Station and with the new Water Works at Kowloon now approaching completion. The vote for Recurrent Public Works—which must increase year by year—is increased by \$28,700. This includes \$1,500 for the maintenance of new communications, roads and telegraphs; \$2,000 for maintaining the extension of the drainage system, \$5,200 for keeping up additional electric and gas lamps including those for the Peak Roads for which a desire was expressed in this Council, and \$20,000 for extended water supply. Three-quarters of the last considerable item is for pumping water from the new reservoir at Tytam-Tuk. This completes a rough review of all the votes in the Estimates of Expenditure except that for Extraordinary Public Works. It shows an increase of \$135,263 or less than  $2\frac{1}{2}$  per cent on the corresponding votes for last year, an increase which I trust will be considered justified by the expansion of the Colony and by the increased efficiency in administration which it is anticipated will be derived from the various new provisions.

The expenditure on Public Works Extraordinary shows a reduction of \$253,500. Practically the entire reduction, i.e. \$241,200 of it, is on Water Works due to the anticipated completion of the two large projects on hand, viz.:—those at Kowloon which add 300,000,000 gallons to the storage accommodation on that side of the water and those at Tytam Tuk (No. 1 Section) which add 194,000,000 gallons to the storage on this side. As we shall still be spending half a million

dollars on the completion of these schemes in 1906 against \$750,000 estimated for 1905 I have decided to wait till the year 1907 before putting in hand the extended Tytam Tuk Scheme (No. 2 Section) which is to increase our storage accommodation on the Island by 1,200,000,000 gallons and will probably cost about \$4,000,000. On drainage works we propose to spend \$70,000 against \$75,000 in last year's estimate, and to commence the provision of flushing tanks, with regard to which papers have been laid on the table. On extension of Gas Lighting, the same small amount of \$2,500 is included. On Miscellaneous Works the expenditure is increased from \$55,600 to \$73,600, while on works under the Public Health and Buildings Ordinance it is reduced from \$170,000 to \$160,000. I may here mention that the Government are fully alive to the necessity for a continuous policy in the matter of resumptions of Insanitary Property, as will be apparent to you from papers which will shortly be presented to you.

On all the above sub-heads except Water Works you will observe that there is no great difference in the estimates for the two years. In the remaining two sub-heads, Buildings and Communications, it is otherwise. The amounts proposed to be allotted to them in 1906 are \$480,100 and \$210,000 respectively, against \$647,200 and \$65,000 in 1905. The reduction in buildings is due to the completion this year of the Bacteriological Institute, of the addition to the Central Police Station, of the Kowloon Disinfecting Station, and of the Gun Powder Depot on Green Island and the approaching completion of the additional Government Civil Hospital Staff Quarters, New Harbour Office, Yaumati School, and Tai Po Officers' Quarters, while the only new work of first importance to be put in hand is the prison for convicts, for which it has not yet been possible finally to decide on the site. In the matter of communications, which is one to which with greater knowledge of the Colony I attribute greater importance, I have little doubt but that the increase in the allotment will commend itself to the Council. For the railway to Canton I have included an amount, which in addition to completing the detailed survey (Applause) — will cover some preliminary expenses that it may be necessary to incur before I am in a position to say what will be the amount of the loan required for the whole work or to make proposals for providing interest on that loan. For the New Territories I have also made provision for roads that will be required in advance of and in connection with the railway. In Kowloon itself it is proposed to continue Robinson Road—the main road of the district—through the hill on which it now abuts, and that, I think will be of great importance in opening up new districts. On the Island provision is made for carrying Conduit Road East till it meets Magazine Gap Road and West to Victoria Battery. As regards telegraphic communications it has been thought desirable to improve those by which the approach of vessels to the port is

communicated to the Harbour Office.

Including the Extraordinary Public Works, of which I have referred to the principal ones, the total estimate for expenditure for the year 1906 is \$7,056,955 or \$118,237 less than the original estimated expenditure of \$7,175,192 for 1905, and \$101,905 less than the expenditure of \$7,158,860 for that year according to the revised estimate.

PROBABLE FINANCIAL POSITION ON THE  
31ST DECEMBER, 1906.

An estimated revenue of \$7,347,395 and an estimated expenditure of \$7,056,955 anticipates a surplus of \$290,440 or nearly \$300,000 on the year's working to provide for any unforeseen or only partly foreseen work which we may find it desirable to undertake during the year.

ALLOTMENT OF EXPENDITURE.

When introducing the Estimates for 1905, I gave the percentage of the estimated expenditure which was allotted to each of the main branches of the Public Service. The figures do not differ greatly this year. For Non-effective Services (votes 1 and 2) the percentage is 5.95 instead of 5.65; for General Administration including the Post Office (votes 3, 4, 5, 6, 7, 8, 9, 10, 18, 19, and 20) it is 15.12 in place of 14.35; for Public Health (votes 13, 14, and 15) 11.15 against 11.01; for Public Instruction (votes 16 and 17) 2.73 against 2.69; for Public Order (votes 11 and 12) 13.41 against 12.73; for Defence (vote 21) 19.69 against 19.28; and for Public Works (vote 22) 31.94 against 34.29. It may interest Honourable Members to compare, in this respect, the estimated expenditure for 1906 with the actual expenditure 25 years ago, that is in 1881. In that year, which was previous to any public debt being incurred, 2.98 per cent. of the total expenditure was on account of non-effective charges against 5.96 per cent. estimated for 1906. For General Administration more than double the present proportion was then spent, 30.73 per cent. against 15.12, that is to say the establishment charges for the colony bore a much greater proportion than they do now to the value of the work done for its improvement. For Public Health the percentage of the total expenditure was 5.45, a percentage greater than in any previous year and in any subsequent year up to 1889 when it rose to 7.38. For 1906 it is estimated 11.15. Public Instruction took up 3.95 of the total expenditure in 1881. It has fallen since and is estimated for next year at 2.73. It is possible now to maintain Public Order with a very much smaller proportion of the total expenditure than in 1881, when it was

31.77 per cent; it is estimated for next year at 13.41. (Applause). Only 11.07 per cent of the total expenditure in 1881 was devoted to Defence. Next year the proportion will be 19.69. This important increase, which dates from some 10 years ago, was not entirely at the desire of the Colony, but the Military Contribution fixed by Ordinance can scarcely be regarded as an unreasonable payment for the Imperial Troops stationed at Hongkong, from whom the Colony derives some indirect as well as direct advantages. Finally, on Public Works, to which only 14.05 per cent. of the total expenditure was devoted in 1881, we propose to spend 31.94 per cent. in 1906, a notable and satisfactory increase.

SCALE OF SALARIES FOR SUBORDINATES.

There is one point with regard to the Estimates for Expenditure to which it is necessary to revert, as I fear Honourable Members may find it a little difficult to understand from the documents before them. Whereas a large number of the clerks are shown under the different classes of the Classification Scheme adopted in 1901, all those of the Post Office, except a few entitled to Exchange Compensation, all those of the Harbour Department, of the Magistracy with the exception of the Interpreters and of the Department of the Inspector of Schools, and a few clerks in other Departments, are shown under one of six grades. The grades represent a new scale of salaries which is being gradually introduced in place of the salaries under the old Classification Scheme, complete adherence to which was not found possible. That scheme provided eight classes, of which the conditions as regards salary commencing with the lowest class were the following:—Class VIII—\$240 to \$420 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in eight years. Class VII—\$480 to \$600 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in eight years. Class VI—\$660 to \$840 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in eight years. Class V—\$960 to \$1,080 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in six years. Class IV—\$1,200 to \$1,500 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in 12 years. Class III—\$1,800 to \$2,100 by \$60 biennial increments, in which the maximum salary of the Class could be reached and enjoyed for one term in 12 years. The two higher Classes need not be considered as the appointments in them with one or two exceptions had been made prize appointments with sterling salaries. The defects of this system are as follows:—(1). The long period required to gain increments in the junior classes and the smallness of the increments in the senior classes make these increments of little moment to clerks. A man who has served about a year will scarcely take the prospective rise

of \$60 at the end of another year as an inducement to continue in the Service should any other employment be offered to him. Later on an average rise of \$30 per annum seems out of proportion to salaries of 32 to 70 times that amount. (2). The unsystematic variation in the periods taken to pass from the minimum to the maximum salary in the various classes tends against the continuous promotion from class to class which is an incentive to work. For instance the fact that in the 7th and 5th classes the maximum is attained in four years while in the 6th and 4th classes it is only attained in six and 10 years respectively tends to create unnecessary blocks in the 7th and 5th classes. (3). The impossible length of time required to pass by regular promotion from the bottom to the top of the list must deter promising young men from joining the Service unless they can do so in an upper class over the heads of men already serving to the discouragement of those men. The greater number of educated men that can be induced by the chances of continuous promotion to join in the lower classes the greater will be the general efficiency of the Service. (4) The varying gaps between the salaries of the different classes are further checks to continuous advancement. The maximum salaries of the 8th and 7th classes and the minimum salaries of the 7th and 6th classes differ by one increment, the maximum salaries of the 6th and 5th and the minimum of the 5th and 4th by two increments, while there is a gap of five increments between the maximum of the 4th and the minimum of the 3rd. A man who has reached the maximum of the 4th class may have to wait some years without increments before receiving promotion to the 3rd, and with it an addition to his salary of six increments. It would be better if he received further increments in the 4th class and only one additional one on promotion to the 3rd. The foregoing defects are obviated by the adoption of the system of grading shown on the following table:—

Grade.	Salary.			Incre- ments.	Period in which maximum salary of Grade could be reached & enjoyed for 1 term. Years.
	Mini- mum.	Maxi- mum.			
	\$	\$	\$		
6th	240	420	60 annually	4	} 32
5th	480	660	60 annually	4	
4th	720	900	60 annually	4	
3rd	960	1,200	120 biennially	6	
2nd	1,320	1,560	120 biennially	6	
1st	1,680	2,040	120 biennially	8	

This scheme starts from the same minimum (\$240) as the existing classification scheme but goes to a slightly lower maximum (\$2,040 in place of \$2,100). It provides the encouragement of annual instead of biennial increments in the three lower classes and while retaining the biennial increments in the upper classes doubles the amount of them. The maximum salary of each class is separated from the minimum salary of the class above it by the amount of one increment. The system offers to a young man with the necessary educational qualifications who joins either of the lowest classes the chance of fairly regular promotion throughout his career. Of course there will be many cases of a clerk when he has reached the maximum salary of his grade not being considered suitable for promotion to a higher one and being passed over by others of better qualifications when vacancies occur in the higher grade. This may tend to the disappointed man leaving the Service but it will be better to occasionally lose those men who have proved themselves unsuited for promotion than to have constantly to accept the resignations of the best of the junior clerks. Theoretically I have no doubt that the grading scheme is an improvement on the Classification Scheme. But a mere theoretical advantage would not have been sufficient justification for any change and certainly not for a change involving some increases in expenditure unless there were some practical need for it, and reasonable grounds for believing that it would effect a practical improvement. The practical need for the scheme was demonstrated to me by the fact that before my arrival a scheme had been submitted to the Secretary of State for a new system of salaries for the Post Office Staff, which differed not only from the system then in force but also from the Classification Scheme that had never been introduced into that office and that the grounds for this submission were that higher inducements were necessary to retain the services of the junior men in the Post Office where more clerks were employed than in any other of the Government Departments. My belief that the adoption of the scheme would effect a practical improvement is based on the success which a similar one had met with on the Gold Coast, where frequent changes in the subordinate staff were checked by the introduction of a logical and consecutive scale of salaries. The Secretary of State has left to my discretion the extension of the scheme which now first appears in the estimates as convenient opportunities occur for applying it to various Departments or in particular appointments. An extension of it which will introduce a logical basis into the scheme of sterling salaries is engaging my attention.

GENERAL POLICY.

This systematization of salaries, involving in some cases

increases to them, should tend to improve the personnel charged with the *General Administration*. At the same time I should be loth to see the proportion of establishment charges to the work done for developing the Colony again increase to anything like the old figures, and proposed additions to staff will be very carefully scrutinised. As business increases it is however necessary to allow some increase in establishments and to provide suitable accommodation for them, and I much look to the completion of the new buildings giving the increased Post Office Staff a better chance of overcoming the special difficulties it has to contend with here. Passing from *General Administration* to the important Department of *Public Health* I can follow no better policy than that of my able predecessor who first enlisted the co-operation of the Chinese community in keeping clean this overcrowded city, a policy to which the steady decrease in the general death rate in late years can, I think, fairly be attributed. The necessarily heavy expenditure we incur on Sanitary measures is much more satisfactorily employed in the prevention than the cure of disease, and I have accepted with willingness the suggestion of the Principal Civil Medical Officer to transfer certain items which formerly appeared under special plague expenditure to the part of his estimates which provides for the permanent sanitary work. With regard to another means for improving the sanitary condition of the City of Victoria, viz.:—the resumption of insanitary property, I intend to consistently follow the policy that was adopted before I came to the Colony. I may mention here a branch of the service whose work has some influence on the Public Health, the Botanical and Afforestation Department. More system is being introduced into the further afforestation of the Island, and the afforestation of New Kowloon and the planting of the Kowloon Roads are to be undertaken on definite and continuous plans. *Public Instruction*, judging from its flickering history, as it has been clearly set forth in a paper written by the present Inspector of Schools for the Board of Education at home, is one of the most difficult Departments on which to frame a policy for Hongkong. In that paper Mr. Irving aptly compared the attempt to raise the standard of education of the Colony with its constantly changing population to an attempt to raise the educational level of Charing Cross Hotel. On the whole I am disposed to the belief that greater good will be attained by giving a sound Western Education to a moderate proportion of the boys who come to us for it than by imparting a smattering of English and Western knowledge to a large number who, left to themselves, would probably pick up as much of it as they require for the purposes of working in shops or offices and would in any event receive the

Chinese training which few of the Cantonese allow their children to lack. For the maintenance of *Public Order* a good system exists which I should be sorry materially to alter. In our peculiar situation close to the most populous City of China we cannot allow aliens to settle in our midst if they prove themselves to belong, or give strong grounds for the presumption that they belong, to the criminal class. We must also keep up a Police Force much larger than is required in Colonies differently situated and maintain a strong British element in that Force. Further we must, with regard to the 100,000 inhabitants in the corner of rural China that has in recent years come under our jurisdiction, maintain a somewhat paternal rule and prevent the dissatisfaction which would arise if harassing legal proceedings with reference to their petty land affairs took the place of the old oppression by Yamen runners. The question of the maintenance of internal order leads naturally to that of *Defence*. I intend to use such influence as I may have to secure the maintenance in the Colony of a Garrison sufficiently strong to prevent it being raided in war by hostile cruisers while His Majesty's ships are employed in their proper work of hunting out and destroying the squadrons of the enemy. For the efficiency of that Garrison, and the defences they are to man, we can repose full confidence in the General Officer Commanding. In any matter that the Colony can properly give assistance to him I am sure he can count on that assistance. I may mention here that a permanent settlement of the difficult military land questions which have been under discussion since the cession of Kowloon will, I believe, be arrived at very shortly, a result largely due to the good work done by Mr. May in the matter. (Applause). While on military subjects, I will express my appreciation of the support that is being given by the community to our Volunteer movement and at the same time I must state that I shall not be fully satisfied till every British born person who has entered into or who still retains the vigour of manhood prepares himself to do his utmost for the protection of the Colony in its hour of need. The Department of *Public Works* is the last to which I need refer. It is unnecessary for me to state again that I look on the completion of the Railway which is to connect us with Canton as the most important of these. A quarter of a million dollars a year for interest on a loan for the part of this work which will lie in this Colony will not be an excessive price to pay for it. Good roads in the New Territories are necessary adjuncts to the scheme. I have already alluded to the extended Tytam Tuk Water Supply which will require for its execution an annual allotment of half a million dollars for seven or eight years; a larger expenditure if we can afford it would hasten the completion of the project and set the minds of the present generation at rest with regard to the future Water Supply of the Island. Next in urgency among

the large projects is the provision of a typhoon shelter for the increasing number of junks which now have prematurely to leave their work to ensure not being shut out of the limited accommodation in Causeway Bay. Then comes the still larger question of providing for the continuously increasing shipping that visits the harbour by extending the area of deep water in it. There are several other important schemes and many small ones that have been constantly urged on the Government but beyond promising that they will be kept in mind I am not prepared now to make any statement with regard to them. There are one or two matters which I should like to mention though they cannot be referred to any of the heads of the Estimates before you. Of these the first is the importance to this Colony of the maintenance of existing and the creation of new *Industries*. With the increase of Dock accommodation in the Far East and the construction of Railways to the Treaty Ports, this Colony cannot always hope to maintain its past trade preponderance over its rivals. If it is to advance at the rate at which it has hitherto advanced it will have to take full advantage for industrial purposes of the nearly inexhaustible supply of cheap labour that can be attracted to it and of the convenient sites for carrying on manufacturing businesses which exist in the New Territories. It is not greatly in the power of the Government to stimulate industries. I may refer as a small effort in this direction to the fact that a collection of specimens of the present products and manufactures of the Colony is now being prepared for exhibition at the Imperial Institute in London. I believe in *exhibitions* partly as stimulating improvements in the production of the articles exhibited, and partly as furnishing a wholesome pleasure to residents and visitors. I propose shortly to take into consideration the improvement of our Museum and I see no reason why in view of various minor arts—lace making, silver working, book binding, etc.—being practised here, a periodical art exhibition should not be a success. It would be an advantage if the Annual Flower Show which was formerly an important feature of the Hongkong season could be permanently re-established, and a tentative effort in this direction will be made next February. Such shows combine business and pleasure. In the region of pure *amusement* I may mention that the Government is awaiting the decision of the Royal Yacht Club as to their adoption of a site which after inspection seemed to me to be better suited for a Club House than the one which it had been proposed to assign to them, and I would also refer to an area in the portion of King's Park, South of Gascoigne Road, which has been

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Cricket Ground. It is somewhat small for this purpose, but on the final settlement of the Military Land Question the provision of further accommodation for games in the area North of Gascoigne Road will be taken into consideration. I do not apologise for referring in this Council to these matters of sport, for I hold it not below the dignity of Government to take a care of the public stock of harmless pleasure. (Applause).

His EXCELLENCY then put the Colonial Secretary's motion, which was carried.

MERCHANT SHIPPING ORDINANCE.

The ATTORNEY GENERAL begged leave to introduce and read for the first time a Bill entitled an Ordinance further to amend the Merchant Shipping Ordinance, 1899, and for other purposes.

The COLONIAL SECRETARY seconded, and the motion was carried.

The principal objects of this measure are to provide a practicable system in respect of the lights to be carried by junks, to secure further and better control of the traffic of small craft in the Harbour, to facilitate the granting of Special Licences to River Steamers, and to exempt certain ships in certain cases from the operation of a section of the Principal Ordinance.

PROTECTION OF WOMEN AND GIRLS.

The ATTORNEY GENERAL begged leave to introduce and read for the first time a Bill entitled an Ordinance further to amend the Protection of Women and Girls Ordinance, 1897.

The COLONIAL SECRETARY seconded.

The motion was carried.

The purpose of this Ordinance is to afford further and better protection to girls by amending the law with regard to procreation and abduction, and to provide for the reception in certain cases of the evidence of children of tender years, though not given on oath or affirmation. With that object it is proposed to amend Section 4 (1) (a) and Section 26 of the Protection of Women and Girls Ordinance, 1897, by raising the age in each case from 16 years to 18 years and to adopt the provisions of the Criminal Law Amendment Act, Section 4, with regard to the evidence of children of tender years.

SUMMARY OFFENCES ORDINANCE.

The ATTORNEY GENERAL moved the first reading of a Bill entitled an Ordinance to amend the Summary Offences Ordinance, 1845.

The COLONIAL SECRETARY seconded.

The motion was agreed to.

The object of the Bill is thus set forth:—

The powers at present possessed by the police being insufficient for the effective abatement of the nuisance aused by solicitations for immoral purposes by persons frequenting certain public places this Bill is designed to confer the requisite powers.

PROTECTION OF MARRIED WOMEN.

The ATTORNEY GENERAL moved the first reading of a

Bill entitled an Ordinance relating to the Summary Jurisdiction of Magistrates in reference to Married Women.

The COLONIAL SECRETARY seconded, and the motion was agreed to.

The purpose of this Bill is to confer upon Magistrates a summary jurisdiction to compel a husband who deserts his wife or who by his conduct drives his wife to leave him to provide reasonable maintenance for her and her children, if any.

OTHER BILLS.

His EXCELLENCY—The remaining two bills on the order of the day will not be proceeded with immediately. The Council stands adjourned till the 14th inst, when the second reading will be taken of the Bills we have read the first time to-day, except the Appropriation Bill, of which it is proposed to take the 2nd ending on the 21st instant.

The Council then rose.

FINANCE COMMITTEE.

A meeting of the Finance Committee was held immediately after the Council. The Colonial Secretary presided.

The following votes were passed.

MAGISTRACY VOTE.

The Governor recommended the Council to vote a sum of Four hundred Dollars (\$400) in aid of the vote Magistracy, other charges, for office furniture, repairs and incidental expenses.

CITY HALL GRANT.

The Governor recommended the Council to revoke the sum of One thousand two hundred Dollars (\$1,200) in aid of the vote 22 Miscellaneous Services, being the City Hall Grant for the year 1904.

Mr. SHEWAN—Is not that very late?

The COLONIAL SECRETARY—It is a re-vote.

MISCELLANEOUS SERVICES.

The Governor recommended the Council to vote a sum of Two thousand Dollars (\$2,000) in aid of the vote 22, Miscellaneous Services, Telegrams sent and received by Government.

PRISON CHARGES.

The Governor recommended the Council to vote a sum of One thousand five hundred Dollars (\$1,500), in aid of the vote, Gaol—Other Charges, for the item, Lighting the Gaol and Warders' Quarters.

MEDICAL.

The Governor recommended the Council to vote a sum of One thousand three hundred and Sixty Dollars (\$1,360) in aid of the vote, Medical Departments—Other charges, for the following items:—

Civil Hospital:—Light and Fuel .....	\$500
Lunatic Asylums:—Fuel and Light .....	150
Incidental Expenses .....	60
Provisions for Patients .....	650
Total .....	<u>\$1,360</u>

EDUCATION VOTE.

The Governor recommended the Council to vote a sum of Three hundred and fifty Dollars (\$350) in aid of the vote, Education — Other Charges, Yaumati Anglo-Chinese School, for the item Furniture.

MISCELLANEOUS.

The Governor recommended the Council to vote a sum of seven thousand eight hundred and seventy-eight dollars and seventy-one cents (7,878.71) in aid of the vote 22 Miscellaneous Services—Other Miscellaneous Services, for the following:—

*In connection with Messrs. Howard and Stephens' claim—  
Marine Lot No. 184.*

Taxed costs .....	\$4,503.21
Fees of Mr. H. E. Pollock, K.C., .....	1,150.00
Do. Mr. W. Danby .....	1,000.00
Do. Mr. A. Shelton Hooper .....	1,043.00
Shorthand writer's attendance .....	60.00
Do. transcription of notes of speeches and evidence .....	<u>122.50</u>
Total .....	\$7,878.71

Mr. SHEWAN—Have they accepted this?

The COLONIAL SECRETARY—Yes.

Mr. SHEWAN—Have they had the money?

The COLONIAL SECRETARY—Yes, it has been paid over to them.

REGISTRAR GENERAL'S DEPARTMENT.

The Governor recommended the Council to vote a sum of Fourteen Dollars (\$14) in aid of the vote Registrar General's Department— Other Charges, for the item, Uniform &c., for Inspector.

POST OFFICE VOTE,

The Governor recommended the Council to vote a sum of Twenty-four Pounds (£24) in aid of the vote, Post Office —Other Charges— Agencies in China, Shanghai, for a Typewriter.

This was all the business.