

27TH SEPTEMBER, 1906.

PRESENT:—

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

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

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

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

Hon. Mr. A. M. THOMSON (Colonial Treasurer).

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

Hon. Mr. F. J. BADELEY (Captain-superintendent of Police).

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

Hon. Mr. WEI YUK.

Hon. Mr. E. A. HEWETT.

Hon. Mr. W. J. GRESSON.

MINUTES.

The minutes of the previous meeting were read and confirmed.

FINANCIAL MINUTES.

The COLONIAL SECRETARY by command of His Excellency the Governor, laid on the table financial minutes No. 65 to 72 and moved that they be referred to the Finance Committee.

The COLONIAL TREASURER seconded.

HIS EXCELLENCY—The item of \$1,500 in Financial Minute No. 65 for cemetery incidental expenses is partly due to the opening of a new cemetery at Kai Lung Wan and is partly for some storm-water works necessary at the cemetery at Mount Caroline. The addition of \$900 to the item for the disinterment of dead bodies is on account of work which has been carried out by the Tung Wah Hospital. The addition of \$2,000 to the cost for the year of burial of plague corpses still leaves the total expenditure on that

item at some \$2,000 less than the amount of the vote in 1904. I have already explained to the Council the provision made for a postal agency at Tientsin. This agency is to be started from the 1st October of this year, and Financial Minute No. 66 provides for a sum of \$1,170 on account of Other Charges for it. The transit charges which also come under the head of Other Charges for this agency will not be paid until next year. The personal emoluments connected with the agency will be provided this year from lapsing salaries in the Post Office. The vote of \$1,100 asked for in Minute 67 is for improvements in the printing and distribution of the meteorological register, adopted at the suggestion of the Chamber of Commerce. Financial Minute No. 68 for \$20,000 is for typhoon damages under the heading of Public Works Extraordinary. This is only an instalment of what will ultimately be required, but it is advisable that the Director of Public Works should at once have some money with which to do the most urgent work. Financial Minute No. 69 includes \$3,000 on account of other miscellaneous services to cover the losses due to discount on subsidiary coinage received by the Treasurer. The minute also includes an item of \$7,000 for refunds of revenue on account of vacant houses. The remaining three financial minutes deal with small sums, and sufficiently explain the purposes for which they are required.

The motion was carried.

A TRADE MARKS ORDINANCE.

The ATTORNEY GENERAL—I ask leave, Sir, to introduce and read for the first time a Bill entitled "An Ordinance to Consolidate and Amend the Law relating to Trade Marks", and that the title shall be deemed sufficient for the purposes thereof.

The COLONIAL SECRETARY seconded, and the motion was carried.

THE LAW OF EVIDENCE.

The ATTORNEY GENERAL—I rise, Sir, to ask permission to introduce and read for the first time a Bill entitled "An Ordinance to Amend the Law of Evidence", and that the title be deemed sufficient for the purposes thereof.

The COLONIAL SECRETARY seconded, and the motion was carried.

THE ESTIMATES.

The COLONIAL SECRETARY moved the second reading of a Bill entitled "An Ordinance to apply a sum not exceeding five million, two hundred and two thousand, one hundred and thirty-five dollars to the Public Service of the year 1907." The Colonial Treasurer seconded.

Hon. Mr. HEWETT—Your Excellency, I understand it is the custom to offer the unofficial members of the Council an opportunity of passing such criticisms as may occur to them and appear desirable on the budget

appropriation for the year, and I will endeavour to make my remarks as brief as possible. We all know the budget has been to a certain extent upset by an unfortunate falling off in revenue which occurred at the last moment, and consequently it was necessary, so we understand, to revise this budget so to speak at the eleventh hour. Under the circumstances we have occasion to congratulate ourselves that Your Excellency was able to put such a satisfactory budget before the community as you have done. The unofficial members feel they are deeply indebted to Your Excellency for the lucid explanation which you gave and which helped us very much in our consideration of the budget. The first remark I would venture to make with regard to Your Excellency's budget is that it is satisfactory, looking upon it as a temporary budget. I may venture, however, to say it has not dealt with one point which has impressed itself very much upon the unofficial members; that is, we know that our revenue is a somewhat ephemeral one. We have had an indication lately that we may suddenly have to face a large falling off of that revenue. We believe there are reasons to fear that in the future—in a few years time—we may see a still further decrease in the price of the Opium Farm. It is also a debateable point whether another leading source of revenue, the land sales, will be maintained. On that point there is a difference of opinion among the unofficial members. We feel that it is very evident that the revenue is stationary, possibly a declining one. In the next year there may be important public works to be carried out, and it is necessary that these should not be postponed. The question of deferring public works to balance the budget is a policy which can only be followed for a year or so at the most. Your Excellency has suggested three alternatives in order to balance the budget for the coming year. One was raising a loan; another increasing taxation, and the third, retrenchment. In consultation with my unofficial colleagues I found there was some difference of opinion with regard to the question of loans. Personally, I hold the opinion that the policy which Your Excellency has advocated, and which has been followed by your predecessors, is a sound one; that is to say not to raise a loan unless it is absolutely forced upon us. In the existing financial condition of the Colony I believe myself a loan is unnecessary. With regard to increased taxation, of course nobody would advocate that, or approve of it. It might, however, be forced upon us later on. The third alternative is retrenchment, curtailment of expenditure. I understand from that Your Excellency refers to the postponement of certain public works. That might be necessary at the moment, but these could not be postponed indefinitely. We know there are public works of great magnitude which are urgently required. As time goes on, and probably before these works are completed, the Colony may find itself

called upon to spend large sums of money on other public works of which we have at the present no cognizance. That being so, it is inadvisable to pile up public works for an indefinite period. There is one point with regard to retrenchment which might be overlooked; that is the question of the cost of administration and the personal emoluments of the Colony, but I will refer to the latter. I will now proceed, Sir, to make such remarks as occur to me, taking the points referred to in your speech on 13th September. Your Excellency made some remarks with regard to subsidiary coinage. I think there are several members in this Chamber who remember a good many years ago a very urgent demand was made by the whole Colony for the Government not only to issue, but to considerably increase the issue, of subsidiary coins. The Governor of that day, either Sir William Des Voeux or Sir William Robinson, refused to increase the issue of subsidiary coins although urged to do so. At that time subsidiary coinage was very scarce; because, just as fast as the coins were minted, they disappeared into China. I don't see that any steps taken by the Hongkong Government could have prevented the exportation from Hongkong of subsidiary coinage. It has been practically forced upon the Hongkong Government to issue between four and five million sterling of subsidiary coins, the greater part of which has been absorbed in Southern China. Had they not continued to issue, no doubt business would have been seriously crippled. Your Excellency referred to the point that the Chinese Government had learned a lesson and had now begun to over-issue subsidiary coins on their own account. It appears to me that the profits made on subsidiary coins by all Governments in all parts of the world are so well known that no object lesson you may have offered to the Viceroy of the Two Kwang would have had any effect. I speak with personal knowledge of the time when we so strenuously urged the Government to increase the issue of subsidiary coins. Your Excellency referred to the question of tree cutting. It is a very small matter. Still there was some time ago a good deal of feeling aroused by talk about cutting trees in the Colony. We understand that as the trees die it is advisable to thin them out, but we trust this will be done with a tender hand, and that the picturesque beauties of our island will not be interfered with. There is another small point to which I would like to refer: that is the payment of \$2,400 a year to the police for the supervision of shroffs' accounts. So far as I am aware, no public statement has been made with regard to the defalcations to which Your Excellency referred, and we trust that bears no relation to the permanent increase in the cost of the police of \$2,400. I speak of course as an

outsider; I do not know the details. It seems to me that checking shroffs' accounts cannot be a very important matter, and this seems a large sum to pay for work of that sort. With regard to the allowance for fire alarms and despatch boxes, I am sure the vote for this purpose will be most cordially endorsed by the community. We only trust that the fire alarms will be shortly spread through the Colony, including Kowloon and the Peak. The question of cancelling the purchase of an extra fire float seems a sound one. I cannot see any real necessity for a second fire float. It is quite true that at any moment a serious fire may occur, and the Government of the day be blamed. Speaking for many years, I cannot remember any really serious fire taking place in Hongkong in which the float might have been used, since the great fire which took place on Christmas 1878. With regard to education there is again a difference of opinion amongst the unofficial members. We can only trust that the experiment which Your Excellency is now making, and which on the face of it certainly appeals to me as one interested in a small way in education, to be a good one, will be successful, and the result will be watched with great earnestness. As to the Volunteers, I would only refer to them because I am quite sure that the general feeling of the community, and one of Imperial interest, is that any reasonable vote which is to be accorded the Volunteers will be gladly agreed to. The only point on which we may express regret is that the younger members of the community do not avail themselves of the opportunity of fitting themselves as proper citizens of the British Empire (applause). It is satisfactory to know that in spite of the poor state of the finances, the work of the Post Office and the Law Courts can be continued, and that Your Excellency has decided to commence work on the large Tytam reservoir. That is very urgently required. Had it not been for the recent storms which have unfortunately caused so much damage, we probably would have found ourselves in difficulties. That work might possibly be completed by the issue of a loan. \$200,000 is to be spent next year on the work, and it is satisfactory to find that such a sum can be provided from current revenue. Something was said with regard to \$20,000 proposed to be spent on Blake pier. Even in the hardest times all human beings like a little luxury, and the improvements to Blake pier may be looked upon as a little luxury. I trust that when this work is commenced attention will be paid to the concreting. At the approach the concrete has sunk, and during wet weather a pond is formed there through which people have to wade on approaching or leaving the pier. Another question is the resumption of insanitary properties. The unofficial members agreed that

it was absolutely necessary to cancel that proposed expenditure of \$150,000. One of the reasons which we understood induced the Government to arrive at this decision was that the large amount of property already resumed could not be sold. It appeared that seeing the Colony had to face a loss on this resumption, it would be better to sell the property at any price which could be obtained now, and that money thus obtained be devoted towards the purchase of fresh property, because it is clear if property has depreciated, now is the time to buy. If the Government wants to buy property it ought to be able to buy cheaper now. There is another point to which I would like to refer although not mentioned by Your Excellency. I understand that the original proposal made by Sir Henry Blake for the resumption of insanitary property was that in time the insanitary part of Hongkong should be rebuilt. That was approved of at the time. It appears to me something more should be done: it is impossible to rebuild Hongkong on different lines. We have Kowloon which is still fairly vacant. I firmly believe that in the next ten years or so we shall see a great part of the Peninsula covered with buildings, and I would venture to suggest that we should have two sets of building regulations, one for European houses and the other for the two storied Chinese houses. Overcrowding is largely due to the fact that we have forty or fifty people crowded together in one house. In Hongkong we have four or five times the population to the acre than that found in an English city. The only way to reduce that overcrowding appears to be to inaugurate a cheap form of house. Such a house as I have in my mind is from an investor's point of view very paying. One family, or at most two, could share one house, and consequently they would obtain that privacy of which they complain they have been deprived by the abolition of cubicles. For several years I was on the Municipal Council at Shanghai, which had two forms of building regulations, one for foreign houses and one for Chinese houses. I know the system there resulted in very great good, and I think if the Government here could see their way to adopt some such system it would have a very good effect. With regard to the typhoon shelter Your Excellency referred to then cessity for this, which is admitted by all. You also went on to suggest that the Chamber of Commerce might see their way to suggest a means of raising funds. I am sorry to say the Chamber of Commerce do not see their way to meet Your Excellency's suggestion. For many years it has been strongly urged by all those interested in shipping that tonnage and light dues should not be levied for the purposes of general revenue. Your Excellency is aware that in 1897 the Rt. Hon. Mr. Chamberlain, Secretary of State, in reply to a

telegram from Sir William Robinson practically admitted that in future light and tonnage dues were not to be raised for the purpose of general revenue. The shelter benefits all classes in the community, and should be borne by the community and not by the shipping section. We all depend on the native craft, the merchant and the house owner as well as the ship owner, and the refuge here is just as much a benefit to the merchant and house owner as the ship owner, consequently it would be manifestly unfair to ask a portion of the community to raise a large sum of money for the benefit of the whole Colony. With regard to the position of the typhoon shelter there has been some question. That it should be erected at the earliest possible date I think we are all agreed. Possibly it might even be advisable to raise a loan to pay at all events in part for that shelter, because as we know, one destructive typhoon may cost the Colony \$500,000 or \$600,000 or possibly even a sum larger than the \$600,000 required to build the shelter. I don't suppose that if we had had a shelter it would have had any effect in saving the great loss of life in the storm of the 18th instant. A few boats in the immediate vicinity may have got to the refuge, but it would not have benefitted the native shipping at large. When the Government suggested Mongkoktsui, the Chamber of Commerce wrote stating that Chungshawan appeared a more desirable site. That is a point which I think is perhaps rather cleared up by the result of the last storm. That brings me now to the small vote on the Observatory on which I presume I am entitled to speak. I do not hold with the cry which has unfortunately been raised too often that the Observatory is altogether in the wrong. I will not refer to the storm of the 18th instant, as the subject is *sub judice*. The committee of the Chamber of Commerce have in days passed felt it to be their duty to point out that they considered they did not always receive the assistance which the shipping was entitled to receive from the Observatory. This resulted in the inquiry held twelve years ago, which exonerated the Observatory. I do not wish to exonerate or to blame, but there is no question that there is a strong feeling in the community that through a little want of friendliness or reciprocity on the part of some of the officials we have not had the fullest possible benefit from the Observatory which we are entitled to expect. If Your Excellency saw your way to clear up this point, that whether these charges are unfounded or not it will not occur again in the future, it would be satisfactory to the community at large. It might be possible to appoint a small commission to go into the question of the equipment of the Observatory, and possibly to supply fresh instruments to put the Observatory in a better position than it is at present to foretell

approaching bad weather. Another point is the question of roads. Your Excellency made experiments in wood paving, but at the moment they are only in the experimental stage. Nobody can deny that the condition of the macadamised roads are a disgrace to any town that calls itself civilised. In wet weather they are impassable seas of mud. In dry weather it is almost impossible to walk on them on account of the broken surface, painfully recalling to one's mind stories of the middle ages when pious folk expiated their sins by walking to Canterbury with shoes full of dried peas. We of course understand that the cost of re-making roads in anything but macadam would be very great, and I fear only can be done when funds permit. One track, that is the tramway track, is very bad, but I know perfectly well the difficulty which exists in keeping such a road in good condition when we have a ricsa traffic cutting the place to pieces. There is a continuous line of holes along the tramway which are dangerous to traffic and may cause serious accidents. In wet weather an active man can cross with a certain amount of safety, but a woman could not cross without getting her skirts ruined by dirty water full of oil and iron rust. I referred just now to the question of possible retrenchment. I now come to the question of salaries. We all know the cry which has been raised by a section, the civil servants, as to the difficulties in which they are placed by diminishing incomes. That is a question I fancy which affects most of us in the Colony, but I think the civil servants deserve consideration. I would venture to suggest, although in doing so I do not know that I have the entire support of my colleagues, that your Excellency should appoint a small committee to consider the whole question of salaries. The salaries of civil servants should in my opinion be based on the same lines. This I think is not always the case; I will not go into details. With regard to the exchange compensation there can be no finality about that. Some of us have seen the dollar up to 4/-, we have seen it down to 1/6, and now it looks as though it were going up to 2/6. It appears to me that the proper way to deal with the question is to fix the salaries on a sliding scale, that is to say, all sterling salaries should be paid not more than \$12 to the pound and not less than \$10, fixing exchange between 2/- and 1/8. That would give a certain amount of fixture to the salaries of members of the civil service, at all events for the next two or three years. I am afraid I have spoken somewhat lengthily. With regard to the question of retrenchment I can only say, and I have held the opinion for many years, that there is only one way of effecting retrenchment and improving the efficiency of the administration of the Colony. It might be, but I don't say it is, possible to reconstruct the work of members of the upper branches of the Government

service, those drawn from home. Possibly by paying men more and increasing their duties we might be able to induce a better class of men to join the service and to remain in it. I am told that at the moment there is a little difficulty to get recruits. There is no doubt that if you want to get good work out of a man you have got to pay him well, but extra expense might be saved by reducing the number of the establishment. There is only one other point to which I wish to refer, and that is, Sir, the death of four well-known ex-government officials. With the exception of the hon. senior unofficial member, the honourable Chinese member opposite and myself, none of the Council remember the stormy times of the rule of Sir John Pope Hennessey, but whether we do or do not remember Sir William Marsh, Sir George O'Brien, Mr. Deane, or Mr. Bruce Shepherd, we all know that in their time they rendered faithful and capable service to the Colony. We all join in endorsing the remarks of Your Excellency expressing regret for their loss.

The Hon. Mr. GRESSON—At the informal meeting at which your Excellency was good enough to place before the unofficial members the skeleton of your budget for 1907, you may recollect that I expressed no opinion on the means you proposed to adopt to balance revenue and expenditure. We had then no figures before us and it was not possible to form a competent opinion. Now we have full details and have also had the benefit of Your Excellency's lucid explanation. The total decrease in the estimated revenue for 1907 is as nearly as possible \$900,000, due to three principal causes —shrinkage in the opium monopoly, the elimination of the profit derived from subsidiary coins, and the Widows and Orphans' Fund. In estimating the expenditure Your Excellency has been able to show a considerable decrease owing to the present high level of exchange. This may or may not prove to be justified, for he would be a brave man indeed who would hazard an opinion as to what rates will be ruling at this time next year, and it is quite possible that the small surplus of \$16,285 now shown may result in a deficiency. The Widows and Orphans' Pension Fund and the revenue from subsidiary coinage are not again available, and regarded even from the most favourable side it is obvious that we have to deal with a falling revenue. While I see no objection to the way in which it is proposed to meet this falling revenue, I see nothing to commend it. The cure that is proposed is one with which we are all more or less familiar, and if the progress of the Colony is not to come to a standstill it must sooner or later be abandoned. Your Excellency's disinclination to raise a loan is, I confess, to me inexplicable, provided always the terms are satisfactory. I may here remind Your

Excellency that if, as I foresee, a loan must ultimately be raised, postponing the evil day will inevitably result in worse terms being secured. Far better to raise a loan now when the credit of the Colony is good and the lender need not be concerned as to the security for his advance. As the desirability is not open to consideration I will make use of Your Excellency's reference to the cut of the Colony's coat. Here I go further than Your Excellency. I think it will be necessary to consider not only the cut of the coat but also the under garments or household expenses. It is to these I would more particularly wish to refer, for I think they should be re-shaped before we deal with our outer garments or extraordinary expenditure. Before dealing with the expenditure there is one item in the revenue, a sum of \$10,000 to which I would like to draw attention. It is in connection with the new Western and Mongkoktsui markets. It would be instructive to know what the return actually is after provision has been made for the cost of buildings and value of land. Turning now to expenditure, it is necessary, Sir, that I ask your and hon. members' attention to some figures. They are instructive and I hope they will be not altogether uninteresting. Under the heading, Personal Emoluments, exclusive of the Post Offices outside this Colony, I find that expenditure is no less a sum than \$1,925,660 or out of a revenue of \$6,448,025—30 per cent. Out of our revenue however, an immediate return of one-fifth has to be made as military contribution. This amounts to \$1,276,620, leaving us with a net available revenue of \$5,171,405, and out of this personal emoluments absorb 37.26 per cent. In other words, to administer \$5,171,405 we spend \$1,925,660 (hear, hear). In dealing with expenditure it would of course be instructive to form comparisons, but comparisons equitable and just are not easy to find. In dealing with the expenditure of the Police and Jail Departments I may, perhaps, compare them with the neighbouring settlement of Shanghai. I will deal first with the police. In Shanghai there is a foreign population of 11,497 in addition to a native population of 452,716. In the Police Force there are 1,069 men of all ranks. The total number of prisoners dealt with by this force for the year 1905 was 84,117 at a cost of approximately \$449,000. In Hongkong there is, I understand, a force of 783 men. The personnel of the two forces is somewhat different. In Shanghai there are 111 Europeans as against 112 in Hongkong; there are 224 Indians as against 360 in Hongkong; and there are 734 Chinese as against 311 in Hongkong. Shanghai therefore maintains a force of 1,069 men at a cost of \$449,000, while Hongkong's force of 783 men costs \$543,816, or with 286 less men we pay \$95,000 more.

HIS EXCELLENCY—Does not that include the jail?

Hon. Mr. GRESSON—No, Sir, I will refer to the jail

later.

continuing, the speaker said—It may possibly be contended that Hongkong has a water police force, which Shanghai has not, but even so the expense of this branch is only \$37,232. We will now compare the duties of the forces. I submit the duties of the Hongkong Police are no more arduous than those of Shanghai. In Hongkong they benefit by the assistance of the Garrison police in maintaining law and order, and happily they have not had the experience of assisting in the suppression of serious riots and the protection of life and property. It must further be remembered that Shanghai, for the purposes of defence, has of necessity to maintain a larger police force than would otherwise be required. The conclusion I come to, Sir, is that there is room for retrenchment in Hongkong. In the jail Hongkong's expenditure is \$116,306; Shanghai's \$50,500, a difference in favour of Shanghai of \$65,806. I have no means of knowing the average number of prisoners in Hongkong. In Shanghai on 1st January, 1905, there were 449, and on the 31st December 488, so that a fair average would be 450. In the Medical Departments the total expenditure is \$235,175, or 3.64 per cent of the gross revenue. Personal emoluments amount to \$139,035. This is, I admit, Sir, a delicate department to try to cut down the expenses of, and I am quite sure none of us wish the poorer classes not to have the benefit of medical advice, but still if we are to render any assistance at all, it is obvious that we must keep ourselves out of the workhouse, and I am convinced that by re-organisation, without impairing the efficiency of our hospitals, expenditure can be very considerably reduced. On the Sanitary Department, or as it might more aptly be termed, Hongkong's curse, there is an expenditure of \$454,229, the principal items of which are under the heading of personal emoluments. On the Sanitary Staff the expenditure is \$134,887; on the Veterinary Staff, \$29,603; on the Plague Staff, \$55,165; on allowances of various kinds, coolies' wages, and uniforms, \$23,028; a total of \$242,683. It will be seen the Plague staff is but a small proportion of the whole. The sum of \$454,229 is without doubt but a fraction of what this department causes the Colony to spend on what are often useless and unnecessary alterations or repairs certainly not wanted by the landlord nor desired by the tenants. I am aware the Sanitary Department is engaging the attention of a commission, and their investigation will, I trust, result in a large saving of the public funds. In Public Works the decreased expenditure is, Your Excellency states, due to the higher rate of exchange, but I cannot find any other decrease made although the amount of work is less. I do not wish, Sir, to take up any more time of this Council by dealing with the other

headings of expenditure, but I think I have made it clearly plain that in my opinion there is great room for retrenchment. If my criticisms on the expenditure which are made in all good faith, result in a small saving to the Colony, I shall feel more than amply rewarded for having undertaken this most uncongenial task.

Hon. Dr. Ho Kai—I do not propose to add to the remarks of my hon. colleagues, as they have fully covered the whole extent of the ground. There is only one point to which I wish to refer. I was very sorry indeed to hear from my hon. friend on the right that there is no hope of the Chamber of Commerce coming to the aid of the Government on that most important question, the speedy erection of a typhoon shelter. The reason advanced by my hon. friend was that it was acknowledged to be the principle all over the world that dues should not be levied on shipping for the purposes of general revenue. Now, this typhoon refuge is not being erected for the purposes of general revenue. It is a special kind of work which the recent disaster has emphasised as being most necessary, and I think, not with standing the refusal of the Chamber of Commerce to aid the Government, that the Government should at once devise means for the erection of this refuge. It seems to me, taking all the facts of the recent calamity into account, that although warning might have been given earlier by the Observatory, it would not, under the present circumstances, have saved many of the boating people from disaster; because considering the long stages of water many of them had to cover, the chances are that few would have reached the refuge. It would be much better in future to have a number of typhoon shelters so that however short the warning might be, sufficient time would always be given to boats to proceed safely to a refuge. Hence a refuge of similar size to that at Causeway Bay should be erected in the Western district near Kennedytown, close to the vacant place where they are now in the habit of landing pigs and cattle. In that case if only short notices were given to the boating people, they would have time to reach the refuge nearest them; that is to say, those harbour boats at the west would not have to make a long journey to the east, and perhaps be overtaken by the storm. Then, also, it would be easier for those boats working in the middle of the harbour to cut across to Samshuipo or Monkoktsui and obtain shelter, provided there were havens there. I feel strongly on this point, and hope the Government will, either by means of a loan or otherwise, undertake the work at once. It will give confidence to the boating population, and will be very much appreciated by the whole of the Chinese community, especially the floating population. I urge

the necessity of this work not only on the ground of expediency, but on the ground of humanity. I am sure Your Excellency will, after the experience of the last ten days, give the attention to this question it deserves.

The DIRECTOR OF PUBLIC WORKS—Sir, in the course of the remarks made by my hon. friend opposite he touched upon a few points which concern public works. One matter he referred to was the concrete at Blake Pier which he described as being something like a pond. I cannot think, Sir, the condition of the surfacing is quite so bad as he represents it to be. He must be perfectly well aware that where ground has been reclaimed from the sea as that has been during the past few years there must be settlement, and for the sake of a settlement of an inch or so in certain parts of it it would seem rather extravagant to go and re-concrete the surface simply to get rid of a few small pools. He also made a proposal that the Government should consider the advisability of having two sets of building regulations. It is perhaps worthy of some consideration, but if you make a set of regulations for Chinese houses exclusively, and another set for European houses exclusively you will probably leave the large blocks of offices unprovided for. There are several classes of buildings that would require a third set of regulations to deal with them. In the matter of roads, my hon. friend characterised them as a disgrace. I would ask him if he has ever traversed the streets of London in the wet, and been bespattered with mud from top to toe. Personally I consider the roads of this Colony are, generally speaking, in very good condition. He referred also to the condition in which the portion adjoining the tram line is maintained. I admit that for some part of the time in the early days of the tramway there were good grounds for complaint, but I think that more recently the portion alongside the tramway track has been maintained in better condition, and I hope that the fact that it has called forth remarks in this chamber will act as an incentive to the manager of the Tramway Company to make greater efforts to maintain that portion of the road for which he is responsible. My hon. friend on the left remarked that no reduction had been shown in the estimates for staff, though the work to be carried out by the Department is shown to be somewhat less next year than this. With regard to that he has perhaps overlooked the fact that under maintenance the estimate is increased by \$28,000 in next year's estimates. In Public Works Extraordinary the estimates show a decrease which, speaking from memory, is something over a quarter of a million. Of that amount \$150,000 is due to the resumption of insanitary properties, a matter which does not call for any great amount of engineering work

in comparison with the sum expended. I would also point out, Sir, that there are many questions affecting public works which must be considered in connection with the construction of the railway, for which no expenditure appears in the public works' estimates. I would also point out to my hon. friend that during recent years it has been necessary for the Government to call in a great deal of outside assistance to enable the large works in progress to be carried out. The Kowloon Water Works are being carried out under the supervision of Messrs. Denison, Ram and Gibbs, who have also been engaged as architects for the new Post Office, and the designs of the Law Courts have been prepared by a firm in England. Several other works of a minor character have also been carried out under the supervision of outside firms. It is hoped, Sir, that it may be possible to dispense with outside assistance in the future; but, of course, it will be necessary, if that is to be done, and if works which hon. members have urged should be undertaken on the basis of a loan are to be carried out, it will be necessary still further to increase the personnel of the Public Works Department.

Hon. Mr. WEI YUK—I wish to say a few words in support of my colleague's address. I hope the Government will give serious consideration to the question of speedily erecting a typhoon refuge. I think Chungshawan or Mongkoktsui are the only safe places for the erection of such a shelter.

The CAPTAIN SUPERINTENDENT OF POLICE —A word, Sir, as to the remarks which fell from the hon. member on my left regarding the police. There is a very great difference between Hongkong and Shanghai in the matter of police. Here we have to maintain a water police, which is a very expensive item. He put the cost at \$37,252; even so he was woefully astray, as the cost is \$90,000 a year, a sum of \$58,000 under personal emoluments and about \$32,000 under other charges. The hon. member's remarks about the Shanghai police refer to the cost of the force in 1905. Unfortunately, I have gone into that very little, but I have paid more attention to the estimates for this year, and I find that they reckon this year to maintain 1,099 police, call it 1,100—121 Europeans, 231 Indians, 690 Chinese regular police, and apparently 14 European and 43 Chinese detectives. The budget cost of that is Taels 411,440, which turned into dollars is between \$560,000 and \$570,000. Putting it at \$560,000 you won't be very far wrong. Our budget for the police next year is \$543,816, call it \$544,000. From that we must, in comparing the cost of our police with Shanghai, cut out altogether the cost of the water police for which they have no equivalent. Take \$90,000 from \$544,000, leaving \$454,000, the cost of our land police. With that

we maintain 785 men—114 Europeans, 360 Indians, and 311 Chinese, so that they have, roughly speaking, 315 more men than we have, and the cost of maintenance at Shanghai is \$106,000 more. Roughly they maintain three-eighths more men than we do at an extra cost of about two-ninths. There is no doubt, therefore, that our police cost more per head than theirs do, but not so much as the hon. member on my left makes out. The reason for this is apparent on the face of it. Their force is largely made up of Chinese, who are very much cheaper than Europeans and Indians. They have 121 Europeans while we have about 131. It is very necessary we should have plenty of Europeans here because of the large number of stations we have scattered all over the Colony. Shanghai is more or less a compact place, very flat, and with excellent roads, so that it is possible to concentrate the whole force in about twenty minutes in the most remote part of the settlement. We have as many as 35 stations scattered all over the place and at nearly every one it is necessary that we should have a European in charge, and so it comes about we must have plenty of Europeans. The same remarks apply to a great extent to Indians. Owing to the numerous stations in the New Territory and the different villages, we must keep plenty of Indians, the rest being made up of Chinese. The only way we could save money would be to engage more Chinese in place of Indians. We might save a little money in that way because Chinese are cheaper than Indians, but I am not in favour of it. I don't think it would be a good policy to adopt, and I do not myself see how we can expect to cut down any expenditure on the police.

HIS EXCELLENCY—Dealing in the first instance with the remarks of the hon. Dr. Ho Kai and the hon. Mr. Wei Yuk, I will at once inform the Council that I shall endeavour to start the typhoon shelter in the coming year (applause). I believe it is absolutely necessary. It will take some time to decide on the best site and a satisfactory design. In the meantime I shall consider how the necessary expenditure can best be met. I do not intend to raise a loan for the purpose in spite of what has fallen from the hon. Mr. Gresson on this subject. He said it was inexplicable that I should be averse to a loan. I thought I had explained my reasons at some length at the meeting on the 13th instant. It is not necessary to repeat what I then said, but I will meet one of the arguments that is commonly used in favour of a loan. It is said—"why should we pay for what will benefit coming generations?" I do not think that is a fair way to put it. We should pay for what will benefit the next generation in the same way as the past generation paid for the benefits which the present generation enjoy (applause). There is no finality

in this progressive Colony about any of our public works. I have been told that when the Tytam waterworks were under construction, it was considered not only that that was the final word which had to be said on the subject of water supply, but also that the works were far in excess of any probable future requirements. They were called Price's white elephants. Since these works were completed the Tytam byewash with 26,000,000 gallons have been added to our supply, and now we have nearly completed the first Tytam Tuk reservoir which gives another 198,000,000 gallons. We know now that these are insufficient, and we are going to start a new reservoir for 1,200,000,000 gallons. I am perfectly satisfied that that in itself will fail to supply the ultimate needs of the Colony, and if not the next generation, then the one after it will have to consider fresh water supply schemes. This has been a progressive Colony, and we hope it will continue to be so. So long as it is progressive no works that we put up can be considered to meet the ultimate requirements of the place, and no works should, therefore, be paid for from loan. From this, of course, I except such works as the railway now under construction. If the cost of the typhoon shelter is not to be met by a loan, and I think I have the majority of the Council with me that it should not be so met, the question whether additional taxation should be imposed by higher assessed taxes or light dues will have to be considered. I hardly think the hon. member who represents the Chamber of Commerce can be allowed to have the last word on that subject. He stated that the Colony depended entirely on its shipping. I know that is the usual way of putting the case, but is it really the correct way? Does not the Colony depend as much on its trade as its shipping? Would the shipping exist without its trade? I think not. The shipping makes its profits—and I imagine they are large ones—from the Colony, and it is not clear why those profits, as well as the profits on trade should not be taxed. At any rate, that is not a matter I need settle at the present moment. Turning now from the question of the typhoon shelter and the manner in which the expenditure required for that shelter should be met to the statistics presented by the hon. member at the foot of the table (Mr. Gresson), I confess I find it a little difficult to grasp the general principle at which he is aiming, but if I understand it aright, he looks upon the proportion of Personal Emoluments to total expenditure as excessive. In other words he considers that the proportion that Other Charges bear to total expenditure in any department as the coefficient of efficiency of that department. With that I can hardly agree. Supposing that instead of paying the P. and O. S. N. Company \$125,000 we

paid them as an annual subsidy \$150,000 and cut off \$25,000 from personal emoluments by reducing the number of postmen and the frequency of delivery of letters; according to the hon. member's method of reckoning the Post Office would be more efficient. I can hardly think he means that, but I cannot see to what other conclusion his remarks lead. As regards the special case into which he went in some detail, that of the police and the jail, I am surprised he did not get the hon. member who represents the Chamber of Commerce to back him up, as that member from his experience on the Shanghai Municipal Council would have certainly added great weight to the suggestion, if it is a correct one, that our police are expensive compared with the police of Shanghai (applause). This question, as the Captain Superintendent of Police points out, depends very largely on the proportion of the different nationalities which constitute the police. I considered this a year and a half ago when I had a discussion with regard to it with Mr. May, who has had, as members are aware, a wide experience of the Police department. I came to the conclusion, after hearing all he had to say, that our present proportion was a good one. Reverting for the moment to the general question raised by the hon. member at the foot of the table, who stated that 30 per cent. of our expenditure is for personal emoluments, it will interest him to learn that Singapore's estimate for 1906 showed 29.7 per cent. of the expenditure for these emoluments: the percentage of the actual expenditure under this head in Mauritius in 1903/04 was 27.83, in Trinidad in 1904/05 it was 30, and in Malta in 1904/05 34.47, so that if our proportion is a bad one, at any rate it does not differ very largely from those of other colonies. The hon. member in the course of his remarks made a violent attack on the Sanitary Department, but as he himself stated, the administration of that department is under consideration by a competent commission, so that it would be out of place for us to discuss it here today. Turning now to the remarks of the hon. member representing the Chamber of Commerce, he referred to the faulty policy of postponing public works, and suggested that we were now adopting this policy in a manner hitherto not done. Far from that being the case we have in the last few years been carrying out new works at a greater rate than at any previous time in the history of the Colony. Of course we have been spending more money, but not only that, we have also been spending lately a greater proportion of our revenue on these works than for many years past. In the year 1896 we spent 13.77 per cent. of our expenditure on public works; in 1897 16.04; in 1898 18.24; in 1899 13.41; in 1900 21.54; in 1901 19.96; in 1902 30.22; in 1903 25.38; in 1904 33.40 and last year, I think, it was about 34.00 per cent. I look upon it as a healthy sign

that we are spending about one-third of our revenue on public works, and I hope we shall not fall far below that proportion. I disagree with the hon. member that this Colony was ever justified in issuing \$40,000,000 of subsidiary coins. If they had been really subsidiary coins the issue might have been justified, but their unrestricted issue tended to make them the main coinage of South China, and it was a coinage of which the face value was far below the actual value. If we had issued subsidiary coins with the same proportion of silver in them as the dollar, or if we had made a reserve for redeeming them, we should have been justified. I do not think we were justified in issuing an indefinite amount of subsidiary coins of which the value was far below the face value and for the redemption of which no provision was made. On the minor points referred to by the hon. member there is little for me to say. As I stated in my remarks on the 13th, we are cutting down very few trees in the coming year. My fear is that we may presently find large areas of dead trees, and this would mean vacant spaces on our hill sides for many years. However, this matter will be carefully considered by the department responsible for it. Another minor point referred to was the expenditure of \$2,400 in payment to the police for supervising the work of the shroffs in the villages in the New Territory. Owing to the lack of supervision this year we have had defalcations amounting to \$4,000. These shroffs have to work in various villages in the New Territory where there is no one to supervise them unless the police are appointed for that purpose. I am inclined to think that \$2,400 will be a very reasonable insurance to pay against the loss we should incur through a few dishonest shroffs. Not only is there that consideration but there is another one having great weight in the New Territories. The villagers have been largely swindled by the defalcating shroff and a repetition of this might, without the supervision we are providing, happen again and is even more to be avoided than the Government loss (applause). There remains the matter brought up by the hon. member of exchange compensation to civil servants. Since the meeting of the 13th instant I have received from the Secretary of State the following reply to the despatch addressed to him on the 13th July:—

"I have carefully considered your observations, and I regret that I am unable to satisfy myself that measures of relief are necessary or justifiable at the present time. In the matter of remittances to this country the Government servants in question are no longer affected by the rate of exchange, and a reduction in the dollar value of imported articles must presumably be only a matter of time if exchange continues to rule high. Moreover I would remind you of the statement in your Despatch No. 72 of the 29th March that "house rent is the chief, if not the only, expense of living which is not lower in this Colony than in most others, where customs duties are levied and where wages are higher. I

am bound to add that in my opinion the scale of pay of Government servants in Hongkong compares favourably with that obtaining in most other parts of the Empire.

I would observe, with reference to the suggestion made in your Despatch under reply, that sterling salaries were introduced in order to get rid of the system of making payments in dollars at fictitious rates of exchange, and even if I were convinced of the necessity of taking steps in the direction which you advocate, I could not agree to any arrangements whereby that system would be revived."

(Sd.) ELGIN."

Continuing, HIS EXCELLENCY said—One of my suggestions was that which the hon. member himself put forward—a sliding scale between a 1/8 and a 2/-dollar. I am not prepared to adopt the proposal of the hon. member that a committee should be appointed to go into the question of civil servants' salaries. Certainly such a committee, if appointed, should not be an official one, as its members would naturally hesitate to make any suggestions which would involve increases to their emoluments. I will in this matter confine myself to putting the hon. members' remarks before the Secretary of State.

The motion that the Bill be read a second time was agreed to.

The COLONIAL SECRETARY moved that the Bill be referred to the Finance Committee.

The COLONIAL TREASURER seconded and this was agreed to.

OPIUM ORDINANCE.

The ATTORNEY-GENERAL moved the second reading of a Bill entitled "An Ordinance to amend the Prepared Opium Ordinance." He said—The principal object in introducing this Ordinance is to include morphine and compounds of opium within the scope of the present law with regard to the sale of this drug. The magistrates have given decisions which apparently bring these drugs within the meaning of the word opium and within the scope of the law in force, but there are doubts whether these decisions would be upheld if questioned. It is obviously advisable to put beyond all doubt the question whether morphine and compounds of opium do or do not come within the privileges afforded to the Opium Farmer. Another object of the Bill is to establish under Government supervision a bonded warehouse for opium and compounds of opium introduced into the Colony. At one time the authorities required the Opium Farmer to provide a bonded warehouse. He did not do so and pressure was put upon him to make him do so. Ultimately we came to the conclusion

that a warehouse should be provided by the Government and that the Opium Farmer should be permitted to establish one also if he desired to do so. His establishment would of course be under Government rules and regulations. The principle of the Bill shortly is to bring the provisions of the law with respect to arrest, search, seizure, and disposal of morphine and compounds of opium into operation.

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

The Council went into committee, and considered the Bill clause by clause. On the Council resuming,

His EXCELLENCY reported that the Bill had passed through committee with one amendment.

BILLS PASSED.

The ATTORNEY GENERAL moved the third reading of the Bill entitled "An Ordinance to amend the Lunacy Ordinance, 1906."

The COLONIAL SECRETARY seconded and the Bill was read a third time.

The ATTORNEY GENERAL moved third reading of the Bill entitled "An Ordinance to amend the New Territories Land Ordinance, 1905."

The COLONIAL SECRETARY seconded and the Bill was read a third time.

The ATTORNEY GENERAL moved the third reading of the Bill entitled "An Ordinance to transfer to the General Revenue certain sums forming part of the Praya Reclamation Fund."

The COLONIAL SECRETARY seconded and the Bill was read a third time.

The ATTORNEY GENERAL moved the third reading of the Bill entitled "An Ordinance to amend the Regulation of Chinese Ordinance 1888."

The COLONIAL SECRETARY seconded and the Bill was read a third time.

HIS EXCELLENCY—After the meeting of the Finance Committee which will be held later, I propose the Council should resume in order to pass the Supply Bill in its third reading. I understand that next Thursday will not be a convenient day for some members of the Council. I don't want to avoid a meeting and if no one has any objection then we will have a meeting another day. The Council is adjourned till after the meeting of the Finance Committee.

FINANCE COMMITTEE.

A meeting of the Finance Committee was then held, the Colonial Secretary presiding. The following votes were passed:

SANITARY DEPARTMENT.

The GOVERNOR recommended the Council to vote a sum of four thousand four hundred dollars (\$4,400) in aid

of the vote Sanitary Department—other charges, for the following items:—

Cemetery Incidental Expenses	\$1,500
Cemetery Expenses—Disinterment of	
Dead Bodies	900
Plague Corpses—Cost of Burial	2,000
Total	\$4,400

POST OFFICE.

The GOVERNOR recommended the Council to vote a sum of one thousand one hundred and seventy dollars (\$1,170) in aid of the vote Post Office, B.—Postal Agencies in China, Tientsin —other charges, for the following items:—

Fittings	\$1,000
Incidental expenses	50
Rent	60
Uniforms for Postmen	60
Total	\$1,170

OBSERVATORY.

The GOVERNOR recommended the Council to vote a sum of one thousand one hundred dollars (\$1,100) in aid of the vote Observatory — other charges, printing and distribution of Meteorological Register.

TYPHOON DAMAGES.

The GOVERNOR recommended the Council to vote a sum of twenty thousand dollars (\$20,000) in aid of the vote Public Works Extraordinary, Typhoon Damages.

MISCELLANEOUS SERVICES.

The GOVERNOR recommended the Council to vote a sum of ten thousand dollars in aid of the vote Miscellaneous Services, for the following items:—

Other Miscellaneous Services	\$3,000
Refunds of Revenue	7,000
Total	\$10,000

JUDICIAL AND LEGAL.

The GOVERNOR recommended the Council to vote a sum of two hundred and fifty dollars (\$250) in aid of the vote Judicial and Legal Departments, A.—Supreme Court —other charges, Electric Lighting and Fans.

KOWLOON POST OFFICE.

The GOVERNOR recommended the Council to vote a sum of one hundred and twenty-three dollars and forty-seven cents (\$123.47) in aid of the vote Public Works Extraordinary, Buildings:—Post Office, Kowloon.

TRAVELLING ALLOWANCES.

The GOVERNOR recommended the Council to vote a sum of forty dollars (\$40) in aid of the vote Miscellaneous Services, Travelling Allowances in the New Territory.

THE SUPPLY BILL.

The Committee considered the Supply Bill clause by clause.

The COLONIAL SECRETARY asked for authority to recommend to the Council that the Bill might be dealt with in the same manner as a Bill reported on by a committee of the whole Council.

This was agreed to.

On the Council resuming,

The COLONIAL SECRETARY—I beg to report that at the meeting of the Finance Committee just held the Bill entitled "An Ordinance to apply a sum not exceeding five million, two hundred and two thousand, one hundred and thirty-five dollars to the Public Service of the year 1907," was considered clause by clause in the presence of the members of the Standing Committee present to-day, and in the opinion of the committee the Bill may be dealt with in the same manner as a Bill reported on by a committee of the Council. I beg to move the adoption of the whole report. Further I wish to report that Financial Minutes Nos. 65 to 72 have been approved, and I move the adoption of that report.

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

The COLONIAL SECRETARY—As there has been no material alteration in the Bill by the committee I propose, no member objecting, that the Bill be read a third time.

The COLONIAL TREASURER seconded.

His EXCELLENCY—In my replies to criticisms of hon. members on the supply bill, there was one to which I inadvertently omitted to refer, and that is the question of the administration of the Observatory. If the unofficial members desire that the scope of the enquiry which I have ordered should be extended so as to include, not merely the question of fact which has been already referred to the Committee, but also the question of the administration of the department generally, I am willing to so extend it. My reason for confining the inquiry to the question of fact was because it had been suggested that we could have had earlier notice from the Observatory of the typhoon of the 18th instant, and it seemed to me that it was both fair to the Director of the Observatory and to the public that that question should be settled without delay. If the scope of the enquiry is extended it will be necessary to strengthen the Committee making it, and it will be some time before they will be in a position to render a full report. I see no reason, however, why they should not make a preliminary report on the point already referred to them, and make a further report on the more general question. I should like an expression of opinion from the unofficial members whether the inquiry should be extended in the manner suggested.

Hon. Dr. Ho Kai—In answer to your Excellency, I may say the unofficial members are all agreed that the scope of the inquiry should be extended. I think the general feeling

is that not only should the facts as to whether notice could have been given sooner or later should be ascertained, but that an inquiry should be conducted into the general management of the Observatory and its relations with other stations in Manila and Shanghai, whether the relations are of such a cordial nature as to enable the Observatory here to receive proper warning of approaching typhoons. So far as I know the opinion of the unofficial members is in favour of the committee being extended.

His EXCELLENCY—We will extend the scope of the inquiry.

The COLONIAL SECRETARY—In 1900 there was an inquiry into the Observatory, and that Commission held that there were the most cordial relations between the Observatory and the other stations.

The ATTORNEY -GENERAL—Yes. The same allegation was then advanced.

Hon. Captain BADELEY—I quite remember a more recent inquiry than that.

The COLONIAL TREASURER—Yes, much more recent.

Hon. Mr. HEWETT—The question seems to be whether the Observatory is in need of new instruments, and also whether its communication with other observatories might not be improved. I believe more advantage might be obtained if it were in telegraphic communication with the south of Formosa where there is a well equipped observatory.

His EXCELLENCY — Is there no telegraphic communication?

Hon. Mr. HEWETT—I'm told there could be an improvement.

His EXCELLENCY—Hon. members are all in favour of the inquiry being extended?

This was agreed to.

The Supply Bill was then read a third time and became law.

His EXCELLENCY—The Council stands adjourned till 2.30 p.m. on Thursday, 11th October.

