

17TH SEPTEMBER, 1907.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR  
FREDERICK JOHN DEALTRY LUGARD, K.C.M.G.,  
C.B., D.S.O.

MAJOR GENERAL R. G. BROADWOOD, C.B., A.  
C. D., General Officer Commanding the  
Troops.

Hon. Mr. F. H. MAY (Colonial Secretary).

Hon. Mr. W. REES DAVIES (Attorney-  
general).

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

Hon. Mr. W. CHATHAM, C.M.G. (Director of

Public Works).

Hon. Mr. A. W. BREWIN (Registrar General).

Hon. Commander BASIL R. H. TAYLOR, R.N.  
(Harbour Master).

Hon. Mr. E. A. HEWETT.

Hon. Mr. H. KESWICK.

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

Hon. Mr. WEI YUK.

Hon. Mr. E. OSBORNE.

Mr. R. H. CROFTON (Clerk of Councils).

## MINUTES.

The minutes of the previous meeting were read, and confirmed.

## NEW MEMBERS.

Mr. W. Rees Davies and Commander Basil R. H. Taylor, R.N., took the oath and assumed their seats as members of the Council.

## FINANCIAL MINUTES.

The COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes Nos. 36 to 45 and moved that they be referred to the Finance Committee.

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

## FINANCIAL.

The COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the report of the Finance Committee, No. 7, and moved its adoption.

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

## PAPERS.

The COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table financial statements in connection with the estimates for 1908; and an abstract showing difference between the estimates of expenditure for 1907-1908.

The DIRECTOR OF PUBLIC WORKS, by command of His Excellency the Governor, laid on the table the report of the Public Works Committee, No. 2, and the amendment of Cemeteries byelaws under Section 16 of the Public Health and Buildings Ordinance, 1903, and moved their adoption.

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

## COMMISSION REMUNERATION.

The Hon. Mr. HEWETT moved "that the question of the amount of remuneration to be paid to Mr. J. Dyer Ball and Mr. A. Chapman, V.D., for special services rendered to the Public Health and Building Ordinance Commission be re-considered." In doing so he said:— In order to explain this to your Excellency I would state that it came to my knowledge quite accidentally some few months ago that a sum of money was proposed to be paid to Mr. Dyer Ball and to Mr. Chapman for special services rendered in connection with the Public Health and Buildings Ordinance Commission, which to my mind, and I may tell your Excellency in the opinion of my colleagues, appeared to be entirely inadequate to the services rendered. Basing that estimate on the

ground that the Government admitted that special services had been rendered by these two gentlemen for which special remuneration should be granted, I consequently put a series of questions to the Government at the meeting held on June 27th, in answer to which it would appear then that this particular vote covering the amount to be paid to these officers had been included in vote 16 which was put before the Council on the 16th May, this year. I quite understand that if I considered it advisable or necessary, these particular remarks should have been made when the vote was put before the Finance Committee, but I can tell your Excellency that on that occasion the committee was asked to vote a sum of \$800, and the explanation given by the acting Colonial Secretary was that this sum was expended in connection with printing. As I personally knew something about the work of the Commission, and that the estimate had been largely exceeded, it never occurred to me then to suppose that in the \$800, \$650 had been included as special remuneration to Government servants. Unfortunately I was not able to be present at the meeting of the Legislative Council which followed the reply to my questions, therefore it remains for me at this date to make these remarks. The reply to my questions was that Mr. Bowen Rowlands, the acting secretary to the Commission, was to receive a sum of \$200, and Mr. Dyer Ball a like sum for having acted as interpreter, also Mr. Chapman who succeeded Mr. Rowlands as secretary. Mr. Bowen Rowlands also held the position of assistant secretary to the Sanitary Board, and for some six or seven weeks after his appointment as secretary to the Commission he did double work. This came to my knowledge from inquiries personally made, and as it was not possible for the secretary of the Commission to carry out his work if he had other duties to attend to, at my personal request the Governor seconded Mr. Rowlands; that was because the work was so onerous that it required the whole of a man's time. Later on it was necessary to obtain the services of a competent and thoroughly reliable interpreter, and I personally spoke to Sir Matthew Nathan and asked for the services of Mr. Dyer Ball. He was consequently appointed as interpreter to the Commission, and for the greater part of the time while so acting he held the important post of Assistant Registrar-General, and no one can know better than I the amount of work the Commission entailed upon him in addition to his other work. Mr. Ball held the post of interpreter to the Commission for seven months, six months of which he spent in Hongkong, and as I can testify, and as Government Officials are well aware, he had to work extremely hard and attended on an average two meetings a week which lasted from four to five hours, and had other work to do outside. All this is set forward in the concluding paragraphs of the Commission's r e p o r t . M r . C h a p m a n , o n

Mr. Bowen Rowlands being invalided home, continued his appointment for five months, and it just happened that those months were the busiest in Mr. Chapman's department, so that his whole time was taken up. I would point out that the Government having admitted the principle that these officers deserved special pay for special work done, on general principles they should admit that if a man is called upon, not in the course of his ordinary business to do extra work, he is entitled to extra pay. That, I think, is the axiom which pertains in Government as well as in private business. Here we have two officers whose special qualifications were such that it was necessary for their services to be employed in a piece of Government work, and the Government recognised that their services should be specially paid for. That work they were practically ordered to undertake by the Government, and had no chance of refusing. It appears to me that the sum of \$200 suggested to be paid to Mr. Bowen Rowlands is sufficient, because after all he had only five or six weeks been doing double work, but as regards Mr. Dyer Ball and Mr. Chapman, I consider, your Excellency, that their services should be recognised in a much fuller manner. The question was not properly put before the Finance Committee, and I would ask your Excellency to allow it to be referred back because the sum is ridiculously inadequate to the services rendered, and I think that extra pay on the basis of half a month's salary is more or less the basis on which the remuneration should be calculated. I can assure your Excellency that in the opinion of myself and of my late colleagues in the Commission, and I trust the unofficials will agree, the remuneration for such work should be adequate, and \$200 is not. The only other point is the question of remuneration to a Chinese clerk. Personally I have no knowledge of the exact amount of work he carried out, but I believe it was considerable, and would say that if his remuneration of \$50 is based on the same scale as the \$200, I think it also should be reconsidered along with the others. I trust your Excellency will agree with my remarks.

Hon. Mr. OSBORNE—Sir, I have much pleasure in seconding this resolution, and feel sure as far as the general public is concerned that the remarks which have fallen from the hon. member as proposer will be cordially endorsed, and the extra remuneration he asks for will be as cheerfully given as it has been earned.

The COLONIAL SECRETARY—Sir, the question of remuneration to the gentlemen to whom reference has been made was carefully considered by your Excellency's predecessor who had full knowledge of the circumstances under which they had done the special work which has been referred to. Sir Matthew Nathan approved of grants to the gentlemen concerned of the sums mentioned. He considered the sums sufficient, and he left instructions that the necessary vote should be taken to cover the grants. It is to be regretted, I admit,

that the Financial Minute which comprised the sum to be devoted to this remuneration did not state in detail the items comprised within the vote. But, Sir, I submit that that circumstance does not in any way alter the case, for the unofficial members could not then, as they cannot now, move the increase of the sum that had been approved by the Governor as this remuneration. In due course, Sir, the vote, but this time with the details in it specifically stated, was sent home to the Secretary of State, and it has received his sanction, and the sums were accordingly disbursed. In these circumstances, Sir, the Government does not see its way to re-open the question which has been decided by your Excellency's predecessor.

Hon. Mr. HEWETT—Sir, Have I the right to reply to the Colonial Secretary?

His EXCELLENCY—Yes.

Hon. Mr. HEWETT—With regard to the remarks made by the Colonial Secretary, I submit with all due deference to your Excellency that this Council is not bound by a previous vote. The vote was passed under a misapprehension, and the fact that it has been submitted to the Secretary of State and recommended by the Government should not, I submit, in any way handicap this Council. Had I known at the time, I should have made the same protest as I am making now. I consider the amount is highly inadequate; I maintain that the amount is ridiculously inadequate; I might go so far as to use harsher terms, but I will not do so. With all due respect to the remarks made by the Colonial Secretary I submit that the vote was passed under a misapprehension, and it is still open to your Excellency, if you think fit, to recommend re-consideration of the whole matter by the Legislative Council.

Hon. Mr. HEWETT then asked that a poll be taken, and the result was:—

For the resolution: Hon. Mr. Hewett, Hon. Mr. Osborne, Hon. Mr. Keswick and Hon. Dr. Ho Kai.

Against: The Colonial Secretary, The Colonial Treasurer, The Harbour Master, The Registrar-General, the Director of Public Works, the Attorney-General, the Officer Commanding Troops and Hon. Mr. Wei Yuk.

The resolution was lost.

#### THE ESTIMATES.

The COLONIAL SECRETARY moved the first reading of a Bill entitled "An Ordinance to apply a sum not exceeding four million nine hundred and ninety-two thousand nine hundred and fifty-three dollars to the Public Service of the year 1908."

The COLONIAL TREASURER seconded.

HIS EXCELLENCY—My predecessor, when submitting the estimates last year, stated that it was with great regret he had to announce to you a decline in the revenue. I regret to say it devolves on me to inform you that the decrease has not only been maintained but has been progressive. It is true that the revised estimate for the current year 1907 shows an increase of \$200,000 but that was due to an abnormally large probate duty which fell in unexpectedly. Setting this aside, the estimate for 1908 shows a decrease on the original estimate for the current year of \$220,135. The way in which this decrease is made up is, as regards the main items, as follows: We lose on the opium revenue, owing to the fact that from January to February the receipts of this year were from the original contract for the farm and not from the new and reduced farm. This decrease represents a sum of \$98,000. On the Post Office again there will be a loss of \$103,000 due chiefly to the enactment of the recent Convention at Rome which increased the bulk that could be carried for the present rates of postage. This hits us very hard because many of the letters going home are over-weight and have hitherto paid double postage. Through the increased preference for the Siberian route we also lose, for we are charged 9/8 per pound for transit charges by that route and we only obtain 1/4 in return. In the third place there is a decrease of \$5,000 on the interest on cash balances in hand of funds advanced for the construction of the Railway. In the coming as in the current year land sales have been taken at the fixed rate of \$300,000 per annum. Turning to expenditure this year the original estimate, exclusive of Public Works Extraordinary, was \$5,221,040, and the revised estimate reduced this by \$95,533. This was chiefly due to two items, \$50,000 on the loan account and \$30,000 on pensions consequent on the higher rate of exchange on the sums which have been remitted home. The ordinary expenditure for next year is \$5,355,631 which is an increase of \$134,591 on this year's original estimate and of \$230,144 on the revised estimate. This increase includes \$88,500 increased interest on advances for the Kowloon Railway; \$50,000 for a fire engine and \$36,000 for the redemption of subsidiary coins. The rest is chiefly automatic and arises from the ordinary increase in departmental work in a growing colony. The estimated revenue for next year, including land sales is \$6,227,890 which is less than the original estimate of this year, as I have said, by \$220,135, and is less than the revised estimate (which included the large probate duty) by \$423,368. The estimated revenue is less than the revenue actually realised in 1906 by \$807,121. Allowing a margin of \$49,359 of revenue over expenditure, we get the sum of \$822,900 available for public works expenditure. During the current year the amount set aside for public works was \$1,210,700. The

actual amount spent in the previous year was \$1,503,789. It is clear therefore that we must reduce our expenditure on works by about one-third unless we are prepared to raise another loan or to increase taxation. Now, gentlemen, I think that a fresh loan is in the circumstances of this Colony inadmissible (applause). We already have the old loan of £341,800 upon which we are paying sinking fund and interest. We also have the new loan of £1,143,933 and we become annually liable for a larger sum in interest on advances in proportion to the progress of the railway. The relation of these advances to that loan I will presently explain. In the second place the reason why I think that a loan is inadmissible at present is the fact that our revenue is based on very precarious sources. I will deal later in more detail with that point. In the third place I think there is no work of such paramount urgency as to demand a special loan. I will allude to that more especially in considering the different works which we propose for the coming year. In presenting the estimates last year my predecessor also discussed the question of a loan and he spoke in the same sense that I do myself, and I think that the majority of the Council will probably agree with me on this point. (Applause.) Turning to the alternative of new taxation, Sir Matthew Nathan, in speaking on the subject, said or rather inferred, that the colony was lightly taxed and that he would by no means promise that additional taxation would not be imposed. I have not been long enough in the colony to speak with authority on this point, but it will be my endeavour during the coming year and before I rise again to address you on this matter to make myself fully acquainted with the question. In the meantime I feel fully satisfied that the estimates have been rightly framed on the basis of existing taxation. The margin for public works expenditure has not yet fallen below the figure which absolutely necessitates fresh taxation. It is in the proportion of 13.2 of the total revenue of the colony. The average for the past 12 years has been 20.76 so that it is not very far below the average of the last twelve years. The actual amount which it is estimated will be spent during the current year is only 11.51 of the total revenue of the colony. Moreover in my opinion it is not a convenient moment for the introduction of new taxation when the colony has been suffering from a wave of depression, and from the results of the typhoon of last year, and also from the results of the redundancy of subsidiary coin. I myself am an optimist in these matters and I think that the present depression will be short lived. Turning now to revenue the decrease this year and next year appear to show that the sources of our revenue are somewhat

precarious. In the matter of opium, which forms a very important item of revenue, the new farm has been leased for \$588,000 less than the former contract. Hon. members are aware that there are circumstances which may even involve us in further loss in future, even supposing the policy of the Imperial Government does not involve us in a more immediate loss. Secondly, the import of subsidiary coin previously furnished us with a revenue of \$120,000 per year. This is now replaced by an expenditure for the reduction or demonetisation of superfluous coin of \$36,000. Thirdly the Post Office, which in most countries is a lucrative source of revenue, barely pays its way. The reasons I have already partly explained. They are due partly to the new Convention, partly to the use of the Siberian route, and the cost of the agencies which we support in the different treaty ports of China. In the fourth place the precarious nature of our revenue is due to the fact that a certain proportion is based on land sales which are not a permanent source of revenue. The railway on the other hand involves increasing expenditure. When this colony has passed through the present difficult period I think we shall gain an increased prosperity when that railway brings more trade to the port, and when the revenue is placed on more permanent bases. Meanwhile I think we can look with satisfaction to the decrease of plague and to the establishment and prospective establishment of very important industries in the colony. The flour mills have been, I understand, a success, and we have in prospect large mining industries which, I hope, will bring additional prosperity to the colony. I think we should look in this colony to a revenue based on industrial enterprise and not entirely to our position as a large port.

I turn now to the expenditure, and will deal first with the scheme of public works which we propose next year. I have very carefully considered each proposal, and I think that those items which I have selected are the ones which are most urgent and most important. In regard to continuing works we have the Law Courts and the Post Office forming the two most important items. To these have been allocated the sums of \$100,000 and \$140,000, which is as much, I am informed, as can be spent in the coming year. I fear we cannot count upon their completion for at least two more years. On account of these two large sums I think it would be impossible to begin the second section of the Tytam Tuk reservoir, which we must postpone, as well as any large scheme for the resumption of insanitary properties, for future years. The last actual deficit of water occurred in 1902. Since that time 230 million gallons have been added to our water supply. The increase of the population from 1901 to 1906 only amounts to 45,000, so proportionately I think we have very considerably increased our water supply in proportion to the increase of our population. There is one item in the vote for next year to which I would invite your particular attention, namely the typhoon

shelter (applause). Sir Matthew Nathan promised there would be no undue delay and it was intended to make a beginning this year. The delay has been occasioned, firstly, by a prolonged discussion as to where it should be situated, and secondly on account of the complicated plans which had to be prepared before the scheme could be laid before the Government. The plans which have been prepared involve a cost of \$1,400,000. They are now being revised to see if we can produce a scheme which will not involve us in such a heavy expenditure but will provide a serviceable breakwater giving substantial protection to craft and being capable of development later, if found necessary, into the larger and complete scheme. Apart from the promise in the name of the Government made by my predecessor I submit that a second shelter for small craft is most essential in this colony which depends so largely on its shipping trade and is subject to cyclonic storms. I have placed on the estimates this year a comparatively small sum of \$25,000, but I shall not hesitate to ask your assent to an increase of the vote either from any surplus which may be available during the year, or even from the reserve fund, if the circumstances permit, with the object of carrying out the scheme in a reasonable time and not hanging it up for a number of years. Turning to other items of the public works scheme, I may refer to the animal depôts at Kowloon which are represented by \$52,000. These are very urgent and are necessitated by railway construction. The station yards and sidings interfere with the present site, and it is imperative that we find a new site for the depôt and slaughterhouse. Moreover, when the railway is finished in all probability a very large proportion of the railway trade will consist of cattle and sheep, and we should therefore have ample room and a good shelter for them. Although our present scheme is only to construct comparatively small depôts, we have therefore enclosed a large area of ground in order to make further extensions when they shall be required. The Land Office at Taipo accounts for \$9,000. \$15,000 was voted for this last year, and it has lately been begun. A similar sum was also voted for the market at Quarry Bay and the work is now in progress. It is estimated that the sum of \$4,000 is required to complete it. The remaining buildings in the first schedule of works are all urgently required. Under the heading of Communications the vote for new roads is the same as last year with the exception of the sum of \$17,000 for raising Des Voeux Road. That also is necessitated by the construction of the railway, which involves alterations in levels. The vote for drainage is the same as last year. The permanent marks for traverse

s u r v e y i n t h e

New Territory are continued from last year. There is also a further vote for ferro-concrete piers for Green Island, new Harbour Office, and Kowloon city. The cost of providing a shelter for Blake Pier was provided last year but was not spent. We are placing upon the estimates \$20,000 which it is estimated should complete it. It was suggested that there should be waiting rooms and other luxuries but I am afraid we must defer them to a future year. The cattle depôt, \$5,000, is not very urgent and may perhaps be deferred. The sum set aside to provide compensation under the Public Health and Buildings Ordinance is the same as last year. Albany filter beds, continued from last year, represent \$35,000, and the Kowloon water works \$44,000, while the vote last year was \$256,000. The Tytam Tuk first section is continued from last year and requires \$15,000 to complete it. Miscellaneous water works are the same as last year. I have dealt somewhat in detail with the scheme of public works for next year, but I will not travel through the estimates for each department. Though it would be easy to do so it would be a very tedious performance. I think it better to give time for the unofficial members to study these estimates and to discuss any detail on the second reading of the Bill when either myself or the Colonial Secretary will be glad to give any explanation of items which are not self explanatory.

There are one or two matters which arise out of these estimates and this is a usual and convenient occasion for me to make a few observations in respect of them. In the first place the Sanitary Department, which has been the subject of much public comment, and is of the very greatest importance to this colony, has continuously occupied my thoughts before and since I arrived in the colony. In the first place I would like to add my testimony to that of others to the very great and important public service which was rendered to this colony by the gentlemen who sat on that Commission, and gave so much of their private time and ability to the investigation of the difficult problems with which their report dealt. I do not propose to go into any detail on the subject of the Sanitary Department or the Sanitary Commission. My predecessor in this chair made a pledge that a Bill should be introduced making certain amendments in the existing Public Health and Buildings Ordinance and the proper time for a debate on this important subject will arise when the bill is laid before the Council. There is one point however which I would like the Council to clearly understand. In turning to the estimates you will find that there is no change, or practically no change, from last year. I do not wish it to be understood, that the estimates represent the final word as regards the Sanitary Commission. There has not been time for the Government to come to final conclusions on some of these subjects, and consequently any necessary changes could not be embodied in these estimates. No difficulty will arise

later in substituting any alterations in the estimates of which the Council may approve. The next department upon which I desire to make a few observations is the Observatory. This also raises a question which has evoked much public comment. Looking to the fact that the typhoon season was approaching very soon, I thought that there was no subject of more urgent importance than this. I have therefore very carefully gone through the different papers and all the correspondence which has taken place on this subject, and have sought such other means of obtaining information as were at my disposal. My predecessor appointed a committee to report as to whether sufficient warning was given of the great typhoon of last year. The result of that investigation has been laid upon the table and calls for no comment from me. There was also a debate in this chamber at the close of last year in which it was suggested that an additional committee should be appointed to investigate the working of the department, and I think a pledge was given to that effect. I will give the Council my impressions and the result of my investigations. I think I can assure you on the following points. First of all I think that full advantage has been and is now being taken of the results derived from other observatories, especially Sicawei and Manila. Whatever difference of opinion may have occurred on certain controversial points, the fact remains that the observatories are in daily communication with our own, that telegraphic communication has never been interrupted, and that the news which has thus been made available has been fully utilised and has been embodied in the warnings given by our Observatory. I find in the second place that there has been a great deal of delay in the receipt of messages and cablegrams from Saigon and Hainan, and I have caused a letter to be written to the authorities in Indo-China asking them to expedite the service, and I hope that this will be effected. Thirdly, communication with Gap Rock lighthouse, which is of great importance, has been continuously interrupted. It appears that the shore end of the cable was out of order, and after discussion as to whether it would be possible to install a Marconi apparatus it was decided to replace the shore end of the cable, and that will be done immediately. Fourthly, the next aspect of the question was the mode of storm signals. That was investigated by a small committee who were assisted by the Chamber of Commerce and the new system has given, so far as I am aware, entire satisfaction. The staff of the Observatory has been supplemented by one computer which enables a night watch to be kept up throughout the whole year. Finally there is the question of equipment. The Director

assures me that it is all that he desires and that it is thoroughly up to date. On this point I am not altogether satisfied that it is in every way satisfactory, and I am making further inquiries. On the whole, I think I can assure you that every reasonable lesson has been learned from the visitation of this time last year, and that every effort is being made by the Observatory to serve the public interest and to give due notice to all inhabitants of the storms which involve so intimately the life and prosperity of the colony. Since the pledge has been made that a further committee should investigate I shall wait the opinions of the unofficial members on the second reading of the Bill as to whether they would wish to press for the committee or whether they are satisfied with the investigations that I have so far been able to make.

I turn now from the estimates to the financial condition of the colony generally, and I think I can say that it is eminently satisfactory at the present time, although, as I have stated, the future gives us cause for considerable thought, because of the precarious nature of our revenue and of the liabilities which are constantly increasing in connection with the railway. The surplus on last year's working was \$783,109. That was made up principally of four items. The first was a saving of \$468,018 by the Public Works Department, that is to say works which were provided but were not carried out. I think myself it is an ill-arranged estimate that provides more for works than can conveniently and economically be expended, and I hope that during the coming year that error will be avoided. Secondly, there is \$200,000 which is the large sum from probate of which I have spoken. Thirdly, there was a saving by the high rate of exchange of \$80,000 on loan and pensions accounts. Lastly, there was \$35,091 due to general savings. Turning to the statement of assets and liabilities which is printed on a separate sheet, I have no very special comment to make. The surplus to the credit of the colony at the end of 1906 was \$652,236. The credit balance at the end of 1907 is anticipated to reach the total of \$1,435,345 which I think you will consider extremely satisfactory when you remember the depression in trade, the typhoon, and the various reasons to which I have alluded in connection with the decrease in revenue. It is from this large surplus that I propose that the Legislative Council should, if necessary, vote a sum towards the typhoon shelter. The abstract which is printed on a separate sheet shows the differences between this year's and next year's estimates of expenditure. It shows a decrease on the expenditure of \$253,209. That is in spite of the heavy increase for the public debt which I have already explained. Turning to the loan account there is a sinking fund on the debt of £341,800 which at the end of this year will amount to £47,036. The amount of £220,000 shown as sinking fund towards the second loan of £1,493,933 is an oversight. There is no sinking fund at present towards

the redemption of that loan. That will not be instituted until 1911.

Before I resume my seat, gentlemen, I add only one or two words as to the methods adopted to finance the railway. As the subject is pretty fully known to most of the Council, my remarks shall be very brief. We made an advance to the Viceroy of Wuchang of £1,100,000 repayable in instalments of £110,000 per year. These instalments are all credited to a special fund, and from that special fund we are financing the construction of the railway. If that construction should proceed more rapidly than we have funds to meet, we should raise other sums through the Crown Agents, in whatever way may be found most economical. Meanwhile we are paying interest at a rate of £3 13/- on the capital loan and that means £8,030 per annum. This is provided in the estimates and there is an extra £4,500 to meet the interest on any such subsidiary advances such as I have alluded to in case the railway requires more funds than are available from the £110,000 that we receive each year from the Viceroy of Wuchang. These two sums account for the amount in the estimates of \$127,000. That I think is rather an excess estimate as the amount of these borrowings will not take place until towards the close of next year if they take place at all. There has been rather an over estimate, but it is an error on the safe side in case railway progress should require more funds than we anticipate. The Council will be asked later to pass a resolution for the money required for 1908, and the whole expenditure will receive legislative sanction by Ordinance when completed. I will not detain you longer now on the question of the Kowloon Railway. I have been making a good many inquiries since I came here more especially into the subject of contracts and audit with a view on the one hand to relieving the chief resident engineer of trivial work and allowing him more time to get on with expert field work, and secondly to increase rapidity and economy and promote, as far as possible, co-operation between our Public Works Department and the railway works. I think there are many points in which the Public Works Department might possibly render great assistance and set the railway people free to devote themselves to what is legitimate railway work. So far I have only found time to inspect the first section of the railway up to the tunnel but I hope to see the remainder of the railway later on and to inform the Legislative Council of the progress made and what progress may be anticipated in the future. (Applause.)

The motion was then agreed to.

PUBLIC NOTARIES ORDINANCE.

The ATTORNEY -GENERAL moved the first reading of a Bill entitled "An Ordinance to provide for the appointment of Public Notaries within the Colony."

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

SEDITIONOUS PUBLICATIONS ORDINANCE.

The ATTORNEY -GENERAL moved the first reading of a Bill entitled "An Ordinance to prevent the Publication of Seditious Matter."

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

LOCAL COMMUNITIES AMENDMENT ORDINANCE.

The ATTORNEY -GENERAL moved the first reading of a Bill entitled "the Local Communities Ordinance, 1899."

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

THE STOCKS PUNISHMENT LIMITATION ORDINANCE.

The ATTORNEY -GENERAL moved the first reading of a Bill entitled an Ordinance to limit the imposition by public exposure in the stocks.

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

FINANCE COMMITTEE.

A meeting of the Finance Committee was then held, the COLONIAL SECRETARY presiding. The following votes were passed:—

POST OFFICE VOTE.

The Officer Administering the Government recommended the Council to vote a sum of three thousand five hundred and thirty dollars (\$3,530) in aid of the vote Post Office, for the following:—

Other Charges.	
A.—Hongkong Post Office,	
Clothing, Shoes, &c., for Postmen &c.,.....	\$ 700
Incidental Expenses, .....	1,200
Mail Bags and Parcel Post Receptacles,.....	1,000
B.—Postal Agencies in China,	
Shanghai,	
Fee of Medical Attendant,.....	\$ 250
Light,.....	100
Amoy,	
Rent of Sub-Agency, .....	30
Canton,	
Incidental Expenses, .....	250
	<hr/>
	\$3,530
	<hr/>

JUDICIAL AND LEGAL.

The GOVERNOR recommended the Council to vote a sum of three hundred dollars (\$300) in aid of the vote Judicial and Legal Departments, A.—Supreme Court, Other Charges, Fees to Counsel for Prisoners in Capital Cases.

MISCELLANEOUS.

The GOVERNOR recommended the Council to vote a sum of seven thousand dollars (\$7,000) in aid of the vote Miscellaneous Services, for the following items:—

Printing and Binding:—	
Blue Book,.....	\$ 520
Miscellaneous Papers,.....	6,480
	<hr/>
Total,.....	\$7,000

TREASURY EXPENSES.

The GOVERNOR recommended the Council to vote a sum of one thousand dollars (\$1,000) in aid of the vote Treasury, B.—Office of Assessor of Rates, Other Charges, House Numbering, New Territories.

PUBLIC WORKS.

The GOVERNOR recommended the Council to vote a sum of one thousand six hundred dollars (\$1,600) in aid of the vote Public Works Recurrent, Maintenance of Lighthouses.

REFUNDS OF REVENUE.

The GOVERNOR recommended the Council to vote a sum of thirteen thousand dollars (\$13,000) in aid of the vote Miscellaneous Services, Refunds of Revenue.

HARBOUR MASTER'S DEPARTMENT.

The GOVERNOR recommended the Council to vote a sum of nine hundred and ninety-two dollars (\$992) in aid of the vote Harbour Master's Department, G—Lighthouses, Gap Rock Lighthouse, Other Charges, Gunpowder Charges and Tubes for Fog Signalling Guns.

TRAVELLING ALLOWANCES.

The GOVERNOR recommended the Council to vote a sum of one hundred dollars (\$100) in aid of the vote Miscellaneous Services, Travelling Allowances in the New Territories.

GOVERNOR'S VOTE.

The GOVERNOR recommended the Council to vote a sum of ten thousand dollars (\$10,000) in aid of the vote, Other Charges, Furniture.

POLICE AND PRISON DEPARTMENTS.

The GOVERNOR recommended the Council to vote a sum of five hundred dollars (\$500) in aid of the vote Police and Prison Departments, A.—Police, Other Charges, Secret Service.