

7TH OCTOBER, 1909.

**PRESENT:—**

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

HIS EXCELLENCY MAJOR-GENERAL R. G. BROADWOOD, C.B., A.C.D. (General Officer Commanding).

Hon. Mr. F. H. MAY, C.M.G. (Colonial Secretary).

Hon. Mr. W. REES DAVIES, K.C. (Attorney-General).

HON. MR. C. McI. MESSER (Colonial Treasurer).

HON. MR. P. N. H. JONES (Director of Public Works).

HON. MR. A. W. BREWIN (Registrar-General).

HON. MR. F. J. BADELEY (Capt. Superintendent of Police).

HON. DR. HO KAI, M.B., C.M., C.M.G.

Hon. Mr. E. OSBORNE.

HON. MR. E. A. HEWETT.

HON. MR. MURRAY STEWART.

Hon. Mr. WEI YUK, C.M.G.

MR. C. CLEMENTI (Clerk of Councils).

**Minutes**

The minutes of the last meeting were read and confirmed.

**Financial Minutes**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (Nos. 40 and 41), and moved that they be referred to the Finance Committee.

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 the following papers:— Summary of recommendations made by the Retrenchment Committee; Byelaws made under section 16 of the Public Health and Buildings Ordinance, 1903, Draft Estimates for the year 1910; Financial Statements in

connection with the Estimates for 1910; and an abstract showing the differences between the Estimates of Expenditure for 1909 and 1910.

**Market Byelaws**

THE COLONIAL SECRETARY—I beg to move that the approval of this Council be given to the Market Bye Laws under the Public Health and Buildings Ordinances, 1903. These bye-laws have been made by the Sanitary Board.

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

**Standing Committees**

HIS EXCELLENCY — I appoint the following Committees for the session 1909-1910:—

Finance Committee—All the members of the Council excepting the Governor, the Colonial Secretary to be Chairman.

Law Committee — The Captain Superintendent of Police, Hon. Dr. Ho Kai, Hon. Mr. Wei Yuk, Hon. Mr. Murray Stewart, the Attorney-General to be Chairman.

Public Works Committee—The Colonial Treasurer, Hon. Mr. Osborne, the Director of Public Works to be Chairman.

**Malicious Damage Ordinance**

THE ATTORNEY-GENERAL moved the third reading of the Bill entitled an Ordinance to amend the Malicious Damage Ordinance, 1865.

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

**Governor-in-Council Relief Ordinance**

THE ATTORNEY-GENERAL moved the third reading of the Bill entitled an Ordinance to relieve the Governor in Council of certain duties.

THE COLONIAL SECRETARY seconded, and the motion was agreed to

**THE ESTIMATES.**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled an Ordinance to apply a sum not exceeding Five million six hundred and twenty-five thousand six hundred and eighty-three Dollars to the Public Service of the year 1910.

The Bill was as follows:—

Whereas the expenditure required for the service of this Colony for the year 1910 has, apart from the contribution to the Imperial Government in aid of Military Expenditure, been estimated at the sum of Five million six hundred and twenty-five thousand six and eighty-three Dollars:

Be it enacted by the Governor of Hongkong with the advice and consent of the Legislative Council thereof, as follows:—

1. This Ordinance may be cited as the "Appropriation Ordinance for 1910."

2. A sum not exceeding Five million six hundred and twenty-five thousand six hundred and eighty-three Dollars shall be and the same is hereby charged upon the revenue and other funds of the Colony for the service of the year 1910 and the said sum so charged may be expended as hereinafter specified, that is to say:—

#### Expenditure

Governor, .....	\$84,878
Colonial Secretary's Department and Legislature, .....	68,542
Registrar-General's Department, ..	45,985
Audit Department, .....	28,305
Treasury, .....	59,597
Harbour Master's Department, .....	229,931
Observatory, .....	22,029
Miscellaneous Services, .....	144,307
Judicial and Legal Departments, ..	233,677
Police and Prison Departments, ...	739,157
Medical Departments, .....	236,546
Sanitary Departments, .....	358,018
Botanical and Forestry Department, .....	50,495
Education, .....	237,459
Military Expenditure,—	
Volunteers, .....	42,135
Public Works,—	
Public Works Department, .....	333,582
Public Works, Recurrent, .....	427,500
Public Works, Extraordinary, ...	940,820
Special Land Resumption, .....	374,805
Post Office, .....	444,313
Kowloon-Canton Railway, .....	100,000
Charge on account of Public Debt,	176,206
Pensions, .....	227,940
Charitable Services, .....	19,456
Total, .....	\$5,625,683

THE COLONIAL SECRETARY seconded.

HIS EXCELLENCY said:—Gentlemen, — When I introduced the Estimates last year I pointed out that although we had estimated for an increase in 1909 over 1908 on ordinary revenue of \$126,000, due chiefly to increase in certain licence fees, nevertheless the ordinary revenue for the current year would be \$389,000 below the realised revenue of 1907 and \$568,374 below that of 1906. The papers now laid before you show that some improvement has taken place, and the anticipated ordinary revenue of 1909 will, if realised, exceed that of 1908 by \$98,513, and only falls short of 1907 by \$309,168 instead of \$389,000. This, moreover, takes no account of the new liquor duties collected during the current year, which I dare say will add another half lakh at least to our revenue this year. The actual ordinary revenue last year was \$6,034,849, while it is estimated that the probable amount realised this year, irrespective of liquor duties, will be \$6,133,362, which is \$79,666 in excess of the estimate. The decrease, however, in land sales (under extraordinary revenue), which were estimated at \$150,000 and will probably yield only \$72,800, eliminates this surplus, and leaves the total anticipated revenue for the current year practically identical with the original estimate, irrespective of the half lakh from liquor duties. Poor as the land sales have been this year, they are nevertheless better than last year by some \$3,500, and if they may be regarded as an index of prosperity it is gratifying to note that they show an upward tendency, however slight.

The financial statement shows the estimated balance of assets on December 31 next to be \$1,350,108, as against \$1,073,041 last year, a satisfactory increase of about three lakhs. From this large reserve we hope in part to meet the cost of building the new typhoon refuge.

Our total estimate of revenue ordinary and extraordinary for next year stands at \$6,908,797 and our expenditure is estimated at \$6,951,542, which shows an excess of expenditure of \$42,745. This in the circumstances is justifiable, since (as I shall explain in reviewing the heads of revenue) our estimate is in one or two cases a conservative one, which may probably be

exceeded, and, on the other hand, no sum has been included on account of the contribution promised by the Imperial Government to the loss on opium, since there has been no time to ascertain the intentions of the Home Government.

### **The Problem.**

Generally speaking, our problem this year was to raise sufficient revenue, or to decrease expenditure, to meet in the first place the deficit of four lakhs which in the current year was provided by the, so to speak, fortuitous appropriation of the Widows' and Orphans' Fund, together with an extra lakh for the difference between the interest paid this year on the railway, with  $2\frac{1}{4}$  lakhs for opium loss and  $\frac{3}{4}$  lakh for working expenses of the railway, for half a year—a total of about eight lakhs. Of this we get a net five lakhs from liquor and one from stamp dues, while the remaining two are provided partly by retrenchments in expenditure and partly by anticipated increase in the existing sources of revenue. In 1911 we shall probably have an additional six lakhs to provide on railway account, and this, I hope, will be largely met by the cessation of expenditure on the Post Office and Law Courts and by an increased yield from the liquor and stamp dues. There is, however, no need to anticipate the difficulties of 1911.

### **The Heads of Ordinary Revenue.**

Turning to the Estimates of revenue for next year, I will run briefly through the various heads. Assessed taxes show an increase of \$38,000, due chiefly to the inclusion of new buildings at Quarry Bay; the remainder of the assessment remains much the same as this year. Chair licences increase \$8,820. Fines and forfeitures have been under-estimated, and it is believed that next year they will increase by \$5,500, especially as it may be anticipated that some will accrue owing to the imposition of liquor dues and abolition of divans. Junk licences show a decrease of \$2,000, Divan licences disappear, and the Opium Farm, for which the accepted tender is \$1,183,200, shows a decrease of \$268,800 on the existing contract. Including divan licences the direct loss in 1910 is \$225,860. This loss is only half of the amount which I was advised would

probably accrue from the closing of the divans, and will be covered by the extra duties on liquor. You will recollect that I stated in regard to this question that the first proposal of raising the liquor licence fees did not provide for the loss on opium, for which, had that proposal been adhered to, additional taxation would have had to be imposed. Pawnbrokers' licences are expected, judging by the experience of this year, to increase by \$2,300, and prospecting licences decrease by \$2,000.

I have made a guess estimate of \$600,000 for the product of the new liquor duties, while \$60,000 is estimated as the cost of machinery for enforcing them, and licence fees will probably decrease by \$31,300, leaving a net increase from taxation of liquor, after a rebate has been made to the military and naval forces of \$508,700. Stamp duties, owing to the regulation enforcing a stamp on receipts over \$10 and also to better collection will, it is anticipated, yield an extra lakh. The fees for local registration of companies, judging by the current year, will produce \$3,600 more than last year's estimate. The total increase under licences and internal revenue is estimated at \$4,660,858, an increase of \$497,176 on this year's estimate. Under the third head, there were last year a considerable number of over-estimates: Bills of health, \$1,100; fees of Court, \$3,000; gunpowder depot, \$3,000; medical treatment, \$1,000; sugar certificates, \$1,000, due to certificates being no longer required for Colombo; and sale of vaccine, \$2,000, with various other minor items. On the other hand, the fees of pupils, at Queen's College and other schools, is estimated to increase by \$18,000 and the fees from the Technical Institute by \$850. Against these increases there is some corresponding additional expenditure under the Educational vote. The receipts from water supply are expected to show an additional \$30,000, more meters having been instituted. The total vote under this head is \$557,675, an increase of \$32,961 over last year.

The Post Office is estimated to yield an additional \$52,000 due to increased business, and to this must be added \$27,000, which the Imperial Government has promised, being half the estimated loss on the Postal Agencies, to which I shall refer in discussing the Postal vote. The estimate

under rents of Government property shows a considerable increase, buildings, \$1,700; encroachments, \$4,000; leases in the Old Territory, \$1,000, Markets \$2,000 (due to the completion of Kowloon market); and piers \$1,500, while quarries alone show a decrease of \$1,500, as one lease expires in the coming year. The total increase on last year's estimate under this head is \$9,320. Under Miscellaneous Receipts the conservancy contract is less by \$8,776 than heretofore, and a decrease of another \$1,000 is expected under miscellaneous receipts.

The total ordinary revenue for 1910 is estimated at \$6,629,297, as against an anticipated sum of \$6,133,362 in the current year, and an actual realised revenue of \$6,304,849 in 1908.

#### **Extraordinary Revenue**

Under extraordinary revenue, land sales, estimated this year at \$150,000, only realised \$69,358 in 1908, and are only expected to realise \$72,800 this year. The estimate for next year is therefore decreased to \$100,000. The Widows' and Orphans' Fund does not, of course, reappear as a credit, and we have to find the \$371,500 from other sources, as I have explained. The contributions are increased from \$40,800 to \$42,500. Special light dues were over-estimated this year by \$3,000. There are two new heads of extraordinary revenue, namely, the contribution promised by the Imperial Government of half the loss on the postal agencies, estimated at \$27,000, to which I have just alluded, and the receipts from a half-year's working of the Kowloon-Canton Railway put at \$20,000.

The total ordinary and extraordinary revenue estimated for next year stands at \$6,908,797, as against \$6,708,996 for the current year (which included  $3\frac{3}{4}$  lakhs for the Widows' and Orphans' Fund last year) — an increase of about two lakhs for the current year in addition to this three and three-quarter lakhs.

#### **Expenditure**

Turning to the Expenditure in 1910, I will perform my usual task of running rapidly through the Estimates for the various departments in order to call your attention to

changes of any particular interest or importance. Under Governor a decrease of \$2,000 is effected in the furniture vote. In the Secretariat the absorption of passed cadets, owing to vacancies and promotions and their replacement by un-passed cadets, involves a saving of \$4,000. In the Registrar-General's department some considerable changes have been effected during the present year. The issuing of various licences and other matters of that kind have been transferred to the Captain Superintendent of Police, the Sanitary Department, etc., with the object of confining the Registrar-General's work as much as possible to that covered by the title "Protector of Chinese" in the Straits Settlements. This, as you are aware, has been effected by an Ordinance lately passed by this Council, while a second Ordinance, 4 of 1908, amending the Emigration Ordinance has thrown upon the department a large amount of additional work in connection with the better supervision of what are now termed "assisted emigrants."

I regard this as a most important and valuable reform with which I am glad to have been associated. Since the nature of the change is familiar to you I need not enter into details now. You will remember that in order to meet the increase of staff rendered necessary by this change, we last year increased the fees for medical examination of emigrants and provided a sum of \$1,200 as allowances to two passed cadets assisting in this work. This scheme has proved unsatisfactory, partly because no passed cadet was available, and partly because the combination of the duties of Assistant Land Officer and Assistant Registrar-General was not found to be compatible with the efficient discharge of the duties of either post. In the coming year a new second Assistant Registrar-General has been appointed. The department has thus been considerably strengthened both by an increase of staff and a decrease of extraneous work, and will undoubtedly be able to deal more effectively with the many matters in relation to the Chinese population, which are its proper province. The elimination of the duties I have referred to has caused the transfer of certain clerks to other departments, with a consequential decrease here. There are some minor retrenchments which you will see in the summary of the Retrenchment Committee report laid on the table.

### **The Dumping of Dead Bodies**

With reference to the Registrar-General's department, I spoke last year of the institution of Street Committees in connection with the new Dispensaries, and I expressed the hope that by enlisting the cooperation of the Chinese we should put an end to the disgraceful and barbarous practice of abandoning corpses in the street and harbour. The amendment of the Public Health and Buildings Ordinance last year was also designed to relax the stringency of the law in certain directions where it seemed possible to do so without danger to the community, by the light of the new knowledge regarding the dissemination of plague resulting from the researches of the Indian Plague Commission. The substitution of methods less onerous to property owners and involving less interference with domestic privacy in the matter of disinfection have already, I hope, resulted in a considerable restoration of confidence. (Applause.) These measures, together with the formation of Street Committees and Dispensaries, have effected a decrease in "dumping" which has been most marked. The number so abandoned in 1906 was 1,447. In 1907 it fell to 1,293, the decrease having taken place entirely in the last few months when the new system began. This fell to 989 in 1908 and up to the end of September this year the number is only 261, or an average of 348 for the year. I heartily congratulate the Registrar-General and his staff, and the Chinese gentlemen who have assisted in this result.

The audit expenditure is increased by \$894 for the railway work for the last half of the year, and by \$1,040 charged by the Controller and Auditor-General for pension liabilities of auditors. You will see from the summary of the Retrenchment Committee's report that there are some matters of importance in connection with this department, regarding which I am in correspondence with the Secretary of State.

### **The New Territory**

Under Treasury, I will invite your attention to the new department under the head Judiciary. The District Officer in the New Territory has hitherto been primarily a police officer, and his staff has been shown partly under Police, partly under Treasury, partly under Magistracy and partly under Land

Office. He is now recognised primarily as an administrative officer, and he will in future combine the duties of Police Officer and Magistrate, of Treasury Officer and Land Officer, being assisted by an Assistant District Officer, who will equally undertake these duties and be available to replace his senior during his absence at any time with full knowledge of each department of work. Each officer when touring a separate part of the Territories will thus be able to do the whole of the work in the district without the overlapping and duplication hitherto unavoidable. Ignorant villagers cannot readily understand fine subdivisions of duties of officers, and are puzzled to know why the Assistant Land Officer who settles all matters in relation to their land should be unable to receive the Crown rent due upon it, and so on. The officer hitherto holding the title of Assistant Land Officer now becomes Assistant District Officer and both officers are vested with full and identical powers in regard to each of the functions they perform. My experience in dealing with primitive people leads me to believe that this change will tend to efficiency, and I am sure it will be greatly appreciated by the people, who need no longer travel long distances to lay certain matters before another officer while one is actually in their district. It is appreciated by the officers themselves who are charged with these duties, and who in the past could hardly have satisfactorily discharged them had they each held rigorously to the official limitation of their own duties. So far as the Estimates are concerned, you can now see at a glance what the cost of the administration in the New Territory is, instead of attempting the difficult task of computing it from some four or more different heads of estimates when the same officer appeared under different designations. There are also a few minor reductions amounting to nearly \$1,200.

### **Post Office and Postal Agencies**

The Hongkong Post Office shows a saving of \$3,000, chiefly accounted for by the abolition of the entry "commission on money orders, \$2,500," which is now deducted from receipts. You will see also in the summary of the Retrenchment Committee report that a saving of \$2,000 is anticipated at once, and

\$8,000 eventually, by the abolition of overtime allowance except on Sundays and holidays. This recommendation is based on the fact that "the salaries of the clerks have been largely increased and graded under the system which has been applied to the whole clerical service," and also that "long hours on one day are compensated for by short hours at other times." The change, of course, only applies to officers appointed subsequent to this ruling.

With regard to the Postal Agencies, I am glad to be able to inform the Council that as a result of my representations to the Secretary of State, the Imperial Government has recognised its responsibility in this matter, and has undertaken to bear half the net loss accruing from the conduct of the postal agencies in China. Weihaiwei will pay whatever it costs to conduct its Post Office. His Majesty's Government suggested that those agencies which show a loss should be required to contribute, and I have accordingly caused a letter to be written to each of them informing them of the terms of the telegram from the Secretary of State, and inviting them to bear a half of the remaining deficit or quarter of the whole loss. I am still in correspondence on this subject, and the matter could not be settled in time for precise adjustment in the Estimates before you, owing to the long delay of nearly eighteen months before I received a definite reply to my representations to the Home authorities. The present arrangement is provisional for one year only, and the Postmaster-General anticipates the loss on these agencies will decrease owing to the increased railway facilities at the port of Dalny, which will decrease the transport charges.

The agencies began to show a loss in 1908, in which year, including the military contribution on gross receipts, it amounted to \$53,172, of which Shanghai accounted for \$39,485. For the coming year the loss is estimated at \$53,760 (Shanghai \$40,440, or, without military contribution, \$27,200). I have been moving in this matter, as you are aware from my statements on the Budgets of the last two years, ever since I have been in the Colony, and I am glad to have succeeded in inducing the Imperial Government to recognise its responsibility—which was fully admitted by Lord Elgin. They are pledged to meet half the net loss, and I am in hopes that I

shall succeed in covering the remaining loss partly by contributions from the British communities concerned, or alternatively by raising the postal rates. I have observed that a paraphrase of the letter addressed to Shanghai on the subject has appeared in the local Press, and I would say in this connection that it appears to me that it is not the Municipal Council of that Settlement, which represents a cosmopolitan community, but the British merchants, who should defray the cost of the British agency, and I cannot believe that a wealthy place such as Shanghai will rest content that Hongkong should pay for its postal facilities at a loss which is estimated this year at \$40,440 (including the military contribution, which, of course, we cannot expect them to pay).

I had also asked that the gross receipts from the Postal Agencies should be exempt from payment of the 20 per cent. military contribution, which should only be levied on the nett profit, if in the future any profits are made. The Secretary of State supported my view, and he informs me that he is appointing a Commission to inquire into the whole question of military contribution. If during this coming year a satisfactory arrangement by which Hongkong shall be entirely relieved of all loss on this account is not arrived at, it will be open to this Government to decline to conduct the agencies any longer, and it cannot be said that we have not done our utmost in the interest of British interests in the Far East. Incidentally we have reduced the cost of the Shanghai Agency by \$2,000 by abolishing the sorting at sea. The total postal expenditure shows a decrease of \$4,500.

#### **The Harbour and Excise Department**

At the Harbour Office the replacement of a first by a fifth grade telegraph clerk effects a saving of \$1,140, and the vote for coal for launches has been reduced by \$2,100. The large sum (\$2,100) for fog signalling apparatus at Gap Rock last year is non-recurrent. The nett saving in the whole department amounts to about \$4,700, and a further saving of \$2,550 appears under special expenditure for a buoy for Cust Rocks. The only considerable change in this department is in consequence of the

new liquor duties, the collection of which will devolve upon the Superintendent of Imports. I have decided that this office shall until further notice be detached from the *ex officio* duties of the Harbour Master. The Superintendent of Imports and Exports remains directly responsible to me for the collection of the liquor duties. The cost of his staff, and all incidental expenses, will be met from a lump sum of \$60,000, for which provision has been made, and when the system has gradually evolved itself during the first experimental year we shall be able in the Budget of 1911 to distribute the vote, and insert in their proper places the actual staff which experience will have shown to be necessary, and the various other charges involved. I may observe that this cost will not be entirely included in the Harbour Office; a part will be incurred by an extra staff in the Government Analyst's department and part may appear under Police.

### The Observatory

Under Observatory there is little change except that an increase has been allowed for meteorological telegrams, which will add to its efficiency. The Director concurred with the Retrenchment Committee that when the post of Assistant Meteorologist falls vacant it need not be filled. In running through these heads of Estimates it has been my object not merely to explain changes in figures, but to inform you, and through you the community at large, of all matters of interest and importance which have occurred during the past year or are in contemplation in the approaching year. It is unavoidable that this should greatly prolong my speech on this occasion, but for my own part I welcome this annual opportunity of explaining matters of policy and of progress, and I am sure I shall not exhaust your patience in doing so. It is the one occasion upon which the Government, which is entrusted with the welfare of the community, has an opportunity of giving an account of its stewardship, and of enlisting the interest of the inhabitants of the Colony in the various matters not directly connected with legislation, and which therefore do not ordinarily come before this Council. In regard, then, to the Observatory, we have not yet heard of the establishment of the wireless station which the Government of the Philippines undertook with such willing co-operation to erect in the Islands of the

Balintang Channel, but we may be sure it will not be forgotten. So soon as the present negotiations between China and Japan are satisfactorily concluded I have hopes that we may witness the erection of a station at Pratas —(applause)—which will be of invaluable assistance to our typhoon warnings.

Under Miscellaneous Services, the subhead of the same name has been reduced by \$15,000. This cannot be regarded as a retrenchment, for the expenditure hitherto shown under this head must in future appear separately, as it should do. Thus, last year, the full vote of \$20,000 was exceeded by \$37,332, and included loss on exchange and the purchase of the Laichikok quarantine station. The economy in the method of printing in the *Gazette* saves \$4,000, while a small increase has been made for printing miscellaneous papers in order to co-ordinate and improve the records.

### The Subsidiary Coinage Question

Under Redemption of Subsidiary Coins there is an increase of \$4,000. This is calculated to cover the loss on discount upon subsidiary coin received as legal tender during the year, and not, as in the last two years, to cover the loss by withdrawal and demonetization. In 1908 a sum of \$36,000 was estimated for this purpose, and the actual expenditure was \$164,674, which included stock in hand. In 1909 the same sum of \$36,000 was provided; and the actual expenditure is estimated at \$134,000, which gives a total of nearly three lakhs in two years. For my own part, I can see no object in withdrawing our currency from circulation so long as its depreciation below par value is obviously due, not to an excess in the quantity, but to the existence of a parallel coinage which is not legal tender and which circulates at a discount and influences the value of our own. (Applause.) If and when our coinage is shown to be redundant it will, in my view, be time enough to take steps to withdraw a portion. At present it seems to me that it is unnecessary to incur this loss while the whole question remains as yet undecided and our financial position is difficult. The matter is, however, one which affects the trade and commerce of the Colony, and I am referring

the question to the Chamber of Commerce and the China Association, which are representative bodies entitled to speak for those interests. Since a sum has been provided in the Estimates in excess of that provided during the last two years, when the policy of demonetization was in operation, either policy can be followed so far as the Estimates are concerned. The actual loss incurred by Government by payment of discount on subsidiary coins is calculated at \$26,777.

I cannot leave this question without a reference to the larger aspect of it. The attitude of the Government has been described as one of apathy and devoid of a definite policy. This is incorrect. There are two policies open to us. One is to adopt some vigorous method of restriction of Chinese subsidiary coinage, the other is to await the result of the pressure now being brought to bear upon the Chinese Government to reorganise their coinage and more especially to control the issue of their mints. The first policy—that of vigorous repression of Chinese coinage—would, no doubt, result in the rehabilitation of our small currency. It would also probably result in a great influx of that currency from China, and compel us to large measures of demonetization which at the present moment our finances can ill afford. It is urged by those who oppose that policy that it would interfere with the minor operations of trade, especially among the Chinese; that to enforce it would require measures which would be highly unpopular and that it would be resented in Canton. They say that the companies who suffer are few and that the remedy is in their own hands, namely, either to refuse non-legal tender or to put up their fares or prices.

Those, on the other hand, who advocate the second line of policy urge that although many years have passed without anything effective having been done by the Chinese Government, the last year or two has seen a movement the result of which we ought to await before taking a plunge in the dark. During last year we were awaiting the return of His Excellency Tang Shao Yi, who had been sent to Europe and America, with (it is understood) the special object of studying this question. Since his return one important edict has been issued which a Home paper describes as "a foundation stone of the Mackay Treaty." It enacts that all coins now current of whatever

value shall be minted of one standard of fineness and one authorised pattern. Meanwhile the necessity for increasing her import duties is daily becoming more imperative, to China, and several of the Powers have declined to agree until the questions of *likin* and coinage are simultaneously dealt with. It is in these circumstances, I think, legitimate to hope that the decree I have referred to is the beginning of a real attempt to deal with this matter.

I made an attempt within a few days of my arrival in this Colony to ascertain the views of the merchants, bankers and financiers of Hongkong upon this vexed question, and in August, 1907, I appointed a large and influential Committee to investigate and report upon it. The findings of that committee were by no means unanimous, and the majority were divided amongst themselves on several issues. By a narrow majority they recommended the first of the two policies, namely, one of restriction of Chinese coins. But, I think, though I am not certain, that the Chairman agrees with me that it would be better to defer putting that recommendation into operation at present. The Chamber of Commerce and the China Association, moreover, advised against this policy. In the circumstances I have adjudged it most advisable up to the present to adopt the course advised by these two bodies, and I wish to impress upon you in doing so that we are adopting a definite policy which does not denote either apathy or indifference. (Applause.) During the coming year we shall judge whether events justify us in continuing this policy or in adopting some alternative. The matter is too large to deal with on this occasion in detail, and it would be better to discuss it separately should any unofficial member desire to raise the issue.

I cannot, however, leave this subject without a passing reference to a speech delivered by a prominent and greatly respected member of this community who formerly occupied a seat at this Council. Speaking as the Chairman of the Hongkong, Canton and Macao Steamboat Company, he stated that a loss of \$28,389 had been incurred by the company on subsidiary coin during the half-year. I disregard the charges of lack of wisdom, courage or foresight and the

accusation of indifference, apathy and supineness which the speaker stated to be amazing, even for this Government, and which his audience applauded, and I come to the facts. I have here an extract from a letter addressed to me unsolicited from the manager of Messrs. Butterfield and Swire, and he says that he considers it his duty to write in explanation of the statements to which I have alluded, which he describes as irrelevant and fallacious. He proceeds to explain that as Messrs. Butterfield and Swire are working in agreement with the Hongkong, Canton and Macao Steamboat Company he is qualified to speak. He informs me that "*ninety to ninety-five per cent. of the earnings on the Canton line are collected on board in subsidiary coin and must always be collected on board.*" Nothing that the Hongkong Government can do would change this custom of paying on board or cause passengers to pay in anything but subsidiary coin. At present they pay in Hongkong subsidiary coin and Canton subsidiary coin, as both are at about the same discount. If Hongkong barred Canton subsidiary coin from import into and circulation in Hongkong, it would not make any difference to the Chinese passengers, who would only then pay in Canton subsidiary coinage as the cheaper money, and if the steamers attempted to collect Hongkong subsidiary coinage, assuming that by prevention of Canton subsidiary coinage our subsidiary coinage could be raised to par, the passengers would travel by other steamers not imposing this condition. It follows that the Steamboat Company has to accept that which is offered in payment of passage money, and the subsidiary coinage would still have to be sold at market rates. Again, assuming that Canton subsidiary coinage is barred out of Hongkong and that Hongkong subsidiary coinage is by this action raised to par, it is not unreasonable to suppose that with the Hongkong market closed against it Canton subsidiary coinage might even go to a greater discount than at present, and therefore the Steamboat Company would be worse off than they are now, for it is certain that under these conditions most of the subsidiary coinage collected on board would be Canton subsidiary coinage, which they would have to sell at market price in Canton. The Steamboat Company could not by any means they possess force passengers to pay Hongkong subsidiary

coinage. It is, moreover, a fact that the Steamboat Company with ourselves *did* raise the rate of passage money to compensate for the discount on the subsidiary coinage we are forced to receive, and the Company's accounts speak for themselves."

I will not quote further from Mr. Law's interesting letter, which is devoted to arguments against the policy of restricting Canton subsidiary coinage, and to justifying the present policy of the Government. It is only on this one occasion during the year that the Government has an opportunity of justifying or at least explaining its action. Charges of apathy and indifference are brought against it, and I have thought it fitting to put the other side of the matter before the Council. My friend Mr. Law can debate the question with my friend Mr. Shewan as to the facts at issue in this particular matter. I am only concerned to demonstrate to the Council that there is no apathy or indifference on the part of the Government. We are watching the signs of the times, and are ready at any moment to adopt such a course as may recommend itself, and meet with the approval of the merchants and bankers, taking into due consideration the political issues involved, the cost to the taxpayer, and the effect on trade as a whole, and not merely to one or two companies.

#### **The Judiciary and Police**

Reverting to the Estimates:—Economy in telegrams sent by Government results in a saving of \$3,000. The vote for the management of the Widows' and Orphans' Fund is no longer necessary now that the fund is transferred to Government, but it has been retained for next year to meet the fees of the actuaries who are making the valuation. It appeared last year under Treasury. Transport has been reduced by \$4,000. Under the heading of Judiciary there is a saving of about \$2,000 due to new appointments under the Supreme Court, and a new head, as I have already described, is opened under "District Officer" with transfers from various other departments, the total amounting to \$35,524. The net increase in the Judiciary amounts to \$17,194. With regard to the Police, reductions have been effected, as in other departments, by the creation of the new District Officer sub-department. One lance-sergeant has been abolished in

the New Territory. The Retrenchment Committee recommended two. The Retrenchment Committee also recommended the sale of No. 3 launch, but I have decided to retain her with a stoker and seaman in charge to take the place of other launches when under repair and also for use in emergencies. This effects practically the same reduction in cost and avoids the necessity of the whole crew of a launch remaining idle while it is under repair. The saving amounts to \$9,684. The transfer from Miscellaneous Services of \$24,000 (equalisation on exchange on Indian police pensions), however, brings the total up to \$603,279, and converts a decrease of about \$7,000 into an increase of about \$17,000. With regard to the Prison, four warders and one chief warder, four assistant warders and seven guards have been dispensed with on the recommendation of the Retrenchment Committee, at a saving of over \$9,500.

#### **The Medical Service**

Under the heading of Medical, a new medical officer for the New Territory and Railway is provided from June, 1909, when the railway is expected to open. Hitherto two-thirds of his salary has been borne by construction funds. On the other hand, one assistant medical officer of health at Kowloon has been abolished under the Sanitary Department vote. The abolition of the *Hygeia*, to which I shall allude later, effects a saving of some \$5,500, including the temporary staff at Kennedy Town Hospital. The Other Charge votes, which have had a tendency to increase each year and are not fully expended, have been reduced, as you will see, in many cases, under the heads incidental expenses, medicines and appliances, and provisions for patients. The total medical vote is decreased by \$11,650. In the Sanitary Department the principal clerk has been abolished, and the Secretary, whose former duties are now largely performed by the Head of the Department, is placed on a lower rate of pay, a saving of about \$6,000. The second assistant medical officer of health, the remaining sanitary surveyor and three inspectors (leaving 24 and one storekeeper), 10 artisans, 3 boatmen, 1 market overseer, and some minor staff are abolished, effecting a total saving of over \$26,800. The Other Charge votes have also been considerably decreased, two large items amounting to \$6,800 being transferred to the

Public Works Recurrent, and the votes for coolie labour, incidentals, disinfectants, light, paint, and rent show a saving amounting in all to about \$13,200. The opening of Mataukok cattle-depot, on the other hand, involve some extra staff, which will be more than recouped by fees. The total saving effected is \$50,864. The Forestry Department shows little change, there is a small saving.

#### **Education**

In the department of Education provision is made for one additional master at Queen's College in view of the increase in school fees. It had long ago been decided to bring Queen's College under the Education Department whenever Dr. Wright's service should terminate, and this has now been accomplished. It involves a saving of \$900 for examination fees. A further instalment of dual desks is provided for at a cost of about \$4,000 and \$800 has been set apart for scholarships to Queen's College from the district schools which will, I hope, promote a closer touch. At Saiyinpun, Yaumati and Wanchai the purchase of desks is completed, which saves \$2,000. The small school at Aberdeen has been closed on account of insufficient attendance. The amount of the grants under the code continues to increase and reaches the large sum of \$55,000. I propose to examine this question during the coming year. The Technical Institute has proved to be a most valuable institution. The vote for the lecturing staff is increased by \$2,000. The total education vote is increased by about \$5,320, and it is anticipated that this will be much more than met by increased school fees.

#### **The Military Contribution and Defence**

Under defence there is the usual 20 per cent. for Military Contribution, which, in consequence of the increased revenue we have to raise to meet expenses, amounts to a larger sum than last year. The Secretary of State has informed me that he proposes to appoint a committee to inquire into the incidence of this contribution. I have already expressed to you my own view that the Colony cannot complain of having to pay only a very little over a quarter the cost of its defence without any contribution to the navy, though I am of opinion that

the mode of levying it might be altered so as to better carry out Mr. Chamberlain's object of making it fall less heavily in years of depleted revenue. Under the other charges for the Volunteers, considerable reductions have been made, with the concurrence of the commandant, amounting to \$5,200.

#### **Public Works Dept. and Railway Loan Account**

In the Public Works Department one Railway Loan Account senior executive-engineer has been appointed as second assistant in order to cope with the administrative work in the office and a new overseer has been created. A land surveyor has been appointed in place of two second grade surveyors, and a new scale of pay adopted for these officers, involving with incremental rises a total increase of \$3,216. The Other Charge votes are increased by \$10,800, which is deducted from the miscellaneous service vote under Public Works Recurrent and shown under its proper heads. The vote for drawing materials and survey work is increased by \$1,000 to meet increased work. Under Public Works Recurrent the miscellaneous service vote of \$11,000 disappears, \$6,800 is included for cemeteries taken from the Sanitary department; the total shews a decrease of \$5,500.

Under charges on account of public debt, you will find that whereas \$276,890 was provided this year for interest on railway advances, no sum is provided next year. It is the usual custom to charge interest on capital during construction to capital account, and I have obtained the sanction of the Secretary of State to do so. \$482,921 will have been paid out of revenue during the present and past two years on this account, and the amount which would have been payable next year is estimated at \$330,000. This will add eight lakhs to the railway cost, the repayment of which will, under the operation of a sinking fund, be spread over a long term of years instead of falling in its entirety upon the Colony now. You are aware that the line is expected to open for traffic on July 1st, and it would therefore seem proper to charge only half the interest on capital to construction account and half to open line account. The line will, however, only be opened by utilising the contractor's "over-land" loop line, and as Messrs. Leigh and Orange's contract will not

be completed during the year, a very integral part of the construction will still be proceeding not only up to, but beyond, the end of next year. I think therefore that it is legitimate to charge interest on capital to construction account for the whole of 1910 and to charge it to open line account from 1st of January, 1911.

Pensions do not call for any remarks; they show an estimated decrease of \$3,300. Charitable services is increased by the additional grant to the new Tung Wah Hospital, Kowloon, of \$2,100.

#### **Public Works Extraordinary—Buildings**

I will as usual run briefly through the programme of public works extraordinary for the coming year. For the Law Courts we set aside \$105,000, and for the Post Office \$230,000, and these sums, I am glad to say, are the last large votes for these great works. Only \$75,000 is estimated to be required to complete both in 1910. (Applause.) Public latrines absorb the same sum as has been devoted to this object during the past few years. The gradual replacement of offensive private latrines and urinals, and the provision of public conveniences, if necessary by resumption of the site required, on which \$92,692 will have been spent to the end of 1909, is a measure of sanitation which I regard as thoroughly practical and necessary and of urgent importance. \$32,000 is provided to complete the new market at Kowloon, which is not only greatly required but will be remunerative in fees. The total cost will be \$66,000 and the expenditure to end of 1909 is \$34,000. This is largely a refund, as \$16,900 will be unexpended this year. The delay is due to unexpected difficulty in the foundations and delay of steel work.

The necessity for the extension to No. 2 Police Station was described by me last year. I regret the Director of Public Works has not yet been able to commence the works, but a beginning will be made shortly, and the sum shown in the estimate is a re-vote of the remainder. Taipo Land Office require \$2,000 to complete, and the steps of the ballroom at Government House show a sum of \$1,300. This work will be completed during the current year, and the sum carried forward to next year is the retention money payable after six months of maintenance by the contractors in accordance with the terms

of the contract. The extension of the Public Works Department offices will be completed this year at a cost of \$2,000 more than the original estimate, as it has been found necessary to add a second storey and a covered way in order to accommodate the survey staff. The matshed in the compound which it has been necessary to put up for part of the staff has been taken down. The staff quarters at Taipo are completed and so is the quarantine station at Laichikok, where \$5,282 additional expense had to be incurred—owing to the bad foundations of the boundary wall and extra repairs. Its total cost is \$15,782. The extensions to Queen's College are completed. It has not been possible as yet to begin the erection of the market at Aberdeen, for which provision was made this year, but it is hoped that it will shortly be begun.

The same sum as in the current year, \$30,000, is provided for new roads in Kowloon. The three chief items included in the programme under this vote are (a) The completion of Argyle Street, which will form the main thoroughfare between the new railway station at Yaumati and the seafront and the villages of Yaumati and Mongkoktsui. A small portion of this work is debited to the railway, the amount to be paid from revenue being \$9,265, which, together with \$21,152 already spent, makes a total of \$30,417. (b) A sum of \$6,000 is charged to this vote for the completion of the nullah in Waterloo Road. (c) \$12,000 is to be devoted to the prolongation of Nathan Road, including a cutting through a hill, the soil from which is required for reclamation, under which vote the balance of cost will be debited.

### **Communications**

New roads in the New Territory are retained at \$25,000, which will be devoted almost exclusively to the prolongation of the Castle Peak Road, which we hope to carry on to complete eight miles in 1910. Four and a half miles will be completed this year on the new system I described in a former Budget speech, namely, the road is six feet broad in banks and eight feet in cuttings, while the bridges are made to the full eventual width of fourteen feet and the land resumed is sufficient to eventually extend to this breadth. By this means the initial cost is reduced to about

\$6,000 per mile, including resumption. I consider this main trunk road through the New Territory as a work of the first importance, both for the purpose of facilitating trade and also for police control. Since the road was made from Castle Peak to Pingshan the traffic upon it has been immense. Traders and others who formerly had to make a long detour now go direct and save much time, while from the latter point of view, namely, police control, the patrols are now able to police the district much more efficiently and in less time. As another result of this road construction, it is probable that the point at which it leaves the seafront will command a very high price as a pier site. The vote for forming streets is reduced to \$30,000 from \$35,000. Of this \$7,000 will be added to the \$6,000 from the new roads in the Kowloon vote towards forming the nullah in Waterloo Road; \$2,000 for lowering the road near the French Convent at Happy Valley and \$2,000 for tram diversion on Shaukiwan Road, to both of which the Government has long been pledged; \$2,000 to complete Reclamation Street, \$2,000 for roads in the Hunghom district, and \$1,500 each for Salisbury Road and Marine Lot 29, the balance being for general works. The vote of \$27,500 for raising Chatham Road is in repayment for work undertaken by the Kowloon-Canton Railway—the portion to be done by the Public Works Department being completed this year. This completes the whole of this important improvement rendered necessary by the new reclamation at a total cost of \$51,000.

The road on Victoria Peak, for which \$4,300 was provided this year, has not been undertaken in the pressure of more important works, and we do not propose to proceed with it next year.

### **Drainage, etc.**

The reconstruction of gullies, upon which a sum of \$93,600 will have been spent by the end of this year, is now practically complete, and only \$600 is allotted next year for completion. A sum of \$15,000 is allotted for training nullahs, of which \$8,000 will be spent on improvements at Shaukiwan, in which district, as you are aware, the Sanitary Board have made representations on the initiative of the military authorities, who complained of the

prevalence of malaria in the Lyemooon Barracks, and we propose to spend about \$3,500 this year, making a total of \$11,500. With regard to flushing tanks and iron pipes, three tanks are completed out of six, and iron pipes have been substituted for earthenware in Bonham Road at a total cost of \$19,263. It is proposed in 1910 to continue the substitution in Garden Road at a cost of \$5,000. This, you will recollect, is part of the Chadwick scheme which the Government has been consistently carrying out for seven years past. Miscellaneous drainage stands at \$43,000, the principal items of which are new drainage works at Shaukiwan, \$7,300; the extension of the storm-water drain on the railway reclamation, \$2,100; new storm water drains near the Yaumati Pumping Station, \$5,000; extension of the sewer near the Yacht Club, \$2,410; extension of sewer near Yaumati Theatre, \$2,140; storm water drains, Samshuipo, \$4,000; Reclamation Street, \$1,100; and Hok Un, \$5,000.

#### Miscellaneous Works

The sum of \$5,000 is allotted for pushing forward the triangulation survey of the Colony, which, I am glad to say, is making progress. The old heading of this vote is not applicable, for many of the old traverse marks cannot be identified, and money is wasted on the work of trying to re-establish them completely. Where they can be found they are included in the new triangulation. The note includes the cost of engaging a temporary man on a two years' agreement. The sum of \$18,000 will complete the reinforced concrete piers at Green Island and Kowloon City. I do not propose to proceed with the one opposite the Harbour Office at present. Its estimated cost is \$27,000; the total cost of the two completed will be \$34,734. Blake Pier roofing is completed, and cost \$8,546 over the estimate, which was due to an alteration in the design made by the Crown Agents and a loss on exchange. The Miscellaneous Works vote is \$35,000. This is for the various urgent minor works for which necessity is shown during the year. They will, I hope, include the beacons on Bansansiah and Douglas rocks, and the small pier at Saikung.

With regard to the typhoon refuge, under Revenue you will find that \$90,000 is expected to be realised from the special light

dues, and this sum is entered against the work. The remainder of the expenditure during the coming year will be debited to the special fund, and defrayed from the Colonial reserves. The sale of the dredger will also add to the fund for the work. The amount already spent (including the cost of dredger) is \$306,693, which is not as much as we had hoped to expend, but the delay in getting forward with the work is due to the necessary time occupied in preparing the designs and plans. The deepening of Causeway Bay has been pushed on rapidly and will be completed this year. The sum shown, viz., \$11,000, is the balance of the estimate and is retention money due to the contractor on the expiration of the period for which he is responsible for maintenance. The total cost is \$74,000. The sum put down in the Estimates for resumption on Marine Lot 29, which was borne on this year's Estimates, has not fallen due for payment. Half, namely, \$10,700, will be paid this year, and half next year.

#### Water Works

The Albany filter beds reconstruction and extension has proved a costly undertaking, totalling about \$182,000. The sum of \$16,000 provided next year is retention money, and \$6,000 is a re-vote from this year; this, I am glad to say, will complete this work. Kowloon Waterworks form one of the great undertakings of which this Colony is justly proud. Its cost is \$1,194,600, and the sum provided next year, \$37,520, is all that is required to complete it. The vote for miscellaneous waterworks has been increased next year, from \$25,000 to \$28,000, in order to admit of improvement of Mt. Parker catchwater (Tytam). A twelve-inch main will be laid from the Albany filter beds to convey the Tytam water to West Point, and for this \$12,000 will be expended in 1910. We shall already have spent \$20,000 for the pipes this year. West Point will thus not have to rely on Pokfulam reservoir only, and the additional supply will, I am sure, be greatly appreciated by the Chinese population of that district.

#### New Works

The new works for 1910 comprise the following:—(1) Coolie quarters at Kendyne

Town Hospital. On the recommendation of the Retrenchment Committee, supported by the acting Principal Civil Medical Officer and by Dr. Stedman, I approved the sale of the hospital ship *Hygeia*, and in future smallpox patients will be treated in the Kennedy Town Hospital, which, together with the Tung Wah Infectious Diseases Hospital, alongside, have hitherto not been utilised to their full potential utility. I have already stated the amount of the saving in staff thus effected in addition to the sum received by the sale of the *Hygeia*. There are, however, some matsheds between the hospital and the hill in the rear of it which are used as cook-houses and coolie quarters, and soon after I came to the Colony I pointed out the great danger from fire which they constituted to a building which might contain many invalids incapable of saving themselves. These will be replaced at a cost of \$3,600. (2) \$8,500 is provided for a slaughter-house at Shaukiwan, which is much required, and which will be remunerative. (3) A sum of \$18,000 has been provided for extension of the gaol.

#### **Belilios Reformatory for Girls**

Hitherto the Belilios Reformatory has been used as an overflow or branch prison. This building was a charitable bequest given to the Colony for a specific purpose, and in my view it is altogether irregular to use it for such a purpose as a branch prison. It is, moreover, very distant from the central prison, and not well suited for such a purpose. The object of the donor was that the building should be used as a reformatory for boys, but changes in the law and its administration in regard to juvenile offenders were partly responsible for the fact that no inmates were forthcoming to occupy this building, even supposing that such an institution were adapted to the requirements of this Colony, of which I have doubts. Only one boy was ever placed in it, and he shortly after escaped. (Laughter.)

On the other hand, owing chiefly to the exertions of the lady whose name the institution bears, the "Eyre Refuge" for derelict Chinese women and girls had come into existence, and its good work was recognised by the Po Leung Kuk, which is, as you are aware, an institution maintained entirely by Chinese for the rescue of women and girls. The Po Leung Kuk, however, does not profess to provide a permanent home, but

only to repatriate or otherwise dispose of the women who, under local Ordinances, are committed to its charge. When no means of disposal, such as marriage or repatriation, presented themselves, the directors were glad in many cases to hand over girls to the care of the Eyre Refuge. This institution has now been organised with a representative Committee under the presidency of the Right Reverend Bishop Lander, and with an extended sphere of usefulness. It appeared to me that no better use could be found for this building than as a reformatory for girls. I consulted Mr. Belilios on his recent visit here, and with his cordial concurrence the home has been handed over to the Eyre Refuge Committee.

#### **Gaol Extension and Other Works**

The Gaol, on the other hand, has long been found to be somewhat restricted in space, and from time to time the ordinary rules as to segregation of prisoners have had to give way to the necessity of accommodating inmates, and it has occasionally been necessary for prisoners to sleep in the passages, etc. I look, therefore, on this proposed gaol extension as a very necessary and urgent matter, together with some improvements in ventilation which I have personally inspected, and which meet with the approval of the Principal Civil Medical Officer and the Captain Superintendent of Police. The cost will be largely reduced by the employment of prison labour.

(3) A sum of \$40,000 is allotted to reclamation work at Yaumati, which may be classed as remunerative expenditure, since the new lots formed will bring in revenue by premia and Crown rent. We hope during next year to effect the beginning of some extremely necessary sanitary improvements in the village of Tai Hang. The total cost is estimated at \$15,500, and of this \$4,500 will be expended. \$8,000 is devoted to the building of a new police station at Tsun Wan, which is considered to be a matter of much importance for the effective supervision of the New Territory. The present station at Au Tun, which is only a mile distant from the station at Ping Shan, is no longer necessary as it was in the earlier days, the more so that the two stations are connected by the new road. The police detachment there will therefore be moved to Tsun Wan.

Finally, a sum of \$15,000 has been set down for the rebuilding of one of the Government pavilions. These two buildings have, as you are aware, been provided for the members of the Civil Service, who are allowed to occupy them for a fortnight in rotation during the hot weather in order to recruit their health and obtain a change from the lower levels. They pay a sum for maintenance of furniture, and I think the Colony obtains its value for the capital expenditure on the buildings in the renewed health and vigour thus obtained. The buildings were reported to be unsafe for habitation last year, but were temporarily strengthened by guys and stays so as to render it possible for them to be occupied during the summer. It will be necessary next year to rebuild one of them. I had hoped to provide a sum to start a pier at the end of Nathan Road, the total cost to be \$24,000, but this must be deferred to next year, for the list of works is already as much as the Public Works Department can supervise, nor is there any money available.

The total of the Public Works Extraordinary for 1910 is \$940,820; to this must be added a sum of \$374,805 for land reclamation in the neighbourhood of the new railway station at Kowloon. I have considered it wise to resume this land for the future extension of the station in the not distant future, but as it will not be immediately occupied, its cost is not debitable to railway construction funds until such time as it may be wanted. Meanwhile it can be let on short lease, and the rental will, I hope, cover the interest on the capital sum. Against this may be set the sum of \$330,000, which is the amount of interest on advances which under the system hitherto in operation would have been payable next year. The total of the extraordinary expenditure is therefore \$1,315,625.

This allusion to the Kowloon Station brings me to the Railway Estimates. With regard to the figures I have little or nothing to say, since it is not long ago that I made a full statement to the Council on this subject. You will see under statement "B" that the construction staff is being rapidly reduced, and is calculated for the half-year only. The open line staff and working expenses are included for the remaining half-year in a new head of estimate, and, on the advice of the Chief Resident

Engineer, a sum of \$100,000 has been provided, while the earnings are put down at \$20,000, which I hope may be exceeded. A traffic manager has been engaged to organise the working of the new line and he is due to arrive shortly. As soon as he arrives I hope to open negotiations for the joint working agreement with the Canton section. The consulting engineers, after careful consideration, have decided that it will be necessary to dismantle two or more of the bridges which failed owing to the extremely unstable nature of the subsoil in which the foundations are sunk. In consequence I have decided to abandon one bridge which had been designed to cross a proposed road north of Yaumati. It is probable that it will be many years before the road is made, and I am informed that the bridge can be erected if required at any subsequent time. This will reduce the extra cost involved in rehabilitation. The work is proceeding satisfactorily. At the end of last month the total of the big tunnel completed and lined was 4,935 feet, and as this work is proceeding at an average rate of nearly eighty feet a week, we may hope to see the completion of the tunnel by the end of April or early in May. The remainder of the railway is also nearing completion.

### Conclusion

On the whole, gentlemen, I hope you will agree with me that our difficulties have been fairly met for the coming year. We have had to submit to a tax on liquor, but it is not, in comparison with Home duties, a very high one, and I hope that the method of its enforcement will not give rise to any infringement of the freedom of the port beyond what is absolutely needful for its collection. I anticipate an increased yield in 1911, and since the expenditure on the law courts and post office will then have ceased and the typhoon refuge will be paid for out of Colonial Reserves, I am in hopes that with returning prosperity and an increase in the ordinary revenue which accompanies prosperity, we may be able in 1911 to meet our heavy liabilities on account of interest and sinking fund without any further increase of taxation. We have still to struggle against the low rate of exchange which enhances the cost of imports from Europe for sale in China, but, on the other hand, I hope that the removal of vexatious

restrictions on landed property is already beginning to show a resulting confidence. (Applause.)

#### **Liquors Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Liquors Ordinance, 1909.

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

#### **Trade Marks Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the law relating to Trade Marks.

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

#### **Inspection of Steam Boilers Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to provide for the periodical Inspection of Steam Boilers and Prime Movers.

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

#### **Pension Ordinance Amendment**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Widows' and Orphans' Pension Ordinance, 1908.

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

#### **Protection of Women and Girls' Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Protection of Women and Girls' Ordinance, 1897, as amended by the Protection of Women and Girls' Amendment Ordinance, 1905.

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

#### **Land Reservation Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to provide for the Reservation of certain lands in Victoria, in the Peak District, and in Kowloon as Recreation Grounds, and to provide for Regulations as to the use thereof.

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

#### **Public Places Regulation Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Public Places Regulation Ordinance, 1870.

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

#### **Chinese Extradition Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled An Ordinance to amend the Chinese Extradition Ordinance, 1889.

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

#### **Typhoon Refuge Ordinance**

The second reading of the Bill entitled An Ordinance to authorize the Construction and Maintenance of a Harbour of Refuge upon and over certain portions of the Sea Bed and Foreshore situated upon the Harbour frontage at Taikoktsui, Mongkoktsui, and Yaumati, Kowloon, in this Colony, was adjourned.

#### **Cemetery Ordinance**

The Committee on the Bill entitled An Ordinance to set apart certain Crown Land to be used as a burial ground for persons professing the Christian religion, other than members of the Roman Catholic Church, was adjourned.

HIS EXCELLENCY — Council stands adjourned until next Thursday week.

## FINANCE COMMITTEE.

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

**Public Works Extraordinary**

The Governor recommended the Council to vote a sum of three hundred and two

dollars (\$302) in aid of vote, Public Works Extraordinary, Miscellaneous, Compensation for resumption of Lot No. 3212 in Survey District IV., New Territories.

**Judicial and Legal**

The Governor recommended the Council to vote a sum of Twenty Dollars (\$20) in aid of the vote, Judicial and Legal Departments, Land Registry Office, Other Charges-Incidental Expenses.

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