

3RD OCTOBER, 1918.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT, HON. MR. CLAUD SEVERN, C.M.G.

HIS EXCELLENCY MAJOR-GENERAL F. VENTRIS (General Officer Commanding Troops in China).

HON. MR. A. G. M. FLETCHER (Colonial Secretary).

HON. MR. J. H. KEMP (Attorney-General).

HON. MR. A. M. THOMSON (Colonial Treasurer).

HON. MR. E. R. HALLIFAX (Secretary for Chinese Affairs).

HON. MR. C. MCL. MESSER (Captain Superintendent of Police).

HON. MR. T. L. PERKINS (Director of Public Works).

HON. MR. E. SHELLIM

HON. MR. D. LANDALE.

HON. MR. P. H. HOLYOAK.

HON. MR. HO FOOK.

HON. MR. H. W. BIRD.

HON. MR. CHAN KAI-MING.

MR. A. DYER BALL (Clerk of Councils).

New Members

The Hon. Mr. T. L. Perkins and the Hon. Mr. Chan Kai-ming took the oath upon becoming members of the Council, during the absence on leave of the Hon. Mr. W. Chatham and the Hon. Mr. Lau Chu Pak. The Hon. Mr. H. W. Bird, elected by the Justices of the Peace to serve, during the absence on leave of the Hon. Mr. H. E. Pollock, took his seat for the first time having taken the oath previous to the meeting.

Finance

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid upon the table the report of the proceedings of the Finance Committee, No. 6, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid upon the table Financial Minutes Nos. 62 to 78 and moved that they be referred to the Finance Committee.

THE COLONIAL TREASURER seconded.

Government's Intervention in Legal Proceedings

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—With reference to Financial Minute No. 63 (covering a sum of \$151,039.70 for legal expenses) I should like to explain to the Council the manner in which the Government became liable for this expenditure. The expenditure in question represents the costs incurred by the Government owing to their intervention in an action originally commenced by the Official Receiver under the Companies Ordinances, *i.e.*, O.J. Action No. 61 of 1914. The case first came directly to the notice of the Government in the form of a representation to the effect that the Official Receiver, owing to lack of funds, was unable to continue the proceedings. It was pointed out that, in consequence of the extraordinary length of the proceedings, the shareholder who was providing the funds for the Official Receiver had, in supporting the winding up proceedings and the action, already spent a considerable fortune and the whole of his resources

then available. It was also pointed out that the action was probably about to be dismissed, part heard, and that the share holder in question would perhaps be ordered to pay the defendants' heavy costs, solely because he could find no more money for the prosecution of the action; whereas from the facts and allegations disclosed in the course of the proceedings it appeared to be manifestly in the interests of public justice that the case should be carried to a conclusion one way or the other. When the facts disclosed in the winding up proceedings, and the charges which were made in the action, were thus brought to the knowledge of the Government, they were of opinion that the charges made, whether true or false, were such as to demand investigation by the Criminal Courts at the earliest opportunity. They accordingly decided to institute criminal proceedings against two of the defendants in the action and such proceedings were commenced. The intention of the Government was to proceed with the criminal charge forthwith. In the meantime an application was made to stay the civil action, because it seemed unreasonable that the civil action should be dismissed without being fully heard, while the criminal proceedings would raise to a great extent the same points. The Court, however, expressed the view that the civil action should not be postponed so as to allow the criminal proceedings to be completed first, and they refused to grant any stay of the civil action for that purpose. Under these circumstances, and particularly in view of the opinion expressed by the Court, it was decided that the Government should assume responsibility for the future costs of the Official Receiver, and for such costs as the Court might award against him if the defendants proved successful. In considering this decision it must be borne in mind that the criminal proceedings, which on the evidence then before the Government they were bound to institute, would probably have occupied a longer time than the continuation of the civil action, and would have involved extremely heavy costs to both sides. A minor result of continuing the criminal proceedings would have been that a special jury would have had to sit for five days a week during a long period. This expenditure of time and money was avoided by the continuance of the civil proceedings. To proceed with the criminal charges would have meant the beginning of

the whole case *de novo*.

The Financial Minutes were then referred to the Finance Committee.

Papers

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, also laid upon the table Sessional papers Nos. 8 and 9—an abstract showing the differences between the approved estimates of expenditure for 1919 and the financial statements in connection with the estimates for 1919.

Hon. Mr. H. W. Bird's Questions

HON. MR. H. W. BIRD asked the questions given below. The Government's replies were read by the Colonial Secretary.

1. Will the Government take immediate steps to disconnect the Pokfulum reservoir from the drinking supply of the Colony so that the catchment area of this reservoir may be opened up for building purposes?

Answer:—As the quantity of water obtained from the Pokfulam reservoir generally amounts to upwards of 250 million gallons per annum, all of which is available by gravitation, the Government is not prepared to dispense with the reservoir. As there is only one system of mains available for the distribution of water to the City, it is not possible to apply the supply from the Pokfulam Works to other than domestic purposes only.

2. Will the Government take in hand the construction of a road connecting the Pokfulum Road with the Craigmin Road round the south face of Mt. Kellett somewhere about the 1,000 foot contour?

Answer:—A survey has been in progress for some time past for the construction of a road which will bring the City into more convenient communication with the Craigmin Road district than would be the case by the route indicated.

3. Will the Government take in hand the construction of a motor-road to the Peak on the south face of Mt. Kellett on the lines suggested by the Hongkong Automobile Association?

Answer:—A survey is also in progress for the construction of a road which will, it is anticipated, form a more convenient motor road to the Peak District than that suggested by the Hongkong Automobile Association.

4. For what purpose does the Government intend to use the area above Wongneichong Valley previously reserved for Mr. Ede's Portuguese Housing Scheme?

Answer:—It is proposed to construct a road which will render this area more accessible for residential purposes than at present.

5. Will the Government take in hand the construction of a 20-foot road between the 100 and 200 foot contour from the back of Tai Hang Village round North Point joining the road leading to Quarry Gap, thereby opening up a considerable area of easily developed land?

Answer:—The Government has in view the construction of a road in the locality indicated, but at a level of about the 400 foot contour. The construction of branch roads connecting with the Shaukiwan Road will render available the area referred to in the question.

6. In connection with the construction of new roads opening up building sites, will the Government undertake to lay water mains therein so that intending purchasers of land may not have to pay for their water supply out of all proportion to the cost of the building?

Answer:—Arrangements will be made, as soon as conditions permit and development occur, for affording a supply of water to areas rendered available for building purposes by the construction of new roads.

7. Will the Government consider a project to move the Government Civil Hospital and Lunatic Asylum from their present situation to a more suitable site at Kennedy Town, where the present Tung Wah Plague and Infectious Diseases Hospitals are located, which would be easily accessible for stretcher cases by motor ambulance, for out-patients by tram, and harbour cases by launch, so that the existing Civil Hospital site, together with the Berlin Mission property might be available at a reasonable price for the erection of a large

number of cheap flats at low rentals?

Answer: — The Government is not prepared to consider such a project, one strong objection to which is that it would involve a large increase in the population of an already very densely populated district.

Opium Ordinance, 1918

THE ATTORNEY-GENERAL asked leave to withdraw the Bill intituled "An Ordinance to amend the Opium Ordinance, 1914, and the Opium Ordinance, 1917," which appeared for its second reading on the orders of the Day. He said—The Bill proposed to make two small amendments in the Opium Ordinances and it consisted of two substantial clauses and one formal clause. After the Bill had been read a first time and published in the *Gazette* certain other amendments to the Opium Ordinances were suggested to the Government, and it has been thought more convenient to withdraw this Bill and introduce a new Bill which will contain the provisions of the present Bill and also the other amendments.

THE COLONIAL SECRETARY seconded, and the Bill was withdrawn.

THE ATTORNEY-GENERAL then moved the first reading of another Bill intituled "An Ordinance to amend the Opium Ordinance, 1914, and the Opium Ordinance, 1917."

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

The "Objects and Reasons" state:—

1. Section 46 of the Opium Ordinance, 1914, enacts that no ship should be used for the conveyance of opium in contravention of the Ordinance. It also provides that if a certain amount of opium is found on a ship that fact shall be *prima facie* evidence of an unlawful use of the ship. The section makes the amount vary according to the tonnage of the ship in the case of steamships. The expression used in the section is "tons burden." Clause 2 of the bill is intended to make it clear that net register tonnage is referred to. The term "tons burden" was so interpreted in section 3 (1) of the Merchant Shipping Act, 1894, in *The Brunel* (1900) P. 24.

2. Clause 3 deals with a similar point in section 49 (2) of the Opium Ordinance, 1914. That sub-section provides that any ship of less than 15 tons in which is found any opium in respect of which an offence against the Ordinance has been committed may be forfeited. Here the word "tons" is ambiguous and the clause is intended to make it clear that net register tonnage is referred to.

3. Clause 4 corrects an obvious mistake in section 57 of the Opium Ordinance, 1914.

4. In section 2 of the Opium Ordinance 1917, the word "resembling" is not sufficiently exact, as resemblance might not amount to a colourable imitation. Clause 5 amends the section so as to restrict it to colourable imitations.

5. Section 56 of the Opium Ordinance, 1914, makes it an offence to counterfeit marks used by the Superintendent in connection with Government opium. The section also makes it an offence to use any such counterfeited mark as genuine. Section 2 of the Opium Ordinance, 1917, makes it an offence to be in possession of labels, wrappers or marks resembling the Government labels, wrappers or marks, and clause 3 of the bill is intended to make it clear that this prohibition refers to colourable imitations. Clause 6 deals with another kind of fraud in connection with opium labels and wrappers. It makes it an offence to have, without lawful authority or excuse, any Government opium labels or wrappers which have been detached from the Government receptacles. The object of detaching such labels and wrappers is of course to use them again for the purpose of selling non-Government opium.

6. Clause 7 throws the onus on the defendant of proving absence of guilty knowledge when once it is proved that he has had in his possession a box or package containing opium.

The Budget

THE ACTING COLONIAL SECRETARY moved the first reading of a Bill intituled, "An Ordinance to apply a sum not exceeding ten million, six hundred and five thousand, three hundred and forty-five dollars to the Public Service of the year 1919, for the following purposes:—

Expenditure	
Governor	\$ 79,615
Colonial Secretary's Department and Legislature	78,066
Secretariat for Chinese Affairs.	57,152
Audit Department	37,262
Treasury	65,275
Harbour Master's Department.	200,625
Harbour Master's Department, Special Expenditure	180
Imports and Exports Department, .	929,888
Imports and Exports Department, Special Expenditure	50,000
Royal Observatory	23,209
Royal Observatory, Special Expenditure	800
Miscellaneous Services	1,711,107
Judicial and Legal Departments	262,394
Judicial and Legal Departments, Special Expenditure	1,640
Police and Prison Departments	1,022,312
Police and Prison Departments, Special Expenditure	20,567
Medical Department	275,812
Medical Department Special Expenditure	1,500
Sanitary Department	399,146
Sanitary Department Special Expenditure	11,810
Botanical and Forestry Department	53,763
Education	383,458
Education, Special Expenditure	15,500
Military Expenditure:—	
Defence Corps	82,848
Public Works:—	
Public Works Department	465,625
Public Works Department, Special Expenditure	1,540
Public Works, Recurrent	702,000
Public Works, Extraordinary	2,610,450
Post Office	289,772
Kowloon-Canton Railway:—	
Working Expenses	412,635
Special Expenditure	67,330
Pensions	249,000
Charitable Services	43,064
Total	\$10,605,345

THE COLONIAL TREASURER seconded.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—Hon. members of the Legislative Council, the Governor of the Colony at very short notice has had to take leave of absence, and I feel sure that the deepest sympathy is felt both

in this Council and among the Community generally for him and for Lady May in their time of anxiety.

The duty, therefore, falls upon me of laying before you the Annual Statement of the financial position of the Colony and the Estimates of Revenue and Expenditure for next year.

It was estimated at this time last year that the balance of assets over liabilities on the 31st. December, 1917, would amount to \$2,867,945, but the actual balance was \$3,268,062. The revenue for 1917, which was expected to amount to \$14,257,330, was actually \$15,058,104, and the expenditure, instead of being \$13,690,170, was actually \$14,090,828.

It is estimated that the revenue for this year will amount to the unprecedented sum of \$17,079,640, or \$2,316,050 more than the original estimate.

The expenditure for this year, which was originally estimated at \$12,140,475, is now expected to exceed that sum by \$3,612,015. This excess is chiefly due to large gifts to His Majesty's Government for the purposes of the war, to which I will refer later on.

Estimates of Revenue for 1919

The estimated revenue for 1919 is \$16,884,215, being \$2,120,625 in excess of the approved estimate for the current year. As compared with the approved estimates for this year the principal increases, of which explanations will be found in the footnotes, are as follows:—

Assessed taxes	\$ 152,940
Special War Rates	88,000
Carriage, Chair, etc., licences ..	20,500
Opium Monopoly	2,000,000
Analyses	13,000
Rent of buildings	13,350
Crown rents	7,700
Markets	6,850
Stone quarries	9,360
	\$2,311,700

Estimates of Expenditure for 1919

The expenditure for next year is estimated to amount to \$14,677,896, or \$2,375,421 more than the estimated expenditure for the current year. The various increases and decreases in each department and the reasons therefor are fully set

out in the Sessional Paper which has been laid on the table. One notable change is the omission of the item "Exchange Compensation" under the Head of Personal Emoluments. As the estimates have been framed on the basis of a three shilling dollar, the same value as the compensated dollar for officers paid in dollars, exchange compensation has ceased to exist.

Under the departments of Governor and Colonial Secretary there are small reductions, due principally to higher exchange. In the Secretariat for Chinese Affairs the posts of supernumerary 2nd grade writer and 5th grade shroff have been abolished, and a new post of 3rd grade shroff has been created. In the Audit Department, in place of two 3rd grade clerks, provision has been made for two 4th grade clerks and four probationers. The work has much increased, and it is considered better to train a junior staff than to increase the number of senior clerks. The changes in the clerical staff of the Treasury are explained in Appendix III.

In the Harbour Master's Department the new codes for storm warnings have thrown increased work and responsibility on the officer-in-charge at Signal Hill, and it has been decided to promote him to the 3rd grade. The signalman at Green Island has also been promoted to the 4th grade. A Chinese master has been appointed to the Steam Tender *Stanley* on a salary of \$1,680 — \$1,920 by \$60 annually. Under "Steam Launches" the vote for repairs has been increased by a sum of \$4,500 owing to the enhanced cost of materials and labour.

In the Imports and Exports Department the changes made in the clerical staff are explained in Appendix III. They are chiefly necessitated by the growing importance of the statistical branch. A sum of \$10,000 has been inserted for the staff required for the salt control which it is proposed to inaugurate next year, but the details of which cannot yet be specified. Under "Special Expenditure" a sum of \$50,000 is provided for a launch for salt control.

The provision of an anemograph for Gap Rock is the only item to which reference need be made in the Estimates of the Royal Observatory. At a cost of \$800 a self-recording instrument can be fixed on the roof of the quarters. A continuous record and a particular knowledge of the state and direction of the wind at Gap Rock is of vital importance to the Observatory during the typhoon season.

Under miscellaneous services it is proposed to make a grant of £50 to the Imperial Bureau of Mycology which has recently been established. The sum of \$1,000 for the Yunnan Scholarship Fund has been approved by the Secretary of State for a period of three years, and approval has been requested to extend this grant for two years more, as the Chamber of Commerce and certain of the leading firms in the Colony have promised a similar sum. The amounts subscribed will enable six students to complete a course at the University of Hongkong which will include medicine and engineering. The amount required for rent allowances has been increased by \$16,500 as the sum of \$30,000, which was roughly estimated on the introduction of the scheme, has been found to be insufficient. The provision of quarters will cause a reduction in this item after next year. The sum of \$200,000 for special war allowances to Government officers is the amount required under a scheme which has already been considered by Honourable Members and approved by the Secretary of State.

In the Supreme Court a 2nd grade clerk has taken the place of a 1st grade clerk on the retirement of the latter. Free quarters have been granted to the Assistant Interpreter and the First and Second Bailiffs to place them on the same footing as officers in corresponding positions in other departments. The watchmen have been granted house-allowances for a similar reason at a cost of \$600 a year.

In the District Office a 3rd grade clerk has been added to the Establishment, promoted from 4th grade. In the Southern District provision has been made for a caretaker for the new market at Tai O, and a small allowance to the Sergeant-Interpreter as Collector of Market Revenue. Under "Other Charges, Northern District" a sum of \$2,500 is provided for afforestation. It is desired to encourage the people of the New Territories to grow trees on their own behalf, and this vote will be used towards the commencement of village plantations, particularly of the eucalyptus tree and the indigenous camphor tree, which has been a commercial success in Formosa. Seeds will also be provided for those who are willing to make use of them. The scheme is intended as a nucleus of larger undertakings which will be much facilitated by the experience thus gained. The allowance for transport in the Southern District has been raised by \$250 owing to the increased cost of launch hire.

In the office of Crown Solicitor a 2nd grade

clerk has been promoted to 1st grade.

Under special expenditure small sums are provided for furniture and a sum of \$1,000 for a set of Law Reports in the office of the Attorney-General.

In the Police Department provision has been made for a Secretary and Clerk for the Deputy Superintendent, Police Reserve, who is in urgent need of such assistance. No less than 69 members of the Police Force have gone to join His Majesty's Forces of whom, I regret to say, 9 are reported to have been killed in action. Two Police Officers are still serving under the Government of India.

In addition to the many duties undertaken by them since the enrolment of the Force, the members of the Police Reserve have for some time been employed in searching passengers' baggage for contraband at the various wharves. Proper shelters have been erected to enable this work to be performed under suitable conditions, and the Government is very grateful for the valuable help rendered in this respect.

Under "Other Charges" the sum provided for repairs to Launches and Boats has been increased by \$3,500 to meet the extra cost of materials and labour.

A sum of \$18,667 has been entered under special expenditure for the purchase of two motor fire-engines and pumps, which it is proposed to obtain from America.

In the Medical Department the following changes have to be recorded. A Chinese Accountant and Storekeeper has replaced the former European holder of the post. The post of Staff nurse has been abolished, the holder of the post having been promoted to be a nursing Sister. At the Lunatic Asylum a European Female Attendant has been appointed. The European Wardmaster at Kennedy Town Hospital has been replaced by a Chinese Wardmaster, and in place of a temporary Wardmaster a Chinese Wardmaster has been appointed, the post of temporary Wardmaster being abolished.

A sum of \$1,200 has been provided under Public Dispensaries as travelling allowance to the Supervisor of Midwives, and one more midwife has been appointed in the New Territories. Reductions have been made in the amounts required for the support of lunatics abroad, and for fuel and light, based on the figures of the last three years.

Under "Special Expenditure" a sum of \$1,500 has been provided for the preparation of meningococcic serum in accordance with the directions of an expert from the Rockefeller Institute, New York, a report of whose visit to the Colony will shortly be laid before you.

In the Sanitary Department six foremen have received a new scale of salary—\$480 rising to \$780 by \$60 annually—in place of a fixed salary of \$480, involving an increase next year of \$338. Under "Other Charges" the amount required for fuel for Bath-houses has been reduced by \$800 based on the average expenditure of the last three years, and the provision for the burial of infected bodies has been reduced to \$1,000. Coal for launches is estimated to cost \$3,000, repairs \$3,000, and stores \$800, more than this year. Owing to the temporary reduction in the staff a reduction of \$3,000 has been made in the vote for uniforms.

Under Special Expenditure sums aggregating \$1,810 have been provided for new vehicles and a sum of \$10,000 for exhumation at the Kailungwan Cemetery.

In the Botanical and Forestry Department a new post of Foreman has been created for forestry work in the New Territories, and the votes for forestry and motor-car hire have been increased by \$1,000 and \$180 respectively.

Education

The total sum provided for education is \$398,958, or \$18,556 more than this year. Owing to the increase in the number of Vernacular Schools in the New Territories it is proposed to have three 5th grade Sub-Inspectors in place of one. From the 1st September next year the first three trained Chinese Masters will begin their work, and a sum of \$900 is provided for their salaries. There are now six of these masters at the University, the cost of whose education is being defrayed by the Government. The opportunity of a change in the Headmastership at Queen's College was taken to abolish the post of Assistant Master on a special salary and the allowance of \$900 to the Master of the Normal School. No less than seven of the European Masters are serving with His Majesty's Forces, and their places have been taken by Lady Teachers. The Student Teachers have been placed on a new scale of salaries, as

shown. The Headmistress of the Peak School has been placed on the initial sterling salary of the Headmistress of the Belilios Public School, as it was considered better not to remove her from the Peak School where she is doing excellent work. One Assistant Mistress has been added to the staff of the Peak School, and as the whole of the buildings are now required for the school the Headmistress has been given a House allowance of \$600 a year on vacating the quarters. At Saiyungpun English School a Student Teacher, supernumerary, has been appointed to assist in the teaching of English. One post of Assistant Master at Yaumati English School has been raised from Class III. to Class II.

The Department has suffered a great loss in the retirement of Mrs. Tutcher from the post of Headmistress of Belilios Public School. Mrs. Tutcher had been connected with the school during the whole of her service, and for twelve years had been Headmistress. She brought the school to a high state of efficiency, and possessed the confidence and respect of both parents and pupils. It is not proposed to make any permanent appointment to the post at present, though the salary has been provided in the Estimates. Mr. T. K. Dealy—after nearly thirty-four years' service, during the last nine of which he had been Headmaster of Queen's College—retired from the service in July. He had been connected with the school since the days when it was known as the Government Central School, and it is no exaggeration to state that during his service he had had no small share in the education of most of the prominent Chinese gentlemen in the Colony for more than a generation, including several of the Chinese members of this Council.

At the Ellis Kadoorie School for Indians an Assistant Master in Class II. has taken the place of an Assistant Master in Class III.

Under "Special Expenditure" provision is made for a building grant of \$5,500 to the Diocesan Girls' School in respect of the new wing recently erected, and the first instalment of \$10,000 of a total grant of \$20,000 for new buildings to house the Girls' Training Home of the London Missionary Society.

In connection with the Hongkong Defence Corps considerable reductions have been made under the heads "Ammunition" and "Uniform."

In the Public Works Department the principal changes under "Personal Emoluments" are shown in Appendix III.

Under "Other Charges" the vote for Transport and Travelling expenses has been increased from \$4,600 to \$10,000 owing to the large number of foremen and survey coolies employed on the new main roads under construction.

Under "Special Expenditure" a sum of \$1,000 has been provided for furniture for the Stores and Accounts office.

Public Works

Under "Public Works Recurrent" the sum required in Hongkong for gas lighting has been increased by \$12,000 to meet the advance of 20 per cent. allowed on the contract rate with the Gas Company and the cost of additional lamps. The provision for the maintenance of the water-works in the City and Hill District has been raised by \$60,000 to meet the increase in the cost of coal, additional pumping, and the maintenance of the new filter-beds at West Point. In Kowloon the cost of gas lighting shows an increase of \$3,500 for the same reasons as I have given above. In the New Territories the vote for maintenance of Roads and Bridges has been increased by \$4,000 owing to the extension of the main roads and widening of others. A sum of \$7,000 is provided under the head "Typhoon and Rainstorm Damages" to meet the cost of repairing slips in new cuttings.

Under "Public Works Extraordinary" the total expenditure proposed is over $2\frac{1}{2}$ million dollars, which largely exceeds any sum hitherto devoted in one year to public works in the history of the Colony, but about half of this sum is absorbed by works already in progress or to be begun this year. The time may not be propitious for embarking on large schemes, but the Government has no option in the matter. The growth of the population has more than kept pace with the building activity of the last six years, and it is essential that both in Victoria and in Kowloon new areas should be made accessible by main roads for every class of domestic building. Large, however, as the sum provided is, I can assure hon. members that it represents a small percentage of the expenditure required thoroughly to develop this great port to meet the probable needs of the next few years. Despite the reduction in the

staff of the Public Works Department caused by the urgent need of men for His Majesty's Forces, the Government intends to make a serious start with the building of quarters for public officers in the higher branches of the service and with the provision of suitable accommodation for the large scavenging staff of the Sanitary Board. I will now take the items as they appear in the Draft Estimates before you.

The work on the extension of the Central Police Station has been much retarded by the want of necessary material, but it is hoped to complete the building next year.

A start is being made at once with the building in which the Imports and Exports Department is to be housed in accordance with the recommendations of the Public Works Committee (Sessional Paper No. 20 of 1917). The portion to be erected first is that forming a continuation of the Harbour Office in Con-naught Road.

Item 3 provides for twelve houses on the ridge above Wongneichong Road in three terraces of four houses each. The site is a good one and commands a fine view over the eastern end of the harbour. These houses will have five rooms each, and there is space between the buildings for tennis courts.

The addition to the Public Works Offices in Albert Road will provide extra office accommodation which is urgently required.

It is proposed to erect quarters for the Scavenging staff of the Sanitary Department in the Central and Eastern Districts. Item 5 is for the quarters in the Central District, which will have ample accommodation for nearly three hundred men.

In the Hill District it is proposed to erect quarters for senior officers on Crown Land on the Eastern slope of Mount Gough below the property known as "Tanderagee," which was acquired by the Government in November last, and on other sites not yet settled on. Items 6 and 7 make provision for starting these quarters.

Item 8 provides for quarters for the Chinese staff at Taitam Tuk Pumping Station.

The extension of the Lunatic Asylum is to provide quarters for the European staff, as it has become necessary to use the present quarters for wards.

For some time past the building of a Crematorium has been under consideration, and it is now proposed to erect one in the vicinity of the cemetery at a cost of \$5,500.

The matshed which has hitherto served the purposes of the Police Recreation Club is past repair, and it is proposed to erect a suitable building out of public funds.

A start will be made at once in order that the building may be ready early next year.

Under the heading "Communications", Sub-heads (a) to (g) under Item 13 refer to works already in progress. Sub-head (h) refers to a new 20 foot road, which it is proposed to construct from a point in Morrison Gap Road. The road will have a ruling gradient of 1 in 20, and will pass above the cemeteries in Wongneichong Valley round the top of the valley at a height of about 300 feet into Tai Hang Valley, finally emerging at Tai Hang Village. This road will open up considerable areas of land suitable for building purposes and it can be extended through Wongneichong Gap to the south side of the island. Subhead (i) is a branch from the road referred to above, which will cross Bowen Road and continue to rise to the neighbourhood of Wanchai Gap. This road will also open up some good building sites below middle gap, and may eventually be continued to connect with Craigmin Road, thus giving access to the Peak District. Subhead (j) is a path in connection with the quarters referred to in Item 6. The sum provided under Subhead (k) is required to resume portion of the lots on the east side of that part of Wanchai Road that runs from the Wanchai market to Praya East. This road is much congested, and the proposed work will effect a great improvement in the district. Similarly Subhead (l) will improve the access by Queen's Road East to the new road in Wongneichong valley. Hon. members have recently asked that this work may be expedited, and the sum of \$150,000 provided will enable a good deal of the widening to be carried into effect next year. Subhead (m), (n) and (o) are for much needed improvements. As regards the remaining items in Hongkong I need only refer to item 19, which provides for the reconstruction of certain piers in connection with the new ferry service; to item 25, under which a much larger sum than usual has been provided for compensation and resumptions in view of certain negotiations now in progress; and to item 27 for catch-waters in connection with the Taitam Tuk water-works. These catch-waters form part of a large scheme for

conserving water from the hills on both sides of Taitam Bay with a view to making the fullest use of the new reservoir.

In Kowloon, Item 30 completes the scheme of quarters for subordinate officers, bringing the total number of quarters in Hongkong and Kowloon up to forty-two. It is also proposed to extend the shelter for jinrikishas at the ferry pier, as the present structure has proved inadequate.

Under the head "Communications" a beginning is to be made in the construction of main roads in accordance with a large and comprehensive scheme of development in the peninsula. The Government is fully alive to the demands that will arise for good roads and adequate means of transport in Kowloon, but I think hon. members will realise that at the present time only the most urgent works can be undertaken. The other items under Kowloon are of the usual nature.

In the New Territories the only building contemplated is the completion of the market and reclamation at Tai O, and under the head "Communications" it is only proposed to complete the new road to Castle Peak; to widen the remaining portion of the road to Taipo; and to improve the surface of the road from Fanling to Un Long.

The development of the new town at Shamshuipo has proceeded so satisfactorily that it has become desirable to proceed with the reclamation of a further area of sea-bed at a cost of \$80,000 and, under Item 49, to provide for laying water-mains.

Under item 46 a sum of \$24,000 is provided for establishing telephonic communication with the Police Stations on Lantau and Cheung Chau. The best method of communicating with these Police Stations has been under consideration for some time, and, though more modern devices have much to recommend them, the ordinary submarine cable and land line is, for the time being, considered the most practical and efficient scheme.

The estimated total cost of these works is \$2,610,450, and, as I have already remarked, it might be much larger without exhausting the present needs of the Colony.

In the Post Office one 3rd grade Clerk has been promoted to be Deputy Superintendent, Money Order Office, while the 2nd grade Postal Clerks have been increased by one. Under "Other Charges" large savings are shown under the head "Carriage of Mails," due to the higher exchange and the closing of the Siberian Route.

Kowloon-Canton Railway

In the Kowloon-Canton Railway, under "Personal Emoluments" it will be noticed that the number of watchmen has been increased, especially in the Locomotive Yard at Hunghom. This latter increase was made at the end of last year, when a number of thefts had occurred, and it is satisfactory to be able to report that since the extra watchmen were engaged and regular beats instituted there have been no further thefts. Under "Maintenance of Way — Works and Stations — Other Charges" the cost of the biennial painting of bridges and tunnels is estimated at \$3,000, while larger sums than last year have been provided for the repairs to staff quarters and station buildings. The time has arrived when the sleepers originally laid require extensive renewals, for which a sum of \$15,000 has been entered.

In the office of the Locomotive Superintendent a 3rd grade Draughtsman is required. The Locomotive Superintendent has to work long hours to cope single-handed with the very responsible work of keeping the engines and rolling-stock generally in good running order, and it has become practically impossible for him to continue making the necessary drawings. An extra fitter on daily wages has also been provided for. Under "Other Charges" it is particularly satisfactory to note that, notwithstanding the increase in the cost of most materials, it is hoped to make a small saving on this year's estimates.

Under "Traffic Expenses — Personal Emoluments" it is proposed to promote five station-masters from the 5th to the 4th grade, as the salaries drawn by them are not considered sufficient remuneration for the long hours they have to work and the responsible nature of their duties.

The Fanling branch line still fails to pay its way, but it is useful as a feeder to the main line. A small saving is shown in the estimated cost of working the line next year.

Under Special Expenditure a revote of \$45,000 is required for the platform awnings. As

it is impossible to get materials from England, the work will now be carried into effect locally. The sum of \$10,220 is required to complete the wharf opposite the new goods-shed at Kowloon. The siding at Shatin, for which a sum of \$6,640 has been provided, is required in order to obviate delays which sometimes occur in dealing with the traffic.

The greatest economy has been exercised in preparing the estimates of expenditure in connection with the railway compatible with safety and efficiency, and I can only express a hope that events for which we have long waited may before long lead to a more satisfactory return on the very large capital expended.

A reduction of \$223,384 is shown in the amount estimated for this year under the heading "Charge on account of public debt" due to the higher exchange.

There are doubtless old residents in this Colony who will note with regret that by his death the portion of his pension paid by this Colony to the late Mr. Charles Vandeleur Creagh has ceased. He served with distinction, after leaving Hongkong, as Secretary to the Government of Perak, and as Governor of British North Borneo.

The balance of revenue over expenditure is estimated to amount to \$2,206,319, which, added to the estimated balance at the end of this year, makes a total of \$6,801,531.

It is proposed to take the second reading of this bill on the 17th October.

The Colony's War Contributions

Before I conclude I wish to refer, as briefly as possible, to the help rendered by the Colony to His Majesty's Government during the past year in carrying on the war. I will bring the figures given by the Governor in his address last October up to date.

The amounts invested in War Loans through the British Banks by companies and individuals in the Colony up to the 27th September are as follows:—

British Government, Straits Settlement, Federated Malay States, and Indian Government loans	£5,875,000
United States War Loans	177,000
	<hr/>
	£6,052,000

In addition to the sum of \$5,000,000 presented in 1916 and 1917 to His Majesty's Government for war purposes, the Colony has presented this year a sum of £550,000, while the special war assessment produced last year a sum of \$504,984 and for the first nine months of this year \$756,000, all of which has been paid over to the Imperial Authorities.

The Hongkong and South China War Savings Association, which was established in January, 1917, had received up to the end of September the sum of \$2,696,274 Straits Currency—an increase of \$1,674,834 over the sum received on the same date last year—while during the year the membership of the Association rose from 787 to 1,110. I desire again to record what a great boon this Association has been to the small investor, and to express to the Union Insurance Society of Canton the appreciation felt in the Colony for the valuable services so willingly rendered to the public in this matter.

At the end of September, 1917, the total sum remitted to various funds in aid of war work and to charities in connection with the war was over £77,000, and the sum expended locally for the working parties and in other ways was \$84,030. The former figure has been raised during the year to £142,122—which includes the fine results of "Our Day," St. George's Day, and a new date, namely, "Kowloon Day" on January 1st—and the latter figure to \$144,568.

These figures do not include the sum of £31,447 subscribed to the Prince of Wales' Fund up to the 31st December, 1915. The St. Andrew's Society of Hongkong, also, raised a sum of £7,047 last November, and, I understand, intends this year to surpass all its previous efforts.

The various parties of ladies working for the Queen Mary's Needle Work Guild and private working parties have continued to send throughout the year large quantities of garments and bandages for the use of the troops on all fronts, and the letters of appreciation received bear testimony to the great value of their work.

Correspondence from all the regular troops in the garrison has continued to be forwarded free of charge through the post, and from the 1st January last to the end of September, 195,135 letters, 3,656 postcards, and 7,479 other articles, mostly newspapers, have been so transmitted.

Up to the present date 579 men have

proceeded from the Colony on active service with His Majesty's Forces. The year has been marked by the passing of the Military Service Ordinance, imposing compulsory service outside the Colony. Hongkong was one of the first of the Crown Colonies to take this step, and the fact that, after a very careful review by the General Military Service Tribunal of every individual case coming under the Ordinance, comparatively few men have been enrolled, shows that a high percentage of the available man-power of the Colony had already seized the opportunity of joining-up.

I feel sure that you will wish me to give expression to the feelings of intense admiration with which this Colony, in common with the rest of the Empire, has watched during the past three months the magnificent victories won by our armies and those of our gallant Allies. The transport overseas and the high fighting qualities of the American Army, so recently organised and trained, have filled the world with wonder at an achievement unsurpassed in history; Marshal Foch, uniting to the best advantage the efforts of the Commanders on all the fronts, will go down to the ages as one of the grandest figures in military history; while out of many fine exploits the British people will never forget how those brave and devoted volunteer crews added lustre to the records of our Navy by their dauntless courage in sealing up the ports of Ostend and Zeebrugge in the face of a most powerful and merciless fire by the enemy. In some of these great doings the men from this Colony have had a share. Forty-three have fallen, but our sorrow at their deaths is surely turned into a feeling of pride that they should have lost their lives in fighting to obtain freedom for the nations of the world. Palestine is practically delivered from Turkish rule; a great part of Mesopotamia, with its ancient capital, is returning to a life of industry and prosperity unknown for centuries; Serbia is regaining her independence; and the soil of Northern France and Belgium, torn and battered though it be, is rapidly being restored to its long-suffering peoples. We are inclined to ask ourselves whether the peace so long looked for is in sight; whether the splendid work of our Commanders and the untiring valour of our men are going to bring about the collapse of our enemies; and whether we shall find ourselves faced unexpectedly with many grave problems
w i t h o u t b e i n g

prepared to solve them. The words of the Prime Minister uttered two years ago seem to me peculiarly applicable to the present time. He was speaking after some very gallant actions of our men, when our hopes of victory ran high:—

"They have given courage a new meaning, they have given it a new standard, a new rating—it means something different, it means more than it ever meant before. We never knew we were capable of such great things, and if we do such things in war we can also do them in peace. Peace has its sacrifices, peace demands valour, peace demands devotion; and it will be an unutterable insanity if the lesson which this war has taught us of the possibilities of our people in unity, in sacrifice for a common end, in devotion to the cause of a common humanity, should be lost when the flag has been brought back triumphant from the field of battle and planted on the field of labour and of toil."

The Bill was read a first time and the Council then adjourned until October 17th.

FINANCE COMMITTEE.

A meeting of the Finance Committee followed, the Colonial Secretary (Mr. A. G. M. Fletcher) presiding.

Launch Repairs

The Governor recommended the Council to vote a sum of five hundred dollars in aid of the vote Harbour Master's Department, C. — Government Marine Surveyor's Office, Other Charges, Launch Repairs.

THE CHAIRMAN — This is for special repairs to the engine of a launch.

The vote was agreed to.

Legal Expenses

The Governor recommended the Council to vote a sum of one hundred and fifty-one thousand and thirty-nine dollars and seventy cents in aid of the vote Crown Solicitor's Office, Other Charges, Extra Legal Expenses.

Discussion in Committee

THE CHAIRMAN—This vote has already been explained by H.E. the Officer Administering the Government.

HON. MR. LANDALE—Is the whole of this amount for that one case?

THE CHAIRMAN—The whole of it, and I would ask leave to add \$830.45 to the Financial Minute in connection with the costs of the criminal proceedings which were only taxed this morning.

HON. MR. LANDALE—Before incurring so large an expenditure would it not have been possible to lay the matter before the Legislative Council?

THE CHAIRMAN—It was hardly realised, I think, that the expenditure would come to anything like this sum. It was, as you know, a very long case. The Government anticipated, when they intervened, that the remaining part of the proceedings would be very short, and we were advised that the chances of success were considerable.

THE COLONIAL TREASURER — One difficulty about bringing it before the Council would have been that it would not be considered proper to discuss an action which was still going on.

HON. MR. HOLYOAK — Were the Government aware that the Official Receiver had brought this action in his name?

THE CHAIRMAN—No, they were not at first. The Official Receiver was an officer recently appointed. He has a large discretion in such matters, but as an ordinary rule the Official Receiver does not bring an action in his own name unless the funds are ample to cover the costs. When he began the action, of course, he had a very large sum of money, and it was very reasonable to think that that sum of money would cover any possible costs.

HON. MR. HOLYOAK—H.E. the Officer Administering the Government referred to a very large sum of money which had already been spent. Can you tell us what amount that was?

THE CHAIRMAN—I think the shareholder spent \$125,000 out of his own pocket.

HON. MR. HOLYOAK—Did you not think at that time that the matter might have been brought before the Council before embarking further?

THE CHAIRMAN — As the Colonial Treasurer has pointed out it was a rather difficult matter to discuss in Council. It was a very urgent action still going on and, as H.E. the Officer Administering the Government explained, the Government did not come into this action except at the wish of the Court. They began by taking criminal proceedings. If the Government had known they were going to take up this case they very possibly would have put forward the question of money, but in instituting criminal proceedings the question did not arise.

HON. MR. HOLYOAK—What safeguard is there against any similar incident happening?

THE CHAIRMAN—I think this is a peculiar case and it is not likely to happen again.

HON. MR. LANDALE—Could not a vote on account have been taken when it was seen that a large sum of money was involved?

THE CHAIRMAN—Yes, that might have been possible.

HON. MR. LANDALE—I think that the question of the expenditure of so much public money should have come up.

THE CHAIRMAN—The Government felt themselves driven to take proceedings on the evidence put before them, and the Government decided that the proper course was to take criminal proceedings. They had no option and they took those proceedings and asked the Court to stay the civil proceedings. The matter went before the Full Court who expressed a very strong opinion against the criminal proceedings and were not prepared to stay the civil proceedings. The Government felt they were bound to follow the wishes of the Court and so took what was apparently the only course.

HON. MR. LANDALE — I am not questioning the decision of the Government. What I object to is the expenditure of public funds without coming to the Legislative Council. The only way we can stop that is to vote against it.

THE CHAIRMAN—You wish a vote to be taken.

HON. MR. LANDALE—Yes.

A vote was accordingly taken and the financial minute was passed by a majority of seven votes to four. The Hon. Mr. Landale, the Hon. Mr. Holyoak, the Hon. Mr. Shellim and the Hon. Mr. Bird voted against it. The two Chinese representatives voted with the official members.

Repairs to Lifts

The Governor recommended the Council to vote a sum of one thousand eight hundred dollars in aid of the vote Miscellaneous Services, Lifts Maintenance.

THE CHAIRMAN—This is for renovating the steel ropes of the lifts in the Supreme Court.

The vote was agreed to.

Landslides

The Governor recommended the Council to vote a sum of eleven thousand dollars in aid of the vote Public Works, Recurrent, New Territories, Miscellaneous, (45) Typhoon and Rainstorm Damages.

THE CHAIRMAN—This vote has been occasioned by the heavy land slides which occurred after the heavy rains recently.

The vote was agreed to.

Naval Tennis Courts

The Governor recommended the Council to vote a sum of two hundred and fifty-eight dollars in aid of the vote Miscellaneous Services, Improvement to Naval Tennis Courts, etc.

THE CHAIRMAN—This is to assist in making tennis courts in the Naval Yard.

The vote was agreed to.

Fire Float

The Governor recommended the Council to vote a sum of seven hundred dollars in aid of the vote Police and Prison Departments, B.—Fire Brigade, Other Charges, Repairs to Engines and Plant.

THE CHAIRMAN—Unusual repairs were required to be made to the fire-float.

The vote was agreed to.

Lai-Chi-Kok Camp

The Governor recommended the Council to vote a sum of six thousand dollars in aid of the vote Public Works, Extraordinary, New Territories, Miscellaneous, (45) Miscellaneous Works.

THE CHAIRMAN—This expenditure was incurred mostly in connection with Lai-Chi-Kok camp.

The vote was agreed to.

Training Nullahs

The Officer Administering the Government recommended the Council to vote a sum of eight thousand five hundred dollars in aid of the vote Public Works, Extraordinary, Hongkong, Drainage, (7) Training Nullahs, (b.)—General Works.

THE CHAIRMAN—This vote includes a number of small works. Chiefly the money is needed for training a nullah at Happy Valley.

The vote was agreed to.

Rainstorm Damage

The Officer Administering the Government recommended the Council to vote a sum of two thousand seven hundred dollars in aid of the vote Public Works, Recurrent, Hongkong, Miscellaneous, (17) Typhoon and Rainstorm Damages.

THE CHAIRMAN—This is an equivalent vote to that for the New Territories—for damage caused by land slides and so on.

The vote was agreed to.

Charitable Services

The Officer Administering the Government recommended the Council to vote a sum of six hundred dollars in aid of the vote Charitable Services, Other Charitable Allowances.

THE CHAIRMAN—This is a grant to the widow of Mr. Jones who was for a long time first Boarding Officer of the Harbour Office. Mr. Jones was not a contributor to the Widows and Orphans Fund.

The vote was agreed to.

Alice Memorial Hospital

The Officer Administering the Government recommended the Council to vote a sum of five hundred dollars in aid of the vote Public Works, Recurrent, Hongkong, Miscellaneous, (17) Typhoon and Rainstorm Damages.

THE CHAIRMAN—This is in respect of a retaining wall of the Alice Memorial Hospital. The retaining wall gave way after the rains and it had to be repaired at a cost of \$1,400. As the hospital is a charitable institution very much in need of funds the Government desire to make a grant of \$500 towards this expenditure.

HON. MR. SHELLIM—Would it not be possible for the Government to be a little more liberal in this matter?

THE CHAIRMAN—What do you suggest?

HON. MR. HOLYOAK—\$1,000.

THE COLONIAL TREASURER—I do not know that it is right for this to come under Public Works. It is a private matter and should come under Charitable Services.

HON. MR. SHELLIM—We suggest \$1,000 should be given.

THE CHAIRMAN—I will make a note of that.

The vote was agreed to.

New Territory Police Stations

The Officer Administering the Government recommended the Council to vote a sum of four thousand dollars in aid of the vote Public Works, Extraordinary, New Territories, Miscellaneous, (45) Miscellaneous Works.

THE CHAIRMAN—This is mainly for improvements in the New Territories Police Stations.

The vote was agreed to.

Replacing Trees

The Officer Administering the Government recommended the Council to vote a sum of one thousand one hundred dollars in aid of the vote Botanical and Forestry Department, Other Charges, Forestry, New Territories.

THE CHAIRMAN — This is mainly to replace a large number of trees killed by frost at the beginning of the year.

The vote was agreed to.

Fanling Golf Course

The Officer Administering the Government recommended the Council to vote a sum of one hundred and sixty-four dollars and ninety-eight cents in aid of the vote Botanical and Forestry Department, Other Charges, Improvements to Fanling Golf Course.

THE CHAIRMAN—This is an additional small sum required for the top dressing of the Fanling Course during the summer.

The vote was agreed to.

Ferry Services

The Officer Administering the Government recommended the Council to vote a sum of twenty-nine thousand five hundred dollars in aid of the vote Public Works, Extraordinary, Kowloon, Miscellaneous, Resumption of Ferry Piers.

THE CHAIRMAN—This is in connection with the scheme for the Government taking over the various ferry services.

The vote was agreed to.

Launch Repairs

The Officer Administering the Government recommended the Council to vote a sum of five thousand dollars in aid of the vote Harbour Master's Department, *D.* — Steam Launches, Other Charges, Repairs.

THE CHAIRMAN—It was found that one of the launches was in a very bad condition. Instead of buying a new one it is proposed to re-build her as was done very successfully in the cases of the *Stanley* and *Victoria*.

The vote was agreed to.

Portuguese Village Scheme

The Officer Administering the Government recommended the Council to vote a sum of seven thousand five hundred dollars in aid of the vote Public Works, Extraordinary, Kowloon, Drainage, (33) Training Nullahs, General Works.

THE CHAIRMAN — This is largely in connection with the Portuguese village scheme by the Yaumati railway station. Drainage is required and some minor works.

The vote was agreed to.