

4TH NOVEMBER, 1926.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR CECIL CLEMENTI, K.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (COLONEL CLAUDE RUSSELL-BROWN, D.S.O.).

THE COLONIAL SECRETARY (HON. MR. W. T. SOUTHORN).

THE ATTORNEY-GENERAL (HON. MR. J. H. KEMP, K.C., C.B.E.).

THE COLONIAL TREASURER (HON. MR. C. MCL. MESSER, O.B.E.).

HON. MR. E. R. HALLIFAX, C.M.G., C.B.E. (Secretary for Chinese Affairs).

HON. MR. H. T. CREASY (Director of Public Works).

HON. MR. E. D. C. WOLFE (Captain Superintendent of Police).

HON. SIR HENRY POLLOCK, K.C.

HON. SIR SHOU-SON CHOW.

HON. MR. A. O. LANG.

HON. MR. H. W. BIRD.

HON. MR. R. H. KOTEWALL, LL.D.

HON. MR. D. G. M. BERNARD.

MR. S. B. B. McELDERRY (Clerk of Councils).

Minutes

The Minutes of the previous meeting of Council were confirmed.

Papers

THE COLONIAL SECRETARY, by command of H.E. The Governor, laid upon the table the following papers:—

Resolution made under the provisions of section 41 (1) of the Liquors Consolidation Ordinance, 1911, on 15th October, 1926.

Rescission of the Order of 18th November, 1925, proclaiming Bangkok to be an infected place.

Rescission of the Order of 2nd September, 1926, proclaiming Tsingtao to be an infected place.

Order made under section 92 (8) of the Public Health and Buildings Ordinance, on 9th October, 1926.

Notification under the Marriages Ordinance, on 15th October, 1926.

Report of the Imports and Exports.

Report of the Public Works Department.

Finance Committee

THE COLONIAL SECRETARY, by command of H.E. The Governor, laid upon the table the report of the Finance Committee, No. 9, held on October 15th and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

Supply Bill for 1927

THE COLONIAL SECRETARY—I rise to move the second reading of the Bill intituled, An Ordinance to apply a sum not exceeding \$17,741,543 to the Public Service of the year 1927.

THE COLONIAL TREASURER seconded.

HON. SIR HENRY POLLOCK said— Your Excellency, as spokesman of the Unofficial Members of this Council I have the following remarks to make on the Estimates for 1927.

INCREASED EXPENDITURE PROBABLE

Obviously the recent weakness in silver and exchange points to our expenditure for 1927 being heavier than that which has been calculated by the Government at the rate of two shillings to the dollar.

WATER SUPPLY ON THE ISLAND

As regards the Water Supply, we notice that the Estimates for 1927 do not provide for the bringing of the water from the Shing Mun Valley across the Harbour as was originally intended; and we are disappointed to find that the Colonial Secretary's remarks, in introducing the Budget, contain no reference whatever to so important a matter as the securing of an adequate water supply for the Island of Hong Kong. It is good news to hear that the first portion of the Shing Mun Valley scheme will "place the water supply of Kowloon and of our shipping beyond any probability of shortage for an indefinite period"; but we think that steps should promptly be taken to put the Island of Hong Kong in an equally satisfactory position; for, as you, Sir, are well aware, we have, notwithstanding repeated increases in our water-supply on the Island during the past 25 years, constantly found ourselves under the necessity (in some cases for periods of several weeks at a time) of having a restricted water-supply in certain districts of this Colony—a procedure which is not only inconvenient but also contrary to the interests of public health. We, therefore, consider it of vital importance that the original intention to carry the pipe-line across the Harbour should be proceeded with forthwith.

PROPOSED INCREASE IN MEDICAL STAFF

As regards the proposed increase of staff in the Medical Department, we should like to have further information *re* the nature and extent of the "radio-logical work," which is apparently intended to take up the whole time of one new Medical Officer.

HOSPITAL ACCOMMODATION

Whilst dealing with the subject of hospitals, we desire to state that we consider the Government Civil Hospital ought not to be rebuilt above its present site and suggest instead that it be rebuilt on what remains of Morrison Hill (after reclamation requirements have been met), as being a more open and less noisy and cooler situation; the present hospital accommodation for Chinese in the Central and Western Districts, namely, the Tung Wa Hospital, the Alice Memorial and Affiliated Hospitals and the Chan Yuk Hospital being, in our opinion, sufficient for the requirements of the inhabitants of those districts. Incidentally it may be

remarked that the suggested change of situation will place a very valuable central site at the disposal of the Government. In connection with the same subject, we are not prepared at present, and without further explanation, to endorse the proposed increase of charges to 1st and 2nd class patients at Government hospitals, concerning which the only information given in the Colonial Secretary's speech is that the increases are the result of "representations which have been made by the local medical profession." We desire to be informed of the reasons which induced the local medical profession to make those representations, because any addition to the cost of hospital attendance is most undesirable.

THE RE-ABSORPTION OF THE PORT
DEVELOPMENT DEPARTMENT

In connection with the proposed re-absorption of the Port Development Department into the Public Works Department, whilst, on grounds of economy, we agree to such re-absorption, we trust this will not mean that the important subject of Harbour Development will be relegated into the background, and we hope that steady progress will be made in developing the foreshores of this Colony to meet the requirements of the future. We also trust that the somewhat cognate subject of town-planning will be kept steadily in view, as we are convinced that this Colony must continue to grow and we want to be well forward with the preparation of sites and drainage and sewers for future development which is bound to come, instead of falling behind as has been apparently the case in regard to the Kowloon Tong scheme.

HIGH COST OF KOWLOON TONG SCHEME

Whilst speaking of that scheme and fully realising that the Government is bound to carry out fully its obligations in connection therewith, we cannot refrain from pointing out that it has been a most costly scheme from the point of

view of expenditure of public moneys. By adding together the total estimate for the work to be done, under items 88, 89, 90, 91, 92, 93 and 99 (on pages 81 and 82 of the estimates for 1927) we arrive at a total of nearly one million two hundred thousand dollars, in connection with the Kowloon Tong scheme, which amount, spread over the proposed erection of 250 houses, comes to the large expenditure by the Government of \$4,800 per house.

BATHING FACILITIES

We regret to find that the Estimates for 1927 contain no provision for the carrying out of the recommendations of the Bathing Beaches Committee, and we trust that the words "the report involves considerable investigation" are not meant to imply that the Government contemplates shelving the recommendations of that Committee.

We should like to know whether the Sanitary Board recommendations in respect of increased bathing accommodation for the working classes are to be carried out, and, if not, why not. Ample bathing accommodation for working men seems to us very desirable.

EDUCATION

With regard to Head 28 on page 12 of the Estimates "Education Department \$1,163,943," we notice that the cost of this Department for 1927 is to be greater than for 1926 and that it exceeds to a very considerable extent the expenditure on each of the following departments, namely: the Medical Department and the Sanitary Department.

In connection with Education, we should like to know (1) The cost of running King's College and Queen's College respectively, and (2) The amount of fees received in 1925 from each of those institutions.

THE NEED FOR CHECKING EXTRAVAGANCE

In connection with Public Works Extraordinary we notice a proposed vote of \$44,000 for the building of a new school at Cheung Chau. This sum seems to us to be unnecessarily extravagant if it is intended, as we presume will be the case, to use local labour and local stone for the construction of the building. We understand that the present Hall in which the

school is functioning cost only \$7,000 to build.

In connection with economy, we would remind the Government that true economy consists in the carrying out of work on economical lines, provided that efficiency is not interfered with, and especially in the matter of roads it seems to us that there is a disposition to be somewhat too lavish in expenditure. Members of this Council will recollect a saving which it was found possible to effect, in the surfacing of the roads connecting Nathan Road with Coronation Road. We trust, therefore, that the Government will afford the Unofficial Members of this Council every opportunity for investigating the proposed expenditure of \$230,000 on "improvements to Kowloon Point (near Star Ferry Wharf) (item 53 on page 80 of the Estimates) and also on the proposed expenditure (item 65) of the large sum of \$85,000 for surfacing the road to the Kowloon Hospital. What type of surfacing is to be used in the case of the latter item, and in the case of item 92 on page 82? We should also like particulars of the proposed method of laying out the side of the Kowloon Hospital (item 52 on page 80).

We should also like further information regarding the Chatham Road Extension (item 61) as the proposed remaining expenditure seems a large amount.

We also wish to know whether the proposed expenditure of \$50,000 on (item 63) To Kwa Wan Road and site formation will complete that work.

In regard to item 45 ("contribution by Government towards fund for Reclamation") of which the estimated expenditure for 1927 is to be \$200,000, we desire to be informed what is now the contract date for the completion of that reclamation and whether it is anticipated that such payment of \$200,000 will complete the Government contribution to that fund.

In this connection we may add that it would be a great convenience to Unofficial Members if, in all cases in the Estimates in which a Budget

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complete work on the particular item in question in the ensuing year, a footnote to that effect were inserted.

ECONOMY

In spite of the strict necessity for economy, we regret to note that new posts are being created in addition to those which have been agreed to by the Unofficial Members—a course which seems to us inadvisable under present circumstances. On page 16 of the Abstract showing differences of expenditure between 1926 and 1927, we notice that, whilst there is to be a saving by abolition of posts of \$189,911, new posts will cost \$442,719.

MARKET ACCOMMODATION

On the question of markets we should like to know whether item 54 "market at To Kwa Wan" and item 70 open market at Kowloon City comprise all the new markets, which have been recommended by the Sanitary Board, or, if not, why the construction of the further markets is not being proceeded with.

MORRISON HILL DEVELOPMENT

As regards item 46, "Morrison Hill Development, Retaining Wall and storm water culverts," on which the estimated total expenditure is \$196,000, we should like some assurance from the Director of Public Works that the proposed expenditure of \$10,000 in 1927 is regarded as sufficient to ensure the efficiency of the retaining walls and of the storm water culverts to cope with any heavy rain storms which there may be in the year 1927. We ask this question because the public confidence in the efficiency of retaining walls and storm water culverts has been much shaken by the results of the heavy rain storms of recent years.

MILITARY CONTRIBUTION

In connection with rainstorms, we consider that it is most unjust that the amount of revenue which we require to raise in order to meet the sum of over a million dollars which we have to expend in making good the damage done by the phenomenal rainstorm in July last should be subject to military contribution, and we desire to protest against the system whereby the Home Exchequer thus benefits by this Colony's misfortunes.

APPRECIATION OF SERVICES

In connection with the storms of this summer, we desire to place on record our cordial appreciation of the excellent work done by the officials in the Public Works, Harbour and Sanitary Departments and by the Members of the Police Force.

SATISFACTORY BASES OF REVENUE

In conclusion, whilst our above remarks have necessarily mostly been of a critical character in regard to matters of detail, we desire to congratulate Your Excellency and the Officials of the Government upon the comparatively good showing made by our Revenue in the difficult times through which we have been passing, which is a sure proof of the soundness of the general lines on which our Revenue is based.

HON. SIR SHOU-SON CHOW—Sir, All the views and observations which I am about to offer are shared by my Chinese colleague. Arising out of the item "Assessed Taxes" on page 6, I should like to bring to Your Excellency's notice the fact that the Assessor has in many cases placed a higher valuation on tenement houses than the actual rents which are yielded by them, warranted. It may be that he based his valuation upon what he considered the rent should be, instead of what was actually received. In recent years the policy of the Government—as is evidenced by the Rents Restriction Ordinance, only recently repealed—had been to keep down high rents, but this action of the Assessor's tends, and in fact has already tended in many cases, to the opposite effect.

On the same page the item "Liquor Duties" is estimated to yield only the same amount as was estimated for 1926, although an additional \$600,000 is anticipated from the higher duties just imposed on Chinese wines and spirits. It would be interesting to know on what basis the high estimate for the current year was made, and why such estimate is not expected to be realized.

R e p r e s e n t a t i o n s

have been made to us not only by native wine dealers but also by individuals not interested in the trade, that while the duties on native wines and spirits have been heavily increased, those on European liquor have practically been left untouched. We submit that if our revenue must be increased, no better way could be found than the heavier taxing of the more expensive type of liquor which is after all a luxury.

While on the subject of increased taxation we congratulate the Government on its wise decision not to introduce new taxation in directions other than the levy of a higher impost on wines and spirits. This Colony has been through nearly two years of a trade depression unprecedented in its severity, and any new taxes of a general nature will retard its recovery.

WATER METERS FOR CHINESE

Arising out of the item "Water Excess Supply and Meter Rent" on page 9, our attention has been drawn to the fact that over 200 applications for the installation of meters in Chinese houses have not been granted, in spite of the promise made to the Chinese Community by the Hon. Mr. A. G. M. Fletcher when acting as Colonial Secretary three years ago, that meters would be granted to those who would apply for them, irrespective of the type of houses for which they were required. We shall be glad if some explanation is given by the Hon. Director of Public Works for his action.

LAND SALES

In connection with the item "Land Sales, Premia on New Leases," we crave permission to address Your Excellency on the subject of the imposition of heavy fines, or even the resumption of the land, for breach of the building covenants covering Crown lands purchased from the Government. We have already made representations to Your Excellency, but we are asked by those concerned to bring the matter before you on this occasion, so that you may be pleased to make a public announcement of your policy. We trust that that policy will be a liberal one.

May I, on behalf of the Chinese Community, lay emphasis on the appreciative comments of the hon. senior unofficial member on the good work done by the Harbour Department? On the

22nd July, when the typhoon was at its height, the Government tug *Kau Sing* rendered assistance to the *Pawnee* which had broken adrift from her moorings, and to the s.s. *Confucius* which had grounded in Kowloon Bay. Again in the typhoon of the 26th September it towed to safe anchorage the *Sui Tai* which had dragged her anchor. It also stood by the *Tangistan* and *Milton* which had come into collision. Subsequently it picked up 35 persons from junks. The Chinese Community is most grateful to the master and crew of this vessel for its splendid work, and to the Harbour Master for the prompt action he took in connection with the rescue work.

My Chinese colleague and I would like at the same time to express our high appreciation of the valuable work done by the Police and by the District Watch Force in maintaining peace and good order during the last two most trying years. In this connection we would draw attention to the pleasing fact that in spite of the very heavy and multifarious duties devolved on it, entailing the maintenance of a large quasi-police force, and the control and management of several large Chinese institutions, the Department of the Secretary for Chinese Affairs is run at the comparatively low cost of about \$75,000 a year.

Having now given credit where credit is due, it is our unpleasant duty to report to Your Excellency that we have received many complaints that Chinese searchers on the wharves have been in the habit of demanding "squeezes." This complaint is not new, for I remember that about five or six years ago the late Mr. Lau Chu Pak drew attention to it in this Council, but we are informed that the practice has become worse during the last eighteen months. We know how difficult it is to detect and prevent such malpractices, but we hope that the energetic Captain Superintendent of Police and the Superintendent of Imports and Exports will do everything in their power to put down this evil which has become a crying scandal.

EDUCATION

In the estimates of the Education Department we notice that the salaries of 58 Anglo-Chinese
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Vernacular masters rise from \$700 to as high as \$4,800 per annum each. If the increase is automatic without regard to efficiency, the system is wrong, and the maximum salary is far too high. We should like to know at the same time whether it is the intention of the Government to apply the same scale of salary to other branches of the subordinate service.

The Chinese are viewing with increasing satisfaction the greater importance attached to Vernacular education since Your Excellency's assumption of office. Large as the cost of education is, as has been pointed out by the honourable senior unofficial member, my Chinese colleague and I do not grudge it, provided it is conducted on sound principles. It is the opinion of a large number of Europeans as well as Chinese that at present we do not get full value for our money, and the whole system of our education may need overhauling. It is an undoubted fact that political propaganda has been introduced into some of our schools, and we hope that the Government will take early and energetic action to prevent it taking root. Fortunately, we have a Director of Education who possesses vision and sympathy, and may be depended upon to see that the education of our youths is conducted along healthy lines.

THE WATER SUPPLY

The honourable senior unofficial member has spoken of the necessity for an adequate water-supply to the City. We strongly endorse his remarks. Whenever there is a water famine, it is the Chinese—and the poor Chinese—who suffer most, and suffer first. On every occasion of a restricted supply we see large crowds of poor people, including women and children, struggling around the street hydrants in order to get a bucketful of water, some of them waiting for hours before they can succeed, and some not succeeding at all. The water carriers, taking advantage of the situation, charge as high as 50 cents for two buckets of water, with the result that some poor families earning small wages have to pay from \$10 to \$15 a month for obtaining a bare supply for their wants. We therefore urge that no matter what other minor plans the Government may have in mind for increasing the supply on the Island, no matter what reasons the Government may have for not proceeding with the Shing Mun Scheme, some scheme for bringing water across the Harbour

should be carried out as soon as possible. If necessary, such work can be financed by means of a loan. As I said in this honourable Council in 1923, it would be fair to pass such a loan on to posterity, for the work which it finances will benefit succeeding generations no less than the present; and such an undertaking is in reality a form of permanent investment of capital. In asking the Government to embark upon this scheme without any unnecessary delay, we wish it to be clearly understood that we are not advocating uneconomical expenditure. On the contrary, we have on two similar occasions strongly recommended a policy of strict economy. True economy does not consist in the postponement of essential public works, but in the prudent use of money, and the reduction of all expenses to their lowest possible limit with due regard to efficiency.

THE TRADE LOAN

In conclusion my Chinese colleague and I desire, on behalf of the Chinese Community, to express our most grateful thanks to the Government for the assistance it has rendered to the business community by means of the Trade Loan. Without it, the Colony would not have been able to weather the severe economic storm that has afflicted it. This action of the Government was undoubtedly a stroke of wise statesmanship which will have a lasting beneficial effect. We owe the initiation of the Loan to our late Governor, Sir Edward Stubbs, and to you, Sir, for having so sympathetically broadened its base so that its benefits could reach the largest possible number.

HON. MR. H. W. BIRD—Sir, I have little to add to the remarks which have been made on our behalf by the Senior Unofficial Member—I wish, however, to underline and supplement one item of his address and another from the remarks of the Senior Chinese Member.

I should refer first to the suspension of the work of bringing water from Shing Mun across the harbour.

I hoped to have seen an adequate supply of water to this island well on its way to fulfilment before I left the

Colony—this year's Budget, however, makes it clear that my hopes are not to be realised.

I crave the indulgence of this Council whilst I take you back a few years and recall what was said on February 2nd, 1918, at the opening of the Tytam Tuk dam and reservoir.

The late Sir Henry May on that occasion said:

"I can assure you that the Government has made up its mind that never again will the water supply be allowed to lag behind the increase of population—you see all this water behind this fine dam and you have heard the capacity of this great reservoir but you must not run away with the idea that because you have got so much water you can sit down and do nothing more—we have only made provision for fifteen years and the first thing we have to do after we have linked up the catchwaters, to which Mr. Chatham has referred, with this great reservoir, is to think out a scheme for building another reservoir three times as big."

That assurance and that forecast of 15 years was unfortunate, for within 5 years of the opening of that dam the Colony was short of water and on restricted supply—presumably because the increase in the population was underestimated.

I know, Sir, you are deeply interested in this all important matter and I believe you are now looking round as Sir Henry May urged, to find a way to increase the storage supply on this island.

With all due respect, Sir, I consider that in doing so you are making a mistake—because whatever reservoirs are built on the island we are still dependent on the rainfall to fill them, whilst within our grasp is a supply of from three to five million gallons a day, and remember, Sir, issuing from a perennial spring and not subject to the caprice of rainfall—can we resist the temptation to close our fingers over it?

I have heard the arguments against this supply, but I consider they are outweighed by those in its favour. Three to five million gallons a day means that we can conserve that amount in our reservoirs, in other words we should always have a six months' supply stored on the

island—it is a slur on this fine Colony that almost every year the population is put on a restricted water supply—often unnecessarily as it turns out—but nevertheless a wise precaution which has to be taken because of the uncertainty of our rainfall. We have had during my residence in the Colony an instance of two dry summers following one another in which case it is exceedingly difficult to fill our reservoirs from rainfall alone.

The sight of the long queue of men, women and children lined up with their tins and buckets waiting to draw water from the street hydrants is one of which we may well be ashamed.

I would ask you, Sir, not to reject this Shing Mun supply without giving the matter your further serious consideration—weigh carefully the advantages and disadvantages and I feel sure the balance will be in favour of this work being carried out.

The other matter that I wish to refer to relates to Building Covenants and was raised by my Chinese colleagues.

I consider that the Government is not treating the purchasers of new lots quite fairly—for it imposes a fine, threatens and sometimes carries out re-entry, for the non-fulfilment of the Building Covenant on the part of the owner, whereas, in newly developed areas, the formation of the adjoining roads, laying of sewers, storm water drains, etc., which is the Government's side of the bargain is performed in a very dilatory manner. One can see, on the mainland, houses standing isolated in a dreary waste of land with no proper means of access—those owners have fulfilled their covenant but the moral obligations of the Government have not been carried out.

HON. MR. D. G. M. BERNARD said— Your Excellency,—I wish first of all to congratulate the Colonial Secretary on the able and clear speech he made in introducing the estimates for next year and for the keen grasp of local affairs he has obtained in the short period he has been in Hong Kong. He emphasized the importance of the Harbour which, as he says, is "the cause and reason of the Colony's existence." I fully concur and will go further and say that everything must be done to encourage shipping to come here. This is a transshipment

port and it is essential to keep all charges as low as possible, otherwise there may be an inducement for steamers and cargo to avoid Hong Kong. While I do not propose to oppose the increased charge for water supplied to ships, I desire to protest against any further taxation on shipping the Government may have in view for the future—it is dangerous.

The Honourable Member representing the Justices of the Peace speaking on behalf of the Unofficial Members, has touched upon the proposed expenditure of \$230,000 at Kowloon Point but I would like to deal with this matter more fully. It naturally has a bearing on the future transport system in Kowloon and calls for a reference to the contemplated vehicular ferry service. There has been speculation as to whether it is proposed to leave this new ferry partly or entirely to private enterprise, and as there is nothing in the estimates for next year it must be the latter, unless the Government have decided to defer any expenditure on it until a later date. I trust that the Government will hasten its plans for the inauguration of this service.

Turning now to the Motor 'Bus services, the Government should settle on a definite policy. A few months ago in reply to a question I asked in this Council I was told that the Government considered it unnecessary to engage an expert from England to advise on the most suitable type of vehicle, and further that considerable experience of local conditions would be required before such expert would be in a position to give valuable assistance. And yet there is nothing to indicate that the Government has made much progress in the last six years, and the fruits of the Government's deliberations are not to be expected for another 3 years.

In 1920 the Government favoured motor buses, in 1921 and 1923 tramways, and in 1924 motor buses again. I understand that while the plans matured, some buses were to be allowed to operate, and that that is the position to-day, except that provided a suitable type of vehicle is put on the roads they will be permitted to run for at least 3 years more. Does this indicate a change from the policy announced in the *Gazette* of 28th March, 1924, in replies to questions asked in this Council?

The passengers carried by the Star Ferry

Company have increased very largely during the past years. In September last there were 3,500 Season tickets issued, which is an increase of 114% over the same period in 1920; other first class passengers averaged 5,000 per day, an increase of 113%; third class 9,000, an increase of 32% although 3,000 less than two years ago.

This question of communications is of primary importance to a growing city like Kowloon; rapid, comfortable, cheap, and adequate transport is absolutely necessary to distribute the population and ease the congestion in the central districts.

It is to be hoped that in making the alterations at Kowloon Point the Government is providing for the development of the future, whether that will be trams, railless trams or buses; and I ask that the ideas of the Government be laid before this Council at an early date and an opportunity given for discussing them.

I am not satisfied that the Imports and Exports Office fully justifies the large expenditure incurred. Will the Government state (1) the estimated cost for the year for the branch responsible for searching steamers for opium and illegal drugs; (2) the number of seizures of (a) opium (b) other drugs, this year and in the preceding two years where Officers have acted entirely on their own initiative; (3) approximately the number of searches carried out under such conditions.

Finally, I wish to associate myself very strongly with the protest made by the Senior Unofficial Member against the way the Military Contribution is calculated. It is most unreasonable that, when the Colony is visited by such a disastrous storm as experienced last July, we should be taxed 20 cents for every dollar spent in making good the damage. I feel sure, Sir, that it only requires representations in the proper quarter to have this matter put right. All revenue required for reparation purposes in respect of extraordinary damage should be exempted from assessment for Military Contribution.

THE COLONIAL TREASURER—Sir, mention has been made of the subject of exchange. In preparing the estimates it is always difficult to forecast what the

average rate of exchange will be for the next year. In July when the estimates were first considered the exchange was put at 2/2 but, later on, when the estimates were almost completed this was reduced to 2/-. Care will be taken to watch this question throughout the year. On the other hand the fall in exchange means that one circumstance is in our favour regarding the local loan of three millions. The annual sinking fund of two lakhs a year was for three years invested by the Crown Agents in England, and it is calculated that the sinking fund for three years will not be required, meaning a saving of two lakhs of dollars on the expenditure for one year.

The Senior Chinese representative referred to the question of assessed taxes. One factor in this matter is the annual valuation by the Assessor and the other factor is the proportion which has to be paid by rates which proportion is fixed by this Council. The Assessor endeavours to make his valuation as correctly as possible and on his last valuation many reductions were made. He is, however, handicapped by the fact that many of the forms sent out to be filled in are never returned and people do not take the opportunity of making known the relevant facts concerning their house property.

THE CAPTAIN SUPERINTENDENT OF POLICE—Sir, I wish to preface my remarks on the questions raised in regard to the Police by recording my appreciation of the laudatory references made to the Police force by the Senior representative of the Chinese. I can only observe, Your Excellency and Hon. Members of Council, that it will be my endeavour to maintain the high standard of efficiency of that Force, supported, as I am by officers in whom I have the fullest confidence.

With regard to the criticism which was made by the Senior member representing the Chinese community on the subject of "squeeze" by searchers, I should like to point out that I fully appreciate that what is known locally as "squeeze" exists here, as it exists elsewhere all over the world in connection with the searching of passengers' luggage and the searching of persons. But while I am not prepared to close my eyes to the fact that it exists, I should like, at the same time, to point out that I consider the language used by the Senior Chinese member "that this evil is now becoming a crying scandal," is somewhat of an exaggeration. In the

first place the fact that during the last eighteen months eighty per cent. of the steamers previously running have ceased to run would make it difficult for even the most ardent "squeezer" to make as much as he did formerly out of it. Further, the fact that no complaint, no serious complaint, has reached the Police during the last twelve months makes it clear to me that the evil cannot be quite so bad as to be termed "a crying scandal." No doubt the evil exists, but I do not think it exists in the form in which it has been described. I should like to mention the measures taken by the Department to try to prevent squeeze. In the first place, some two years ago all the searchers were put into uniforms. They were put into uniform in order that they might be perfectly easily identified by anyone who had a complaint to make. They had numbers and letters on the collars of their uniforms so that it was a very simple matter to report an offence. The European searching staff, which it was requested on a former occasion should be increased, has been increased and now there are no less than nine European officers engaged on supervising searching work. In 1924 one temporary searcher and two police searchers; and in 1925 two temporary searchers and two constables were dismissed. The two constables were working in conjunction with some wharf loafers. The two constables were dismissed and all four were deported. This year one temporary searcher has been dismissed. I am not including in these figures men who have been found incompetent or who have failed to do their work properly,—simply men dismissed for endeavouring to take bribes.

As a further safeguard we have instituted what is known as the Police officers visiting book and any member of this Council who wishes to find out whether the European police visit the various wharves to see that the searching is being properly conducted can see these books. I have looked at the entries this morning and I find that European officers have visited the Star Ferry thirteen times a day and t h e Y a u m a t i f e r r y

twelve or thirteen times a day. Again, it is our intention to open a searchers' office in the Central Fire Brigade Station where any persons who have any complaints to make can make them forthwith.

A final measure in this connection is the reduction of temporary men who are engaged on searching work. When it was found necessary to put searchers on every wharf as well as on steamers the Police Force was not strong enough to supply the men. Therefore, 76 outside searchers were engaged temporarily and I think a great many of the complaints which are made are made against these men. As a result of the increase granted to the Police Force I was enabled to reduce the temporary men from 76 to 46, but I regret that I have been unable to reduce that number still further owing to the fact that Indian recruits who should have arrived last September have not yet arrived, owing I believe to the more stringent pass-port regulations in India.

The cause of the greatest trouble in connection with this squeeze has, however, I think been recently removed. The greatest trouble in this particular matter arose in connection with the search of people for exporting coin. The regulations with regard to the export of coin have now been rescinded and that should ease matters considerably.

The most important requirement, I think, is co-operation on the part of the public. If members of the public will only report cases of attempted squeeze such cases can be dealt with on the spot. In the absence of this co-operation it is extremely difficult for the police to check this evil in an efficient manner.

THE DIRECTOR OF PUBLIC WORKS said—In reply to the hon. the Senior Unofficial member's query regarding the Port Development Department the re-absorption of this Department does not indicate any failure to recognize the importance of steady progress of Port Development. Since Mr. Duncan's comprehensive report on the Harbour was submitted, the question has been considered by the Imperial Shipping Committee and both he and Mr. Baker have given evidence before that Body.

As a result of interim conclusions arrived at

by that Committee, instructions have been received from the Secretary of State that any large scheme of development is to be referred to the Consulting Engineers before being proceeded with, and a report is being now prepared indicating the subjects on which it is considered that their advice should be obtained. At any rate, until a definite programme of works has been laid down, it is considered more advisable that this Office should form part of the P.W.D. as in the past, both on the ground of economy effected by reduction in office staff and to avoid the over-lapping which undoubtedly existed in the work of these two Departments when separated.

TOWN PLANNING

In regard to Town Planning, the recommendations of the Committee which reported on the subject have been carefully borne in mind, and embodied to a large extent in a provisional 5 years' programme of general works, prepared in accordance with instructions received from the Secretary of State, but applicable to a somewhat more restricted area than that dealt with by that Committee. To complete the programme during that period would involve an estimated average annual expenditure of \$9,000,000 and the rate of progress maintained is entirely a matter of policy and of finance. Obviously the slower the development, the less is the annual expenditure involved, and it is due to retarding this development that unfortunately, in a very few cases, the state of affairs to which the Hon. Mr. H. W. Bird has referred exists. Steps are being taken to prevent this in future by restricting development to certain areas, the effect of which will be that the provision of roads and other amenities will synchronise with the progress of buildings.

KOWLOON TONG SCHEME

The total cost to Government of the Kowloon Tong Scheme is estimated at \$1,388,000. Of this amount \$800,000 would be the cost of forming the area and constructing the necessary main nullahs and main roads, which cost would have fallen on Government in any scheme of development, and will serve other areas as they develop.

The cost of supplying water, sewers, storm water drains and surfacing service roads to the 250 houses—this being solely attributable to the scheme—is estimated to cost \$500,000, which works out at \$2,000 per house. The desirability of Government assistance for a scheme of this nature is not, I think, open to question. The premium for this Estate amounts to \$424,600 and the estimated ultimate annual revenue to be derived on the completion of this scheme is \$10,000 for Crown Rent and approximately \$20,000 for rates and taxes. In addition, there will be a considerable area of adjoining land available for immediate sale.

NEED FOR CHECKING EXTRAVAGANCE

The Hon. Member for the Justices of the Peace has referred to the saving effected in surfacing at the junction of Gascoigne and Nathan Roads. This was not really a saving, but merely a matter of using a cheaper form of surfacing, which is estimated to last two years only, whereas, if the more expensive material had been used, no renewal would have been required for an estimated period of 20 years.

SURFACING ROAD TO KOWLOON HOSPITAL

This includes not only the approach drive to Kowloon Hospital from the main road but also a considerable portion of Waterloo Road, from Homuntin past the Hospital site, including the necessary curbing and channelling. The surfacing will consist of 4ins. macadam, tar painted, and in the case of Item 92 on page 82—Surfacing roads Kowloon Tong Development Area—a similar material is to be used.

Re Item 52, page 30—Proposed Lay-out of the area around and approaches to the Kowloon Hospital. The area of the levelled site is approximately 8 acres. The whole of this area is at present in the rough condition left by excavation, and very unsuitable for the surroundings of a hospital; it is liable to gradual erosion by the rains, and the dust which is raised, even by a moderate breeze, is a serious nuisance and a danger to the patients.

The proposals for the general lay-out comprise the surfacing and formation of paths, tennis courts and turfing areas, the planting of trees and shrubs, and surface drainage of the area. It is also proposed to include, if possible,

the erection of two or three small ornamental garden pavilions for the patients.

Item 61, page 80—Chatham Road Extension. As large quantities of rock have been found on a certain section, it has been decided to utilize this section as a quarry, and delay the completion of the work until the rock has thus been disposed of. The ultimate expenditure on this work will be thereby considerably reduced.

The amount provided for 1927 is for a further section of a length of 2,800 feet, which is required to keep pace with the development of the adjoining land.

Item 63, page 80. To Kwa Wan Road and Site Formation. The sum of \$50,000 provided in the 1927 Estimates will not complete the expenditure on this road, but will leave an outstanding liability of \$17,500 which may ultimately be reduced, if it is found possible to arrange certain exchanges of land now under consideration.

Item 45. Contribution by Government towards fund for Praya East Reclamation. The contract date for completion is 31st January, 1929, and it is anticipated that this period will not be exceeded.

The sum of \$200,000 was more than sufficient to the Government contribution on the original estimate but, as it has now been necessary to revise this figure, by reason of which the total has been considerably increased, a further amount of approximately \$400,000 will be required to be paid by Government, although this may ultimately be reduced by revenue derived from short leases of the reclaimed areas.

IMPROVEMENTS TO KOWLOON POINT

With a view to improving the very heterogeneous appearance from the Harbour of the existing Star Ferry Landing Stage and Public Pier at Kowloon, it is proposed to replace the facade of the existing jetties to bring them more into harmony with the existing Railway Buildings.

The scheme has been initiated owing to the adverse comments of H.E. the Governor on his first inspection at Kowloon.

The arrangements proposed will enable passengers to quit and reach their vehicles under shelter, and will include a continuous colonade extending from the existing one at the station, to the entrance to the Godown and Wharf Co. premises. The opportunity is being taken at the same time to readjust the lay-out with a view to improving traffic conditions at this busy terminus.

Alternative schemes have been submitted and one, which has been drawn up in consultation with the Hon. C.S.P. has been estimated for, and will be submitted for the consideration of the Public Works Committee in due course.

The amount provided for in 1927 Estimates will enable the shelters for private cars, cycles and rickshaws to be built to conform to the amended lay-out, together with that portion of the colonade connecting the Ferry Pier with the Public Pier, thus permitting motor buses and rickshaws to arrive and depart under shelter.

MORRISON HILL DEVELOPMENT

The provision in the 1927 Estimates for item 46 only applies to the completion of the retaining walls at the junction of Stubbs Road with Morrison Gap Road and will permit of the widening of this narrow section for traffic—being a road improvement—and not a measure to cope with excessive rainfall.

The remaining work on this item cannot be proceeded with until the removal of Morrison Hill is further advanced and until arrangements have been made with the Naval Authorities for the proposed continuation of this road widening scheme.

The words "and storm water culverts" should not appear in the description of this item in the Estimates.

It will be noticed that provision is made under items 21, 22, 23, 24, 25, 26 and 47 for extensive nullah training in the Happy Valley District, and, when these works are completed, it is anticipated there will not be a recurrence of the trouble experienced in this district during the past few years.

THE COLONIAL SECRETARY said— My Honourable friends on the official side have

already dealt with several of the points raised in the speeches of unofficial members of Council, and before I place before Honourable Members the views of the Government on the remaining points which have been raised, I should like first to thank my honourable friends for the very kind reception they have given to this first Budget I have had the honour to introduce into this Council. I said, when producing the Budget, that the Government anticipated criticism and it is very gratifying to find the criticism offered in so kindly a spirit. I should also like to say how much the Government values the appreciation expressed by the Senior European Unofficial Member and the Senior Chinese Member of the work of the Secretariat for Chinese Affairs, the Public Works, Harbour and Sanitary Departments and Police force. The Government desires to associate itself with the Senior Chinese Unofficial Member in his praise of the work of the District Watch Force, on whose services the Government places a very high value. The Government is also glad to find that the new Rescue Tug has already proved its value and that the work of its officers and crew is so highly appreciated.

The Senior European Unofficial Member asked for information regarding the work of the radiologist. The Principal Civil Medical Officer assures me that this officer's time will be more than fully occupied with the work of his own special subject. He will be in charge of the X-ray plants at all Government hospitals and will be occupied, in addition, with electro-therapeutics comprising X-ray therapy, diathermy, galvanism and faradism and also light therapy. The need for a special officer for this work has long been felt. The Honourable Member then passed on to the question of hospital accommodation. As regards the Government Civil Hospital the Government is preparing a Sessional Paper setting out its proposals regarding the rebuilding of the hospital. The matter was not ripe for inclusion in the estimates and is not properly before the Council at the present time. Should it be decided to proceed with this work it would be necessary to carry it out from loan funds and full opportunity will be given for a discussion of the proposals before they are put in hand. I might, however, remark now that there are many arguments in favour of retaining the hospital in

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neighbourhood. A removal of the hospital from proximity to the University would prove highly inconvenient and expensive. The Rockefeller Trust made a grant of \$750,000 to endow three chairs at the University in medicine, obstetrics and surgery, and it is essential to have a hospital near to the University for tuition. Moreover, the professors at the University do much work for Government at the Government hospital. The dense Chinese population in the Central and Western districts makes it essential to have a hospital of considerable size in that neighbourhood. The removal of the Government Civil Hospital would result in still further overcrowding the remaining hospitals in that area, while the French Hospital and a proposed new branch of the Tung Wa Hospital will go far to meet the requirements of the eastern end of the city. Moreover, the Lunatic Asylum as at present arranged is an integral part of the Government Civil Hospital and would require a special medical staff if the hospital were removed elsewhere.

As regards the proposed increase of charges to first and second class patients at Government hospitals I might explain to the Council that this question was raised by local medical practitioners as long ago as 1920. There has been considerable correspondence with the local branch of the British Medical Association and with the Central Body in London, and it is felt that local medical practitioners have some cause for their complaint that patients who are in no need of assistance to defray their medical expenses, in some cases not even residents of the Colony, are admitted to the hospital and receive from Government medical and surgical treatment as a charity to which they are in no way entitled. While the fees for maintenance have been left unchanged, fees have been imposed for medical and surgical treatment, but in order that hardship may be obviated full discretion has been felt to the Principal Civil Medical Officer to waive the fees in the case of those persons who have not the means to pay for such services.

Passing now to the question of the bathing beaches I would assure the Honourable Member that my remarks about the recommendations of the Bathing Beaches Committee are not meant to imply that Government contemplates shelving those recommendations. The Government will give them the fullest consideration as soon as

possible after the investigations are completed.

As regards the provision of bath houses for the working classes I should explain to the Council that the Sanitary Board considered the bath houses situation some months ago and decided not to recommend any new bath houses for 1927 in view of the financial situation but to reconsider the question in time for the 1928 estimates. It may interest Honourable Members to know that there are at present three bath houses in Victoria and one in Kowloon with 137 baths for men and 38 for women, and that in 1925 there were some 413,000 baths taken in Hong Kong and 20,000 in Kowloon. When the board has made its recommendations for 1928, I need hardly assure Honourable Members, that these proposals will be thoroughly considered by the Government which is fully appreciative of the desirability of providing bath accommodation for the working classes.

EDUCATION

The subject of education has been referred to both by the Senior European and the Senior Chinese Members. I do not think any useful deduction can be made from the fact quoted by my Honourable friend, Sir Henry Pollock, that the expenditure on education exceeds that on the Medical or Sanitary Departments. The cost in each case must depend on the needs which have to be met. The figures asked for by my Honourable friend are as follows:—

Queen's College, 1925

Expenditure.....	\$132,216
Fees.....	31,125

King's College, 1925

(then known as Sai Ying Pun School).

Expenditure.....	\$58,154
Fees.....	10,509

It is, perhaps, my Honourable friend's intention to deduce from these figures that education is provided too cheaply. I might, perhaps, forestall his criticism on this subject by informing the Council that the question of the fees charged for education has recently been under the consideration of the Government, and the

Director of Education has been asked to go thoroughly into the whole question and to report the result of his investigation to the Governor.

The Senior Chinese Member referred to the new scale of salary for Anglo-Chinese and vernacular masters. I would assure him that the scale is not automatic without regard to efficiency. There will be strict efficiency bars at \$1,200 and \$2,400 per annum and it is the very definite intention of the Director of Education to stop the inefficient from progressing beyond those bars. It is only the thoroughly efficient teacher, who has proved his worth, who will be allowed to proceed eventually to the top of the scale.

The Honourable Member asks if it is the intention of Government to apply the same scale of salary to other branches of the subordinate service. Honourable Members will remember that the subordinate clerical service scale already rises to the same maximum of \$4,800. I am not sure what other branches of the Government Service the Honourable Member has in mind but in any case the Government is not prepared to pledge itself to grant these particular scales to other branches of the subordinate service unless the conditions, after full consideration, are found to justify them.

The Government welcomes the assurance of our Chinese colleagues that they do not grudge expenditure on education, a subject to which the Government attaches the greatest importance.

What exactly the Honourable Member refers to when he hints that the whole system of our education may need overhauling I do not know. The system has been evolved as the result of much thought and practical experience. Its results may, I think, be judged to some extent from the excellent tone which prevails at the University, where the conduct of the students affords a worthy model for all other Universities in the East. I would endorse the views of my Honourable friend that the present Director of Education may be depended upon to guide our educational policy along healthy lines.

Of the need for checking extravagance to which the Senior European Unofficial Member referred, the Government is well aware, and my Honourable friend, the Director of Public Works, has I hope satisfied Honourable Members that

there is no extravagance in the items to which special attention has been drawn. I will, myself, touch only on one of these items, the school at Cheung Chow. The need for a permanent building at Cheung Chow has been felt for very many years, I am told since as long ago as 1908, and our experience of temporary expedients ended in a matshed which was damaged in the earlier, and finally completely destroyed in the last typhoon during last summer. The school is now temporarily housed in unsatisfactory rented quarters, and it is essential to rebuild the school as soon as possible. There are nearly 200 pupils to be accommodated, and the requirements of modern education authorities are somewhat exacting. The cost quoted, although it seems high, is only about two-thirds of what the Education Department thought ought to be spent, and even so the Director will be asked to submit modified plans with a view to meet, if possible, the criticism raised by Honourable Members.

Government has taken note of the desire of Honourable Members regarding the need for further elucidation by footnotes of certain items in the Budget, and an effort will be made next year to make the printed estimates more complete in this respect.

My Honourable friend drew attention to the number of new posts which are being created, but I am afraid his remarks are a little misleading. No new posts have actually been created without the knowledge and approval of the Finance Committee, and such new posts as appear in the estimates without having been previously submitted to the Finance Committee are now placed before this Council for its approval. I shall hope to be able to satisfy in Committee the doubts of any Honourable Member as to the need of any individual posts of which he has not had previous information. The heading "New Posts" in the Abstract from which the Honourable Member quotes, has, I fear, misled the Honourable Member as it includes not only newly created posts, but promotions to existing posts. I, myself, experienced the same difficulty which has been felt by the Honourable Member, and I hope next year that the Abstract

will be prepared in a somewhat clearer form. The actual cost of new posts is about \$336,000 as against posts to the value of \$189,911 which have been abolished. The chief increases are to be found under the heading of Education \$92,417, Medical \$46,014, Fire Brigade \$34,428, Harbour \$33,344, P.W.D. \$29,342 (as against a saving of \$98,451 for posts abolished), and Sanitary Department \$17,044. I should like to assure the Council that every application for the creation of new posts receives the most careful scrutiny at the hands of Government before it is allowed to be placed before the Council.

As regards markets, the Sanitary Board asked also for a market at Cheung Sha Wan which is provided for on a temporary scale under sub-head 79. The Board also asked for improvements to the markets at Shamsuipo and Sai Ying Pun, but as markets already exist in those places Government did not feel justified in inserting sums for their improvement, which did not appear to be a matter of great urgency.

On the subject of military contribution, the Government doubts if it would be possible to deduct from the net revenue on which military contribution is payable the cost of such works as the repair of storm damages. The whole question of the basis of the Colony's military contribution is, as I think members are aware, under discussion with the Home Government at the present time, and Government does not feel able, just now, to raise the point on which my Honourable friends, Sir Henry Pollock and Mr. Bernard have laid stress.

The Honourable Senior Chinese Member refers to the estimates of revenue from the Liquor Duties and to the fact that only \$1,200,000 is entered in the draft estimates of revenue. I would refer the Honourable Member to the remarks I made when introducing the Liquor Duties, when I pointed out that, if the motion was passed the figure, which appears in the draft estimates and was, of course, based on then existing sources of revenue, would have to be amended to the figure of \$1,800,000. The motion was passed by the Council and the amended figure will be shown when the estimates are finally printed off after the third reading of the Supply Bill. My Hon. friend charges the Government with over-estimating the Revenue for the current year, but in this I

fear he is incorrect. The Estimate of \$1,200,000 is likely to prove a fairly accurate one for the first half of the year brought in \$601,667 and the first nine months \$825,883.

My Honourable friend also referred to the fact that the new duties affected native wines and spirits while European liquors were left practically untouched. I dealt with this point too in my remarks at the last meeting of Council. The duty on Chinese liquor even when new duties are taken into consideration remains considerably lower in proportion than the duties on European type liquors and it was felt that the former system of taxation allowed the Chinese liquor to escape far too lightly. Even so, as I pointed out before, the Government might have been disposed to increase the duty on European Type liquor as well had it not been felt that such liquor already bears as high a duty as it ought in present circumstances to be made to bear. The alteration in the liquor duties has gone some way to remove the previous anomaly and cannot properly be charged with being excessive on Chinese liquors.

It is difficult to make accurate comparisons as regards the incidence of the taxation on Chinese liquor as compared with European Type Liquor, but the Superintendent of Imports and Exports has very kindly worked out some figures for me comparing the duty on gin with the duty on Sheung Ching and Ng Ka pei. Of these figures, taking the duty on gin at \$6 a gallon, the duty on a bottle is \$1.00 and a bottle of gin costs retail \$2.60. The price, including duty, of the same sized bottle of Sheung Ching is 53 cents and of Ng Kai Pei 95 cents of which the duty represents 20 cents and 30 cents respectively. Working out the alcoholic contents of these three liquors the duty of Sheung Ching and Ng Ka Pei if charged at the same rate as the duty on gin *viz.*, \$6 a gallon would be \$2.55 and \$3.34 per gallon respectively, whereas the duty actually paid at the new rates is \$1.05 and \$1.75 per gallon respectively.

Another matter referred to by my Honourable friend and also by the Honourable Mr. Bird, is t h e s u b j e c t o f

the penalties for breach of Building Covenants covering Crown Lands purchased from the Government. Honourable Members are probably fully aware that this subject has been very carefully considered by the Government during the past twelve months, and it was only last month that the policy of the Government was again declared in a reply to representations from Chinese land holders. In view of the great diversity of circumstances attending almost every individual case of default, the Government cannot grant any general extension of building covenants. Every case is fully considered on its merits by the various departments concerned, and in many cases, personally by Your Excellency, and the Council may rest assured that the Government will, and in fact does, adopt as generous a policy as possible in dealing with all cases.

The Honourable Mr. Bird suggests that in some cases the default has been due to the failure on the part of Government to carry out its share, admittedly in many cases only a moral obligation, of the original bargain. I can assure the Council that the Government is doing all it can with the funds at its disposal to keep pace with development in house building but it is not always possible to reach isolated houses as soon as they are built. Progress in roads, water supply and drainage must proceed according to plan and any laches on the part of the Government is taken very fully into consideration in dealing with default on the part of the purchasers.

On the perennial subject of "squeeze" my Honourable friend, the Captain Superintendent of Police has already spoken. I would only emphasize his remarks by saying that the Government is just as anxious to put down "squeeze" as any private individual, but unless the private individual will assist the Government, the Government is in most cases powerless to detect the offender.

The Government is glad to know that the Council does not oppose the small increase in the water charges. It appreciates the anxiety of Honourable Members that the Harbour charges should be kept as low as possible, and it will not fail to bear this fully in mind in any future proposals which it may lay before this Council.

As the Honourable Member pointed out, the proposed improvements on Kowloon Point and

the traffic question in Kowloon and the proposed vehicular ferry service are interconnected subjects. The actual works proposed on Kowloon Point have been dealt with by my Honourable friend the Director of Public Works and I would add that the Government proposes to issue a Sessional Paper on the subject which will put Honourable Members in possession of the detailed proposals. As regards the vehicular ferry service, this matter has received considerable attention from Government during the year and Mr. Nicol who has been making enquiries in England and America is expected back shortly. It is intended to publish a Sessional Paper giving details of the proposed scheme. The scheme, if approved, cannot be financed from revenue, and it will be necessary to finance it from loan. After full consideration it is the present opinion of the Government that the scheme should be carried out as a Government undertaking and not left to private enterprise.

As regards transport services, a very important matter for Kowloon, the Government is of opinion that trams would not be as satisfactory as buses, and it is, therefore, not the intention of Government to propose a tram service either on rails or railless. The Government considers that the traffic problem in Kowloon can best be solved by bus services run by private enterprise and is not in favour of the creation of any monopoly. The present bus systems are gradually being improved and it is expected that an improved type of bus will be placed on the roads very shortly. The Police will exercise such powers as they possess to regulate the bus services, but it may be necessary to increase the powers of the police for this purpose and if so the Government will in due course take such steps as may be necessary. While the Government is in favour of retaining in its own hands the running of the vehicular ferries, it is in favour of open competition for road transport in Kowloon as being most likely to meet economically and efficiently the needs of the local population.

I find it a little difficult to follow my Honourable friend Mr. Bernard in his remarks about the Imports and Exports office. The revenue collected by that

office amounts to about \$6,800,000 per annum. If the cost of the purchase of raw opium be deducted from the total cost of the Department it will be seen that the department costs only about \$200,000 per annum to run, apart from the salaries of the two cadet officers in the department and one or two members of the clerical staff which are provided for elsewhere. If my Honourable friend is referring merely to the cost of the searching staff and considers that too much is spent in searching steamers for opium and illicit drugs I would observe that a preventive service is absolutely necessary in a port of this size and importance, closely situated as it is to a foreign country. Search has to be made for excisable and dutiable articles and for prohibited imports. We have also certain international obligations in these matters, and ships are searched as a matter of routine. It is quite impossible to give exact figures in answer to the questions raised by my Honourable friend. The fact that over 48,000 taels of opium, 274 fire arms and 54,000 rounds of ammunition, 87,000 contraband cigarettes, 3,600 gallons of spirits and 6,600 ounces of dangerous drugs were seized during 1925 shows the need for an effective preventive staff. Moreover the preventive staff deals with the investigation of illicit opium divans which alone involves a very large amount of work. On a careful consideration of the facts I think my Honourable friend will agree that the staff is not excessive for the work which has to be done.

Finally, Sir, Honourable members will no doubt have noticed one very serious omission from my remarks. This omission is intentional as Your Excellency has informed me that you will yourself deal with the very important question of the water supply of the Colony and with the remarks of hon. members on that subject.

Once more I should like to thank my unofficial colleagues for their very flattering remarks on the way the budget was introduced and for the very restrained tone of their very reasonable criticisms and, especially, for their generous appreciation of the services of the various members and departments of the Government service. I trust, Sir, that the performance of the Government will implement the promise which is inherent in the Budget now before the Council and in the Bill of which I am now moving the Second Reading.

H.E. THE GOVERNOR said—My cordial thanks are due both to the official and to the unofficial members of this Council for the time and care which they have devoted to the consideration of the budget. My debt is greatest to the Colonial Secretary, who has spared no pains in preparing, in expounding and in defending the Supply Bill, and who, as I am sure the whole Council will agree, has discharged a difficult task with conspicuous ability. But I am also much indebted to the unofficial members for their helpful criticism and to those official members who have taken part in the debate for replying to this criticism so fully that there is little left for me to say. There are, in fact, only two points on which I propose to touch, namely the Colony's water supply and the subject of education.

Ever since I first knew Hong Kong, more than a quarter of a century ago, the insufficiency of the Colony's water supply has been a cause for anxiety. I can well remember the days when I lived in a tenement house in Po Hing Fong at a time of acute water shortage and had to send my servants with buckets down to the Praya, where they stood in a queue to get water from boats which brought it across the harbour from Tai Lam Ch'ung on the mainland. It is therefore with every sympathy for the Chinese who inhabit the low-levels of Hong Kong and with a full understanding of their trials and tribulations during a water famine that I have studied the proposal to make the island dependent on the mainland for much of its water supply. Let me, however, first consider this matter from the point of view of Kowloon. I am convinced that in years to come, owing partly to the limitations which Nature has imposed upon Hong Kong and partly to the advantages which Nature has bestowed upon Kowloon, the greater portion of the Colony's population will inhabit the mainland rather than the island. The town-planning scheme and the harbour development scheme for Kowloon have been prepared very wisely on a generous scale and it is not improbable that in future years the northern shores of our harbour will be inhabited by a population of a million or more Chinese and that there will be residences all along the slopes of the Kowloon range, and especially at its eastern end, as numerous as in the Peak District.

The population of this Colony has in the past increased at a phenomenal rate and there is no reason why it should not continue to do so in the future. It has doubled during the past ten years. Now we are at present only completing the first stage of the Sheung Mun valley water works scheme. But, when that scheme has hereafter been developed to its utmost capacity, the water supply from it will, so I am told, only suffice for a million souls. In addition must be considered the whole of the needs of the shipping of this great port, which should be supplied entirely from the mainland. Therefore in my opinion the progressive development of the Sheng Mun scheme stage by stage will probably do no more than supply the growing needs of the northern side of the harbour, especially if, as I hope may be the case, the supply to Kowloon is by meter all over the peninsula and rider-mains are not insisted upon. Eventually there would be nothing to spare from Sheng Mun for the island; and, if a pipe-line were now laid under the harbour, the result would merely be to compel the construction of the second, third and further stages of the Sheng Mun scheme at an earlier date and hasten the day when water supplies additional to those in the Sheng Mun valley would have to be found for the mainland. This is no figment of a wild imagination. My honourable friend, Mr. Bird, has reminded us of the confident hopes entertained in 1918 that the construction of the Tytam-tuk reservoir would place Hong Kong island beyond danger of a water famine for fifteen years at least. yet, within five years of the successful construction of that reservoir Hong Kong was again confronted by water shortage such as occurred also in the earlier part of this year. I think the conclusion is inevitable that there is a limit set by Nature herself to the possible expansion of population in Hong Kong island. Indeed, quite apart from the water supply question, the configuration of the island sets very strict limits to the practicability of human habitation. There are, moreover, cogent reasons against making the island dependent for its water upon the mainland. Therefore, although I fear that we shall never be able to dispense with rider mains on the island,—a fact which doubtless will operate as an encouragement to additional population to settle in Kowloon rather than in Hong Kong,—it is our plain duty to examine all possibilities of further water storage on the island itself, and these possibilities are now being investigated.

In particular one potential reservoir with an estimated capacity of 200 million gallons has been located and it is calculated that the cost of constructing it would be no greater than the cost of the pipe line under the harbour as designed by the Consulting Engineers. We ought also to devise means of economizing our fresh water supplies in Hong Kong by using salt water on the low-levels for sewerage, street-cleansing, fire-fighting and generally for non-potable purposes. This matter is likewise under investigation and I trust that before long I may be able to lay on the table of this Council a sessional paper giving full information on every aspect of our water supply problem and furnishing all the data necessary for formulating our future policy in this respect. Until then it would be premature to take a final decision.

EDUCATION

On the subject of education I will only add to what the Colonial Secretary has already said that, situated as we are in Hong Kong, money spent by us on education is of the utmost value to British interests in China. This is an era of advertisement and propaganda. Fortunately or unfortunately, we, as a people, are not good at advertising ourselves and we are very bad at propaganda. But the public schools and the universities of the United Kingdom are the admiration of the whole world and the initiation of the typically English boy-scout and girl-guide movements during our own lifetime shows that in educational matters a vitalizing impulse still goes out from England. I firmly believe that, if we can successfully introduce into Hong Kong something of the spirit of the British public schools and universities, we shall do more for British interests in China than can possibly be achieved in any other way. Education must, of course, be conducted on sound lines and all political propaganda must be rigorously excluded from our educational establishments. But, subject to these provisos, I am convinced that the money we spend on education is a very good investment, and I am glad to learn

from the speech of the Senior Chinese Member that he and his colleague do not grudge it.

I now put to the Council the motion, which has already been moved and seconded, that the Supply Bill be read a second time.

HON. SIR HENRY POLLOCK—May I speak upon some of the points which have been raised.

H.E. THE GOVERNOR—I am afraid you cannot. The Standing Orders do not allow it.

HON. SIR HENRY POLLOCK—It has been the custom in this Council to reply to matters raised in the course of the discussion.

H.E. THE GOVERNOR — The mover only has the right to reply. No member of Council has a right to speak more than once on the second reading of a Bill. You may speak as many times as you like in the Committee stage.

The Bill was then read a second time.

Council went into Committee to consider the Bill clause by clause.

HON. SIR HENRY POLLOCK—With regard to the suggestion that the site of the Government Civil Hospital should be moved to Morrison Hill, I would say, with all due deference, that the objections raised by the honourable Colonial Secretary to such a scheme are not good. One of the observations of the honourable Colonial Secretary was that we could not move the site of the hospital because of the Rockefeller gift to the University. The argument was that because the students required surgical instruction, and could easily get to the Government Civil Hospital from the University, therefore the hospital must not be moved from its present site. In answer to that I would submit that with the motor transport of the present day it is just as easy for all practical purposes to get from the University to Morrison Hill as it is to get from the University to the Government Civil Hospital as it is now situated. The same remark applies to the question of medical attendance at the Government Civil Hospital by members of the University. I would point out that all the Unofficial Members of this Council are in favour of the Morrison Hill site. I pointed out in my opening speech that there are various advantages possessed by the Morrison Hill site and these advantages apply not only to patients in the hospital, but also apply to the staff in connection with the hospital. These remarks of mine, Sir, were made with the concurrence of all

Unofficial Members. The point was also emphasised that the hospital accommodation for the Chinese population in the Central and Western districts was already sufficiently supplied by other hospitals in those districts. I suppose the question of the Lunatic Asylum was introduced by the honourable Colonial Secretary as an after-thought. It is a very small establishment and is only used for the temporary accommodation of the insane and until other arrangements can be made for them. The question of the Lunatic Asylum cannot possibly effect the question of which site is more desirable for the Government Civil Hospital.

THE COLONIAL SECRETARY—I am not prepared to enter into a discussion on the subject of the Government Civil Hospital site because the matter does not properly come before the Council at the present time. I only referred to the question in my reply because it was raised by the Hon. Member representing the Justices. I could, if I had thought it proper to do so, have raised a point of order that the question of the hospital site was not before the Council and could not possibly be discussed.

H.E. THE GOVERNOR—The whole matter will come up for full discussion when the hospital has to be re-built. It is highly probable the hospital will have to be rebuilt soon, but the subject is not before the Council now and the Government plans are not yet ready.

HON. SIR HENRY POLLOCK — In connection with the Government investments which have been sold to meet liabilities, I should like to ask whether there has been any loss on these investments.

THE COLONIAL TREASURER—There has been no loss.

HON. MR. H. W. BIRD—I notice that the Magistracy at Kowloon costs more than the Magistracy in Hong Kong. That is very curious.

THE ATTORNEY-GENERAL—The senior magistrates in Hong Kong and Kowloon are Cadet Officers. They are not paid out of this vote.

THE COLONIAL SECRETARY — Electric light costs more in Kowloon and there is also special expenditure on law books for the Kowloon Magistracy.

HON. SIR HENRY POLLOCK — With reference to the vote for the Sanitary Department I should like to point out how extremely important it is that coolies should go round systematically and pour kerosene on pools of stagnant water in order to destroy the breeding grounds of mosquitoes.

H.E. THE GOVERNOR—I quite agree that it is important and doubtless this work is done. However, I will call the attention of the Sanitary Department to the matter.

HON. SIR HENRY POLLOCK — With reference to my remarks regarding the road connecting Nathan Road with Coronation Road, I would point out that the Public Works Department must be very hard to please if they are not satisfied with the surfacing of that road. It took years and years to get ready and there was some very hard rock on the top of that road and very probably good sub-soil. It is hardly likely there will be any subsidence in that road because of the cheaper material used in its surfacing.

H.E. THE GOVERNOR—It is the surfacing that matters owing to the nature of the traffic.

THE DIRECTOR OF PUBLIC WORKS — The macadam used will not stand up to the traffic as well as the more expensive material would have done.

HON. SIR HENRY POLLOCK — With regard to the surfacing of the road to the Kowloon Hospital, I am not satisfied, Sir, that the approach road to the Kowloon Hospital is in a sufficiently static and stable condition to justify the expenditure proposed for the surfacing. Perhaps the Director of Public Works will be able to tell us.

H.E. THE GOVERNOR—The item is not correctly described as "the approach road to the Kowloon Hospital." The greater part of the money is required for making the thoroughfares up to the approach road and this is a quite large work. The approach road itself probably only represents one-tenth of the work to be done.

HON. SIR HENRY POLLOCK — Another point I wish to raise is in regard to the extra bath house. Apparently the Sanitary Board would have recommended it except for the motive of economy, and I do not think the provision of necessary bath houses should be a subject for

economy. With regard to the Cheung Chow School, the honourable Director of Public Works did not answer my question whether it was proposed to use local stone and local labour for building that school.

THE DIRECTOR OF PUBLIC WORKS— Yes, it is.

H.E. THE GOVERNOR—I am asking for type plans to be drawn up by the Director of Public Works indicating the requirements of schools for 100 boys and 50 boys. Such plans will to some extent enable us to check the demands made on us by the Education Department.

HON. SIR HENRY POLLOCK — With reference to the water supply, I would urge that the proposed scheme for building a reservoir to hold 200 million gallons be pushed forward as soon as possible, because I do not think it right that the development of this island should be cramped because of lack of water.

H.E. THE GOVERNOR—I have given orders for plans and details to be drawn up and if, on examination by the Government, the scheme seems to be satisfactory it will be placed before the Public Works Committee. But a very much larger question is the one that involves our future policy, because a 200 million gallon reservoir will not solve our problem. What we shall do after that requires very anxious thought. Whether the use of salt water for certain purposes or whether a pipe under the harbour is a way out of the difficulty will have to be considered. I will have all the available information collected and then appoint a Commission to study it.

HON. SIR HENRY POLLOCK — The question of using salt water for sewage and for cleaning the streets should be investigated.

H.E. THE GOVERNOR—I agree.

Upon Council resuming,

THE COLONIAL SECRETARY moved the third reading of the Bill.

THE COLONIAL TREASURER seconded, and the Bill was read a third time and passed.

H.E. THE GOVERNOR—I thank honourable members very sincerely for the provision they have made for next year. Council stands adjourned *sine die*.