

15th September, 1927.

PRESENT:—

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

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL C. C. LUARD, C.B., C.M.G.).

THE COLONIAL SECRETARY (HON. MR. W. T. SOUTHORN, C.M.G.).

THE ATTORNEY-GENERAL (HON. SIR JOSEPH HORSFORD KEMP, KT., 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. JACKMAN (Acting Director of Public Works).

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

HON. SIR SHOU-SON CHOW, KT.

HON. MR. R. H. KOTEWALL, C.M.G., LL.D.

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

HON. MR. A. C. HYNES.

HON. MR. J. OWEN HUGHES.

HON. MR. W. E. L. SHENTON.

MR. E. W. HAMILTON (Deputy Clerk of Councils).

MINUTES.

The minutes of the previous meeting of the Council were confirmed.

PRESENTATION.

H.E. THE GOVERNOR said—At 2.30 a.m. on the 24th of October, 1926, a Chinese woman attempted to commit suicide by jumping into the Harbour in front of the Harbour Office. Her husband who was a fair swimmer tried to rescue her but himself disappeared. A Weihaiwei constable who witnessed the incident, but could not swim, blew his whistle which brought Chief Preventive Officer Clarke from his quarters. Chief Preventive Officer Clarke dived into the water and in spite of the woman's struggles succeeded in bringing her ashore. She was in an unconscious condition but artificial respiration was resorted to and she was removed to the Government Civil Hospital where she recovered. Chief Preventive Officer Clarke dived in again but could find no trace of the man whose body was not recovered till three days later.

Calling Chief Preventive Officer Clarke forward H.E. THE GOVERNOR shook him by the hand and presented him with the certificate, saying—Mr. Clarke, I congratulate you on a very gallant action and it gives me much pleasure to hand you this certificate on vellum awarded you by the Royal Humane Society.

Chief Preventive Officer Clarke saluted and withdrew.

PAPERS.

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

Declaration under the Merchant Shipping Ordinance, 1899, Table L, Quarantine Regulations, on 25th August, 1927.

Regulation under section 23 of the Water Works Ordinance, 1903, on 30th August, 1927.

Declaration under the Merchant Shipping Ordinance, 1899, Table L, Quarantine Regulations, on 1st September, 1927.

Declaration under the Merchant Shipping Ordinance, 1899, Table L, Quarantine Regulations, on 5th September, 1927.

Rescission of the Order declaring Haiphong to be an infected place, on 7th September, 1927.

Regulation under section 17 of the Police Force Ordinance, 1900, on 7th September, 1927.

Regulation under section 17 of the Police Force Ordinance, 1900, on 7th September, 1927.

Report from the Director of Education for 1926.

Report from the Head of the Sanitary Department for 1926.

Report of Committee of the Board of Education on Schools Fees Revision. Approved by Board of Education on 4th May, 1927. (Sessional Paper No. 8 of 1927).

QUESTIONS.

HON. MR. D. G. M. BERNARD asked—

- (1) What experience is considered necessary before Police Officers are entrusted with the shooting of dogs, and
- (2) What weapons are used.

THE COLONIAL SECRETARY replied—

- (1) A knowledge of and experience in the use of shot-guns. Care is taken to select men who are good shots.
- (2) Shot-guns and Greener riot-guns.

HON. MR. W. E. L. SHENTON asked—

Are the Government prepared to deal with motor cars plying for public hire in the public streets of the Colony by,

- (a) Fixing a scale of fares, or
- (b) Insisting that each motor car so plying carries with it a meter registering an approved scale of charges.

THE COLONIAL SECRETARY—I regret that the answers to these questions are not yet ready.

FINANCE.

THE COLONIAL SECRETARY, by command of H.E. The Governor, laid upon the table Report of Finance Committee No. 10, dated 29th August, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

PIRACY SUPPRESSION.

THE ATTORNEY-GENERAL moved the first reading of a Bill intituled, "An Ordinance to amend the law relating to the suppression of piracy."

In doing so he said—This Bill is one of the measures decided upon in consequence of the report of the "Sunning" Piracy Commission. It will repeal the present Piracy Prevention Ordinance of 1914 and all the Regulations which have been made thereunder. The present system, therefore, by which ship owners enter into a bond to carry out certain regulations, within and without the Colony, will disappear. The Bill besides repealing the present Ordinance and the regulations will give power to make new regulations. The draft of the proposed new regulations will, it is hoped, be published in the *Gazette* on Friday, September 16th. That draft is not necessarily the final draft, because it has not yet received the approval of the Government, but it is expected it will represent fairly accurately what eventually will be enacted by the Governor-in-Council. There are two particular features in the new regulations. First of all they will relate solely to acts to be done and powers to be exercised within the territorial limits of the Colony. Secondly, they are confined to the searching of vessels. They will contain no provision for any structural alterations, grilles or otherwise. The question of the Piracy Prevention Guards is still under consideration and it may be that the final passing of this Bill, or at least its final coming into effect, will be postponed until that question has been further considered. It is probable, therefore, on the next occasion this Bill comes before Council I shall move for the addition of a Suspending Clause which will provide that the Ordinance shall not come into force until such date as may be fixed by the Governor-in-Council.

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

OBJECTS AND REASONS.

1. This Bill is one of the measures decided upon in consequence of the report of the "Sunning" Piracy Commission. It repeals the Piracy Prevention Ordinance, 1914, and all the regulations in force thereunder.

2. It inserts in the Suppression of Piracy Ordinance, 1868, power to make regulations for searches of vessels and persons, and any other regulations which may appear desirable for the purpose of preventing piracy. These regulations will all relate to things to be done or suffered within the territorial limits of the Colony, and the present scheme of bonds for the observance of various regulations outside the limits of the Colony will thus disappear.

3. A draft of the proposed regulations to be made under Ordinance No. 1 of 1868, will be published shortly. It will be seen that they contain nothing to require the provision of grilles or any other structural arrangement in any ship.

4. The recommendations of the "Sunning" Piracy Commission relating to guards are still under consideration.

5. Clause 3 of the Bill proposes to repeal four sections in the Suppression of Piracy Ordinance, 1868, which appear to be unnecessary. Section 7 is repealed because there is no reformatory in Hong Kong. Section 8 is repealed because the possession of arms is sufficiently dealt with by the Arms and Ammunition Ordinance, 1900, Ordinance No. 2 of 1900, and sink pots are now obsolete. The regulations made under this section which were published in the *Gazette* of the 20th August, 1870, ceased to be in force on the 12th April, 1915, by virtue of the provisions of section 5 (2) of the Regulations Ordinance, 1915, Ordinance No. 7 of 1915, and of the Order made under section 5 (1) of that Ordinance which was gazetted on the 1st April, 1915. No regulations have subsequently been made under section 8 of the Suppression of Piracy Ordinance, 1868. Section 9 of that Ordinance is repealed because it merely provides that all enactments, etc., inconsistent with Ordinance No. 1 of 1868 are to be of no effect. Section 10 is repealed because it merely provides that nothing in the Ordinance is to effect the jurisdiction previously exercised by the Supreme Court.

DUTIABLE LIQUORS.

THE ATTORNEY-GENERAL moved the first reading of a Bill intituled, "An Ordinance to amend the Liquors Consolidation Ordinance, 1911."

He said—The Bill is explained very fully in the "Objects and Reasons." In fact the "Objects and Reasons" are longer than the Bill itself. But stripped of all detail and omitting the more or less technical and consequential amendments the short point of this Bill is

as follows: It is intended to make it quite clear that when a person is charged with unlawful possession of dutiable liquor, that is to say liquor liable to duty but on which duty has not been paid, the onus will be on that person to prove either that duty has been paid or that he had good and sufficient reason to believe that it had been paid. And he will have to prove one of these two defences beyond reasonable doubt. It is obvious that it is very difficult, and may be quite impossible, for the prosecution to prove that the duty on any particular lot of liquor has not been paid. It ought generally to be quite easy for the person who has that liquor in his possession to prove, if not that duty has been paid, at least that he had good and sufficient reason for believing it had been paid. There may be occasions when the person in possession of the liquor would find some difficulty in proving up to the hilt that duty had been paid. On such occasions I have no doubt that the court would take a liberal view of the onus placed on the defendant.

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

OBJECTS AND REASONS.

1. The Ordinance is introduced because of the obscurity of a section in the principal Ordinance which is of great practical importance, *i.e.*, section 86. Attention has been drawn to this subject by a recent case before a magistrate. The section is open to the following doubts and criticisms, which are put very shortly:—

- (a) It seems to hesitate between being a substantive section and an evidence section.
- (b) It is arguable that possession must first be proved by the prosecution to be "contrary to the provisions of (the) Ordinance" before the onus is thrown on the accused of proving that the duty has been paid. This reduces the section to an absurdity in the case where the only element of illegality is the non-payment of duty.
- (c) The section provides that every person who, contrary to the provisions of the Ordinance, has in his possession any intoxicating liquors which have been illegally made shall be guilty of an offence, but it is not contrary to the provisions of the Ordinance to be in possession of intoxicating liquors which have been illegally made.
- (d) On the other hand, it is unnecessary for the section to declare it to be an offence to be in possession of any intoxicating liquors contrary to the provisions of the Ordinance. Even if the mere prohibition were not enough section 89 makes it clear that contravention of any prohibition is an offence.

2. Section 5 of this Ordinance replace 86 of the principal Ordinance by a new section 86 which contains the following provisions:—

- (a) On any charge of possession of dutiable liquors contrary to the provisions of the Ordinance it is to be presumed that the liquors were dutiable, *i.e.*, that the duty had not been paid, but the defendant can avoid liability by proving either (i) that the duty had in fact been paid or (ii) that he had good and sufficient reason to believe that it had been paid.
- (b) If the defendant produces evidence in order to prove either of those defences the complainant may then produce rebutting evidence upon that issue.
- (c) If any dutiable liquors are found on any licensed premises it is to be presumed that the liquors were in the possession of the licensee. This is based on section 65 of the principal Ordinance, which is being repealed by section 4 of this Ordinance.
- (d) Sub-section (4) simply re-enacts that part of the proviso to the old section 86 which is not embodied in sub-section (1). It makes it clear that upon a charge of possession of intoxicating liquors which were imported, manufactured or prepared contrary to the provisions of the Ordinance the defendant can avoid liability by proving that he had good and sufficient reason to believe that the liquors in question were lawfully imported, manufactured or prepared.
- (e) In this section proof means proof beyond a reasonable doubt.

3. With regard to the throwing of the onus on the defendant, and with regard to the nature of that burden, it may be remarked as follows:—

- (a) It is peculiarly difficult for the prosecution to prove in any case that duty has not been paid.
- (b) It is easy for the defendant to discharge the onus. If duty has been paid there should usually be no difficulty in proving that fact, but it is sufficient for him to prove that he had good and sufficient reason to believe that it had been paid.
- (c) Proof is defined as proof beyond reasonable doubt in order to indicate that, *e.g.*, a mere unsupported assertion of payment of duty will not necessarily discharge the onus. It is obviously necessary to legislate for possible dishonesty and perjury. Payment of duty is a definite fact, analogous to the possession of a definite qualification rather than to such vaguer questions as the question of lawful excuse in the case of possession of implements fit for housebreaking purposes, where also the onus on a particular issue rests on the accused, or the question of guilty knowledge in the case of receiving, where the onus rests on the prosecution throughout. It is not to be anticipated that the new section 86 (5) will be applied in practice with unnecessary strictness.

4. Section 4 of this Ordinance repeals section 65 of the principal Ordinance. The latter part of that section will in future appear in the new section 86 (3). The former part of the present section 65 seems clearly too wide, for one effect of it is to make it an offence for the licensee of a licensed warehouse to keep dutiable liquors on his licensed premises. Possession of dutiable liquors is dealt with in the new section 59 (1) which is to be enacted by section 3 of this Ordinance.

5. Section 3 of this Ordinance substitutes a new section for section 59 of the principal Ordinance. The new features are as follows:—

- (a) The present sub-section (1) in terms makes unlawful various cases of lawful possession under export permits and removal powers. The new sub-section (1) corrects this.
- (b) Under the present sub-section (2) it is only where the liquors are in a general bonded or licensed warehouse that possession of liquors unlawfully imported is an offence. The new sub-section (2) makes the prohibition general.
- (c) It also prohibits possession of liquors unlawfully manufactured or prepared. This was suggested by the present form of section 86 of the principal Ordinance.
- (d) The new sub-section (3) allows sales of dutiable liquors which are on the licensed premises of holders of distillery or brewery licences.
- (e) The new sub-section (4) provides that it shall be no defence to any charge under sub-section (1) or (2) that the possession of the accused was a joint possession.

6. Section 2 of this Ordinance makes, for the sake of greater clearness, two amendments in section 2 of the principal Ordinance which are perhaps not strictly necessary. The term "intoxicating liquors" obviously includes "native wines and spirits," though "native wines and spirits" are not specifically mentioned in the definition of that term. On the other hand the definition of the term "dutiable liquors" suggests that "native wines and spirits" are not included in the term "intoxicating liquors," because the term "dutiable liquors" is defined as meaning "intoxicating liquors *and* native wines and spirits on which the duty has not been paid." The reference to native wines and spirits, is, therefore, now being taken out of the definition of the term "dutiable liquors" and is being inserted in the definition of the term "intoxicating liquor."

ASYLUMS ORDINANCE.

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, "An Ordinance to amend the Asylums Ordinance, 1906."

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

Council went into Committee to consider the Bill clause by clause. Clause 10 was amended to read "This Ordinance shall come into operation on the first day of November, 1927."

Upon Council resuming,

THE ATTORNEY-GENERAL moved the third reading of the Bill.

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

AFFORESTATION OPERATIONS.

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, "An Ordinance to enable certain areas to be declared prohibited areas with a view to the protection of afforestation operations."

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

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

Upon Council resuming,

THE ATTORNEY-GENERAL moved the third reading of the Bill.

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

THE BUDGET.

THE COLONIAL SECRETARY moved the second reading of the Ordinance to apply a sum not exceeding \$17,450,103 to the Public Service of the year 1928.

THE COLONIAL TREASURER seconded.

HON. SIR SHOU-SON CHOW said—Sir,—The duty devolves on me, as the senior unofficial member of this Council for the time being, to present the collective views of the unofficial members on the Budget this year, leaving to my honourable colleagues to bring forward individually any special points they may wish to make.

At the outset we wish to congratulate Your Excellency on the able manner in which, at the last meeting of this Council, you reviewed the financial history of the Colony during the past thirty years. Your masterly survey has been read by the public with the greatest interest and pleasure, for it is a record that awakens our latent pride in the Colony's achievements, and kindles fresh confidence in its future.

We desire also to congratulate you, Sir, and the Hon. Colonial Secretary on the manner in which the Budget has been framed, and presented to this Council. Your Excellency and the Hon. Colonial Secretary have placed the Colony in your debt by the care and foresight

you have bestowed upon this onerous task; and I wish to assure you that the unofficial members fully endorse the conservative policy you have pursued. Although we think we are right in believing that the Colony has weathered the severest storm that has ever afflicted it, we cannot yet afford to relax our vigilance, and our watchword must still be economy consistent, of course, with efficiency, and the essential needs of the Colony's steady expansion.

We must express our gratification that the Government has been able to avoid imposing any fresh taxation. The Public appreciates the regard the Government has shown in this respect, as any extra burdens in these trying times would have been most unwelcome. The Colony's satisfaction is increased by the knowledge that, despite this, there will be no check to progress, thanks to the Government's decision to float a loan of \$5,000,000 for the purpose of financing certain urgent essential public works. This policy has our full approval and unqualified support. The works in question will benefit succeeding generations even more, perhaps, than the present generation; and it is only fair—as I had the honour to point out when addressing this Council on a similar occasion in 1923, and again in November of last year—that posterity should bear its share of the cost. The decision to float the loan is welcome for the further reason that it restores to our surplus balances the large sum of \$1,916,406 which has already been expended therefrom on waterworks development. There is no doubt in our minds that the loan, when placed on the market, will be taken up without the least difficulty, since it cannot fail to commend itself to all sections of the community as a sound and attractive investment.

Proceeding to deal with individual items in the Estimates, I should like to refer, first, to the item "Survey of Steamships" which appears on page 9 under the head "Fees of Court or Office." We have examined with care the sessional paper dealing with increased expenditure in the Harbour Department, and additional revenue to be derived from raising the survey fees. That the Harbour Department has been understaffed was clearly shown at the inquest on those who lost their lives in the s.s. *Leung Kwong* disaster recently, and we are glad to learn that steps have been taken to remedy this. It is further very gratifying to hear that arrangements are being made whereby a special Hong Kong passenger certificate issued in Hong Kong will have equivalent value all over the world with the passenger certificate issued by the Authorities in the United Kingdom. Naturally all this involves more expenditure on the Harbour Department, but we do not grudge this, as we realize that our prosperity and future development depend upon the attractiveness of the port, and the facilities we are able to offer ships which make use of it. It has always been our desire to see charges as low as possible, to encourage shipping to come here; and we should be very much opposed to any increase in charges which might militate against this. But the increase in the survey fees are small, and appear reasonable, and we do not feel that any protest can be justifiably raised against them.

On the same page, under the same head, we notice a decrease of as much as \$70,000 against the item "Water Excess Supply and Meter Rents." There is no doubt that the population of the Colony has materially increased during the past twelve months, and we are, therefore, at a loss to understand why such a large shrinkage in the receipts is anticipated. We shall be glad if your Excellency will give us further information on this point.

The sub-head "Afforestation" under District Office, North (page 19), is increased from \$1,000 to \$2,000. This, in our opinion, represents a step in the right direction; indeed, we feel that even more should be done than has been hitherto, in the way of increasing forestry work in the New Territories. The aim should be to make the Colony, as far as possible, self-supporting in the matter of its supplies of firewood. This applies also to other essential commodities which can be produced in the New Territories; and in this connection, we would respectfully commend to the Government's notice the good work being done by the New Territories Agricultural Show Committee. Such work deserves the fullest encouragement and support of the Government and the public. The Government might well consider establishing, or at least assisting private enterprise to establish, experimental farms for the growing of vegetables, etc., so that the Colony may be more independent of outside supplies.

The increase on the head "Police Force" is undoubtedly large. But there can be no cavil at it, because the Colony's expansion makes it necessary. The steady growth of the population, owing to the peace and security that can be enjoyed within our borders, has meant the filling up of a large number of empty houses in recent months; and many houses which were in course of construction or were in contemplation before the outbreak of the Strike in 1925, are now completed. This means additional areas to be protected by the Police. The disturbed state of the adjoining Mainland, too, has caused many thousands of people in seeking refuge in Hong Kong, and it is inevitable in the nature of things, unfortunately, that these should include a percentage of bad characters. Therefore, it is only proper that the police should have the numbers necessary to cope with their heavier responsibilities. The Police—and the District Watch Force also, I may add—have performed yeoman service during another year of strain and anxiety. Their zeal and good work must be a source of pride to the Hon. Captain Superintendent of Police and the Hon. Secretary for Chinese Affairs, to whom we wish to tender our congratulations on the able manner in which they have applied the firm and tactful policy laid down by your Excellency.

We concur with the Government's policy of contributing towards the cost of three armed launches for anti-piracy work in the delta. It is essential that everything in our power should be done to protect our commerce from the depredations of pirates. Two weeks ago the British steamship *Kochow* was pirated on the West River. On this occasion

His Majesty's Naval vessels took action against the villages from which the pirates came, and it is sincerely to be hoped that this will have proved to be a salutary lesson. In the existing state of lawlessness adequate Naval patrols are of the greatest value in affording protection to trading vessels; and if action can be taken against the haunts of the pirates after a piracy has taken place we believe that there will be a great diminution of their outrages.

Malaria has long been a serious problem in the Colony, and we welcome the appointment of a specially trained malarial research officer whose duty it will be to investigate local conditions and advise as to the steps to be taken to deal with the disease. The Hon. Mr. Shenton will make further reference to this subject in his speech, but I may say here that we hope the appointment marks the beginning of an organised effort to eradicate malaria entirely from this Colony where it still takes such heavy toll every year.

The Government's intention to admit men as well as women to the Victoria Hospital has our cordial approval, as we consider this an economical arrangement which might well have been made long ago. Your Excellency will, we hope, carefully consider our suggestion that patients be granted the right of being treated by their own doctors if they so desire. Although that suggestion when first made did not receive official approval, we feel constrained to point out once more that its adoption, besides bringing increased revenue to the Government through more patients being encouraged to use the hospital, will give greater satisfaction to the public, with whose money it was that the hospital was built in celebration of Her Majesty Queen Victoria's jubilee.

The increased use being made of the services of locally trained probationer nurses is welcome, for not only are those nurses doing very useful work, but they will in time be the means of spreading a knowledge of Western medicine and hygiene throughout South China.

In connection with the Estimate of the Public Works Department we should like to refer to the scheme for a vehicular ferry. We hope that the matter will not be lost sight of, and we await with interest the report we understand the Government will publish when the matter has been fully considered.

Another important public work which has had to stand over is increased water supply. We note that a sessional paper will shortly be issued on the proposed Aberdeen Reservoir. If this was the one referred to during the Budget debate nearly a year ago as having an estimated capacity of 200 million gallons, we cannot think that this will do much towards meeting the growing needs of the island as it would increase our storage capacity by less than 10 per cent. At that debate your Excellency stated that you hoped before long to lay on the table of this Council "a sessional paper giving very full information on every aspect of our water supply problem, and furnishing all the data

necessary for formulating our future policy in this respect," and that a Commission would be appointed to study it. The importance of an adequate supply of fresh water for the island of Hong Kong and Kowloon cannot be over emphasized and we trust, Sir, that this sessional power will not be unduly delayed.

The proposal to build an aerodrome, to which your Excellency alluded in your speech at the last meeting of this Council, affords pleasing evidence that the Colony is keeping fully abreast of the times. When the aerodrome is completed Hong Kong will have an important new asset, and will take its place as a link in the chain of airways with which the Imperial Government is binding the Empire yet closer together. The community's satisfaction with the prospect of this new acquisition to our commercial and social amenities is increased by the knowledge that the Secretary of State for the Colonies has proposed that the Imperial Government shall bear three-quarters of the cost, and the Colony one-quarter. It is sincerely to be hoped that this proposal will receive the approval of His Majesty's Government.

Before concluding, Sir, I wish to express our entire agreement with the sound policy you are pursuing in husbanding the financial resources of the Colony while at the same time pushing ahead essential public works that can be undertaken without undue financial strain. Hong Kong, to-day, with all its troubles, is still one of the greatest ports in the world, and may look to regain the premier position one day. A Colony like this cannot stand still, for to stop is to go back. Hong Kong does not intend to go back. The vitality it has shown in the face of every trial in recent years more than justifies our faith in the future. Your Excellency has referred to the wonderful results that can be achieved when Britons and Chinese collaborate in the development of a country. An example of this is to be seen in the present splendid co-operation between the British and Chinese sections of the Kowloon-Canton Railway. The Colony needs only the loyalty and co-operation which were displayed by all sections of the community in the face of the big crisis of 1925 to make it invincible against all attempts to check its progress; and we can assure you, Sir, with all confidence, that you can count upon the same measure of loyalty and co-operation in that future to which we are looking with steadfast hope and unshaken faith. (Applause.)

HON. MR. D. G. M. BERNARD said—Your Excellency,—As the Senior European Unofficial Member of this Council, I wish to associate my colleagues and myself with the address which has just been delivered by the Senior Unofficial Member. This is the first occasion on which the views of the Unofficial Members have been presented by a Chinese Member, and I wish to take the opportunity of congratulating my honourable friend on the able manner in which he has performed this very important duty. In his concluding remarks he drew attention to the necessity of co-operation between British and Chinese which I think is generally recognized as being essential for the well being and

progress of the Colony. It is, therefore, especially gratifying to find that to-day the Unofficial Members have been happy to leave the expression of their collective views on the Budget in the hands of the Senior Chinese Member and on their behalf I want to thank him for the able way in which he has presented them. (Applause.)

HON. MR. W. E. L. SHENTON said—Your Excellency,—In your speech introducing the estimates which are now before us, you have directed general attention to a retrospect of this Colony's history for the past thirty years—a period of great interest, not only to the residents of this Colony, but to all who are concerned in any manner in the Far East. Unquestionably, Your Excellency's review will be closely followed in many parts of the world. No resident of this Colony could have listened to or read Your Excellency's survey of events and figures without a feeling of satisfaction as to the stable basis on which this Colony rests, and a sense of pride in its continuous prosperity in the face of all adversities. Your Excellency has referred to three set backs in this Colony's career during the period under review, but a close scrutiny of the figures goes to show that although we are at present experiencing a time of commercial depression, nevertheless its resources are stronger than they have ever been.

The years which Your Excellency has chosen by way of comparison are:—

1906 as compared with 1908.
1918 as compared with 1920.
1923 as compared with 1926.

The revenue of 1906 was \$7,035,011 and for 1908 \$6,104,207, a difference of \$930,804. The revenue for 1918 was \$18,665,248 and for 1920 \$14,689,671, a difference of \$3,975,577. The revenue for 1923 was \$24,783,762 and for 1926 \$21,131,581, a difference of \$3,652,181. The land sales for 1906 were \$412,941.53, for 1908 \$69,358.19, for 1918 \$299,289.23, for 1920 \$556,349, for 1923 \$3,488,797 and for 1926 \$286,342.

Land sales, if I may be permitted to say so, should not be taken into consideration when calculating this Colony's revenue, as they vary according to the whim of the speculator and are a varying factor over which there is no control. Large revenue from land sales unfortunately indicates either trouble in China or an unhealthy financial condition in this Colony. It must also be borne in mind that by reason of the large reclamation schemes now in course of development, the demand for Crown Land is likely to be restricted for some time to come.

For the purpose of my argument, therefore, I propose to reduce the revenue from land sales during the year 1923 to a normal basis, and for the purpose of demonstration I shall adopt the year 1926, and the position, therefore, is that the difference in revenue between 1906 and 1908 was \$930,804 between 1918 and 1920 \$3,975,577 and between 1923 and 1926, after deducting the land sales of the year 1923 and adding

the land sales of the year 1926, \$449,726. We, consequently, arrive at this conclusion that, notwithstanding the fact that revenue in 1923 was about three and a half times as great as the revenue in 1908, and the expenditure even greater, after deducting the large land sales of 1923 and putting them on the basis of 1926, *i.e.*, \$286,342, which on the present estimates is a high figure, the actual position between 1906 and 1908 as compared with 1923, our record year, and 1926 is most illuminating, because the figures show a loss of revenue for the year 1908 of \$930,804, whilst for the year 1926 only \$449,726, or favourable to the year 1926 by \$481,076. The position between the year 1920 and the year 1926 is too obvious even for comparison.

Such a state of affairs after the trying and difficult years through which this Colony has passed when disrupting elements have done everything in their power to ruin it, can only be a matter for mutual congratulation and outstanding evidence of the great strength of its resources and the stability of its constitution.

The Honourable the Colonial Secretary has, in the course of his speech, intimated the policy of Your Excellency, to finance certain schemes of general public utility coming under the category of Public Works Extraordinary, by loans secured on the public revenue of this Colony. This policy although not new to the Colony is exceptional, as the previous policy has been to meet, as far as possible, all expenditure out of current revenue. Whilst it cannot be denied that it is unfair to make the present generation pay for the advantages which posterity will reap the most advantage of, nevertheless in the present condition of the Colony's finances, the utmost care should be exercised in embarking on new schemes, confining them as far as possible to essential requirements, as against luxuries.

In this connection advantage might be gained from an examination of our financial position for the past five years by comparing our revenue against our expenditure, leaving out of our calculations (for reasons I have already stated) the revenue obtained from land sales. In the year 1922, the surplus was \$1,006,258.33, the year 1923 shows a deficit of \$276,939.36, the year 1924 a deficit of \$4,426,024.58, the year 1925 a deficit of \$5,592,689, the year 1926 a deficit of \$2,679,469, the year 1927 an estimated deficit, including land sales, of \$1,787,305 and the year 1928 an estimated deficit, including land sales, of \$2,079,655.

At the end of the year 1928 on the present basis of figures it would appear that we shall have used up our present liquid assets. Assuming the present conditions prevail for the year 1929, we shall be faced with having to exercise more rigid economy or look for fresh sources of taxation, therefore, too much care cannot be exercised in embarking on new enterprises.

We are, however, fortunate in that the ambitious programme which was undertaken in the past, will, I understand, have been completed and paid for out of revenue by the end of the

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We must not be forgetful of the fact that those responsible in the past have handed down to us an inheritance almost unencumbered, a position possibly unique, and posterity will have every right to look to us for a similar stewardship. We must also bear in mind that posterity may have legitimate claims for borrowing, or circumstances may arise in the future, as in the past, which may call for claims on the Colony's credit, consequently it would be undesirable to borrow up to the full extent of the Colony's resources. I notice that the Government has not confined its borrowings to money in the past, for on page 66 of the estimates (item 19) I find we have borrowed a mechanical device, now in operation at the junction between Des Voeux Road Central and Pedder Street, for keeping the public of the Colony presumably in the right path.

The period through which the Colony has now passed has been a very difficult one for every business concern, and though we appear happily to have turned the corner, and there are signs of better times, nevertheless a very considerable improvement will be required, before the former position is again reached. At the present it cannot be denied we are chiefly suffering from the disturbed conditions in China, but there is, nevertheless, a general all-round want of confidence, which is assisting to stagnate every market. Every effort, whether by legislation or by individual effort to restore the old confidence and re-establish institutions and concerns to their former position, should be the aim and object on all sides.

A matter of great concern and undoubtedly importance, is the continually rising cost of living in this Colony. It affects everyone, but more so that large body of essential residents, who are employees, and without whom the Colony cannot exist. This matter should receive special consideration and it might be possible to hold a representative Inquiry to ascertain, if possible, its causes, also to appoint a permanent official to keep a continual watch on the position and investigate generally. One of the troubles would appear to be the various profits which are made from the time foodstuffs arrive in the Colony until they reach the ultimate consumer. Efforts might be made to bring the retail consumer into more direct contact with the supplier. It must be borne in mind that the facilities and inducements for spending money have much increased in recent years, also that the residents of the Colony are living at a standard of luxury hardly contemplated fifteen or twenty years ago.

I note that it has been found necessary to detail an officer specially to look after the accounting and financial work of the Supreme Court. I have difficulty in understanding this necessity because in years past when the business of the Courts was greater than it now is, no such provision was made or considered requisite.

I have noted with particular interest the provision which is being made to deal with malaria, and instructing the villagers in sanitation and hygiene. Unquestionably in the past the
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robbed the Colony of an immense amount of manpower, so great that it is impossible to value it in money, therefore, no effort is too great to deal with this scourge. Bound up with malaria and other diseases are sanitation and hygiene in our villages, because cleanliness and care in the villages will go a long way to eradicate malaria.

Under public works recurrent, the Honourable Colonial Secretary has dealt with the maintenance of bridges and the upkeep of our splendid roads. I would, however, like to draw the Honourable Colonial Secretary's attention to the fact that the Taipo bridge, which is in the main line of traffic, has been demolished for something like two years and during the whole of that period, there has only been a temporary wooden bridge, capable of carrying light motor traffic. For all practical purposes the position to-day is the same as after the demolition of the bridge two years ago.

From a perusal of the estimates it would appear that whilst a small increase is expected in business and commercial transactions, a substantial increase in immigration from China may be looked for. I note that whilst the fees for marriage licences and the registration of births and deaths may be expected to increase by fifty per cent., the public executioner's fees are expected to increase to a similar extent.

A careful consideration of the details of expenditure of the various departments reveals the information that several steam launches, motor boats, motor cars and machinery are to be purchased in the coming year, and it is to be hoped that the selection will be confined to those of British manufacture and if construction is called for or production possible in this Colony preference will as far as possible be given to this Colony. Similar principles might with advantage be adopted by all Government Departments as well as by private concerns in this Colony as our industrial concerns require special assistance in these times.

I desire, on behalf of the Kowloon Residents' Association, to draw Your Excellency's attention to two matters—Bathing facilities and the Star Ferry Kowloon approach road. As to the question of bathing facilities, this matter has been fully dealt with by the Bathing Beach Committee, and estimates prepared in connection with their Report. The Association, whilst appreciating fully the general financial position, so ably elucidated by the Honourable Colonial Secretary, hopes that Your Excellency will be able to see your way, year by year, to allocate money in this direction, increasing the amount as conditions improve. Whilst I am informed by people who are able to speak with personal knowledge, that in this Colony far more has been done by the Government to assist public bathing than in Shanghai, Singapore, Colombo and many other places, nevertheless one should not lose sight of the fact that sea bathing in this Colony has increased in popularity enormously in the last few years—that it makes for health and hygiene, and, therefore, of general benefit to the Colony. It should not be

forgotten that a large proportion of the bathing public, are, for various reasons, without motor transport or matshed.

As regards the Star Ferry Kowloon approach road, the congestion at most times of the day is appalling and the Association have prepared and submitted to Your Excellency an elaborate scheme, which it hopes will meet with Your Excellency's approval.

I further desire, on behalf of the Kowloon Tong Residents' Association, to draw Your Excellency's attention to their request for a market. There are now 200 completed houses and the remainder will, I believe, be completed next year. This scheme provides homes for a section of our community which has a real call on our assistance, and whilst the Association appreciates the very substantial sums budgeted for the coming year in favour of Kowloon Tong, a market will be a great boon to them.

In conclusion, may I express the desire on behalf of my brother Justices of the Peace whom I have the honour to represent that a new cycle of prosperity is now before us and that the future has in store the old cordial and friendly relations with the neighbouring provinces of China and her people, which must redound to the mutual benefit of all, and go a long way to assist in the all round commercial prosperity. (Applause.)

HON. MR. R. H. KOTEWALL said—Sir,—The task of presenting the views of the Chinese community on the Budget has fallen on me this year, and my senior Chinese colleague desires me to say that he associates himself with all the views and sentiments I am about to express.

Arising out of the item "Assessed Taxes" which appears on page 6 of the draft Estimates, I beg to bring to Your Excellency's notice an anomaly which exists in the present method of valuation under the Rating Ordinance. This is to be seen in some cases in which the owner of a partially occupied house has to pay a larger sum for the rates for one quarter than the rents he receives for one month. The payment for rates is altogether out of proportion to the rents received; and I submit that the Ordinance should be so amended as to give the Assessor discretionary power, which he has not at present, to make a special valuation in these cases. Happily, such cases are few, but where they exist, they constitute an obvious injustice.

The item "Public School Fees" on page 9 shows an increase of \$67,000. When commenting upon this increase in his speech at the last meeting of this Council, the Hon. Colonial Secretary characterised it as "a small increase," and said that it could not be considered a serious burden. I agree that the sum is small when it is spread over the whole population, or when it is compared with the amount spent on education by the Government. But to those individuals who have children to educate, particularly to those of the working classes earning from \$30 to \$100 a month, the additional fee

would be a very serious burden indeed. Hit by the prolonged trade depression, with the cost of living steadily rising, these people already find it hard to make both ends meet; and many parents of large families are not a little exercised in their minds as to how they are to keep their children at school when the increase takes effect. One inevitable result would be that a large number of children would have to be withdrawn from school earlier than they would otherwise be — to the detriment of themselves and, consequentially, of Society. Representations, couched in the most earnest terms, from all classes of the Chinese community praying that the Government may see its way to reconsider its decision, have been made to my senior Chinese colleague and myself; and we feel bound to support this request. Heavy as our expenditure on education is, I respectfully submit that money so spent by the State should not be regarded as a strictly business investment, such as, for example, money spent on a railway when the outlay must be commensurate with the direct return expected. The value of State education cannot be assessed in terms of dollars: it is in many ways analogous to the governmental policy in regard to Public Health. Your Excellency has been even more precise in stressing the point. When replying to the unofficial members during the Budget debate last year, you said that money spent by us on education was of the utmost value to British interests in China, and you further expressed your agreement with the Chinese unofficial members when they said that they did not grudge the expenditure. Since these utterances were made, nothing has occurred to justify a change of policy on the part of the Government. I would therefore respectfully but strongly urge your Excellency to postpone enforcement of your decision until times are better. If this small financial gain is placed against the hardship to the people who will be unable to bear the extra burden, and the bad effect which the increase will have on the community through a setback to education, it will at once be apparent that the balance weighs heavily in favour of *postponement*.

There is a further matter in connection with education, to which I desire to call attention. The Hon. Colonial Secretary, in his speech at the last meeting of this Council, warned non-Government schools receiving grants under the Grant Code, that in future a limit must be fixed for grants under the Code; and that expansions involving claims beyond the amount provided in the Estimates would not be admitted by the Government as a legitimate charge on the revenue. While I recognise that a limit must be set to such grants owing to the need for economy, I venture to hope that the Government will consider special applications in a sympathetic and liberal spirit, for any action tending to retard the natural expansion of a school which is doing good work would be a retrogressive step, to be much deplored.

My senior Chinese colleague and I note with satisfaction that \$10,000 has been provided in the Estimates for the purchase of water-meters for Kowloon. This is welcome news in that the popular demand, hitherto made by the Chinese without result, is now being

met, if only to a partial extent. We raised the question last year, and it is gratifying to us to find that our representations have borne fruit.

On behalf of the Directors of the Tung Wah and Kwong Wah Hospitals we beg to thank your Excellency for having sanctioned the payment of the cost of free burials carried out by these two institutions. The Chinese community is keenly sensible of the sympathetic interest which your Excellency takes in their welfare.

I must not conclude, sir, without associating the Chinese community with the congratulations as well as the assurance of loyalty and support tendered by the Honourable Senior Unofficial Member. During the troublous times through which the Colony has passed, the community has been greatly heartened by the practical sympathy shown by His Majesty's Government on more than one occasion. The loyalty which the Chinese feel towards the Government is equalled by the loyalty they feel for your Excellency personally. The patience, judgment and untiring zeal which you have displayed in governing the Colony in these extremely difficult times have won the respect, admiration and, I may say, affection of the people. Your example has been an inspiration to us all—an inspiration which has steeled us against adversity, and renewed our faith in the future. (Applause.)

THE COLONIAL SECRETARY said—The very favourable reception accorded to the Budget by my unofficial colleagues has robbed the task of replying to the debate of most of its difficulties. I would first like to thank my honourable friends for their very kind references to the way in which the Budget was presented and explained. It is to my staff rather than to myself that any tribute should be paid.

The Government is highly gratified that its policy of economy combined, as we hope, with no loss of efficiency has met with such unanimous acceptance by the Unofficial Members of the Council. We are glad to find that our loan proposals have met with approval, and in this connection I would like to remind some of our outside critics that even loans have to be paid for. Our modest loan of \$5,000,000, and we admit it is modest, will cost us ultimately \$634,000 per annum, and, moreover, although we have reason to believe there is ample money in the Colony to have enabled us to raise a larger loan, we do not wish to drain the money market of funds which ought to be held in readiness to finance the improved trade to which we are all confidently looking forward.

The Honourable the Senior Unofficial Member drew attention to an estimated decrease in the revenue from water excess supply and meter rents of \$70,000. The apparent decrease is due to an over-estimate for 1927. The actual revenues have been as follows:—

1924.....	\$540,534
1925.....	\$538,035
1926.....	\$471,679

For 1927, in view of the increase in the charge for water to shipping and for wharf and building supplies from which an increase of \$100,000 was expected, the estimate, based on normal years, was placed at \$640,000. The year has not been normal and we now expect to realize only \$520,000 from this source in 1927. We hope for a better year in 1928 and have estimated our revenue at \$570,000.

The Government will not overlook the views of Honourable Members on the advantages of afforestation and on the necessity for improving the local supply of vegetables and similar commodities. These matters have received much consideration from Government in recent months, and the Honourable Member himself drew attention to the good work being done by the New Territories Agricultural Show Committee. The Government hopes that the labours of the Committee, which it desires to encourage in every possible way, will stimulate the interest of the farming community and lead to increased production.

The Government is glad to find that its proposals for the increase of the Police Force meet with approval, and welcomes and endorses the recognition of the good work of the Police and District Watch Force under the Captain Superintendent of Police and Secretary for Chinese Affairs respectively.

The Government is pleased to find that its proposals with regard to the Harbour as set out in Sessional Paper No. 5 of 1927 have been approved by Honourable Members. It is also gratified at the approval shown towards its proposals for improving the Medical and Sanitary Services of the Colony, but regrets that practical difficulties prevent it from acceding to the request that private practitioners be allowed to practise in Government Hospitals.

The question of the Vehicular Ferry has not been lost sight of, but it is an expensive undertaking and more investigation has been found necessary than was at first anticipated. The information will be laid before Honourable Members as soon as it is available.

As regards the Water Supply, that very busy officer, my Honourable Friend the Director of Public Works, is engaged on the preparation of a comprehensive report on the various possible schemes for supplying the inhabitants of this Colony with that most precious of all commodities, good water, and the results of his labours will in due course be laid before you for consideration. When the necessary information has been collected His Excellency intends, as he promised last year, to appoint a Commission to consider the whole subject.

The Government is very pleased to find that the Council so whole-heartedly endorses its efforts to provide the Colony with an Aerodrome suitable for modern aircraft, and trusts that the hopes of the full amount of the suggested Imperial Contribution will not be disappointed.

Turning now to the remarks of the Honourable the Second Chinese Member, I can assure him that his representations on the subject of

the Assessed Taxes will receive the most careful consideration from the Government.

The Government regrets that it does not feel able to forego the revenue to be derived from the small increase in the School fees. The increases were first suggested in 1926 and were referred by the Director of Education to the Board of Education for consideration. A Committee of the Board considered the matter and its report has been printed as a Sessional Paper and has been laid on the Table to-day for the information of Honourable Members. The Board of Education accepted the recommendations of the Committee and it is these proposals which have been adopted by the Government.

There has been no general raising of school fees, and in particular there has been no increase in the fees for Vernacular Schools; nor have the fees for the five lower classes in King's and Queen's Colleges been raised.

The effect of the changes is to bring the fees of the Ellis Kadoorie, Wantsai and Yaumati Schools into line with the fees for the lower classes of King's and Queen's Colleges, the education given being of a precisely similar character.

Apart from this, the increases have been in the fees for the higher classes which are mostly attended by the children of parents well able to afford the higher fees. Increased fees for higher classes are already well known here and elsewhere and are justified by the increased cost of the education given. Provision has been made for deserving children of poor parents by an increase in the number of free scholarships. The Government would not have agreed to increase the fees had it not been satisfied that no serious hardship is involved. The demand for the more expensive classes at King's and Queen's Colleges greatly exceeds the accommodation available and the increased fees are still well below many of the fees paid at private and grant-in-aid schools.

The Government can safely promise sympathetic consideration to the claims of the grant-in-aid schools, and the sums provided show that that sympathy will have a very practical application.

Turning now to the remarks of the Honourable Member representing the Justices of the Peace, I should like to express my agreement with his tribute of praise to our predecessors for handing down to us a practically unencumbered inheritance, and he may rest assured that every care will be taken before embarking on new enterprises which might encumber the estate.

The Honourable Member referred to the continually rising cost of living in this Colony. The Government will take note of and consider the Honourable Member's suggestion, but I fear that the increase in the cost of living is due to causes over which this Government has no control.

I regret I cannot agree with the Honourable Member's remarks on the subject of the proposed new post of an Accountant in the Supreme

Court Registry. The Government is fully satisfied as to the need for this appointment.

Reference was made to the Tai Po Bridge. The Government regrets the delay in the rebuilding of the damaged bridge, but the fact that this bridge had been damaged on no less than three occasions made it necessary to take exceptional care with the site and the design. The bridge now under construction is the fourth design which was made by the Engineers and, as compared with the earlier designs, will result in a considerable saving of Public money, and it is hoped a thoroughly satisfactory bridge. The work is being pushed on with the utmost vigour, and it is expected that it will be finished early in November next.

The Honourable Member's views as to the utilization of local and Empire resources in the matter of launches, motor cars and other material are endorsed by the Government and will be borne fully in mind.

Three other matters were referred to by the Honourable Member—Bathing Beaches, The Star Ferry approaches at Kowloon, and the Kowloon Tong Market. These are all matters which the Government views sympathetically; all of them came up for consideration with this year's Budget, and all were reluctantly omitted for want of funds.

It was not to be expected that the Government's proposals would pass without criticism, but I am most grateful to Honourable Members for the very temperate criticism to which they have subjected the Budget proposals for the year 1928. The Budget had perforce to be shorn of all those large and attractive schemes which make boom-time Budgets so pleasant and so popular. We are still moving in difficult times, but, relying on that co-operation which has in the past been given so freely and so spontaneously by our unofficial colleagues, the Government has no fears for the future and fully shares the very justifiable confidence expressed by the spokesmen for the unofficial side of this Council. We are convinced that we can, without an undue increase of the burden of taxation, maintain the efficiency of our Administration, and at the same time make steady and solid if quiet and unspectacular progress.

H.E. THE GOVERNOR—I am deeply grateful to the junior Chinese member for the reference to myself and I thank all members, Official and Unofficial, for the very friendly reception accorded to this Budget and for the careful consideration given to it. The Colonial Secretary has replied so fully on points of detail that there is nothing left for me to add. I now put it to the meeting that the Bill be read a second time.

The motion was carried and the Bill was read a second time.

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

Upon Council resuming,

THE COLONIAL SECRETARY proposed that the Bill be read a third time.

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

H.E. THE GOVERNOR—I thank Hon. Members very sincerely for the provision made for the Public Services next year.

THE FIVE MILLION DOLLAR LOAN.

THE COLONIAL SECRETARY moved the second reading of the Bill to make provision for a loan of \$5,000,000 for the carrying out of certain public works.

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

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

Upon Council resuming,

THE COLONIAL SECRETARY moved that the Bill be read a third time.

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

Council then adjourned.

FINANCE COMMITTEE.

A meeting of the Finance Committee followed, the COLONIAL SECRETARY presiding.

H.E. The Governor's message No. 11, comprising votes totalling \$216,498 was considered. All the votes were approved.

THE CHAIRMAN—I have one item which is not on the agenda to bring before you. The typhoon in August blew away the foundations, house, bell and fittings of the Beckwith bell. Certain mechanical parts of the bell were on shore at the time undergoing repair. The cost of restoring the damage done by the typhoon will be about £655 for parts required from Europe and I would ask your authority to order the fittings, etc., by cable so that the bell may be restored as quickly as possible. A formal vote will be placed before you at the next meeting.

This authority was given.