

*1st October, 1931.*

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**PRESENT:—**

HIS EXCELLENCY THE GOVERNOR (SIR WILLIAM PEEL, K.C.M.G., K.B.E.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL J. W. SANDILANDS, C.B., C.M.G., D.S.O.).

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

THE ATTORNEY GENERAL (HON. MR. C. G. ALABASTER, K.C., O.B.E.).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. A. E. WOOD).

THE COLONIAL TREASURER (HON. MR. E. TAYLOR).

HON. MR. H. T. CREASY, C.B.E., (Director of Public Works).

HON. MR. E. D. C. WOLFE, C.M.G., (Inspector General of Police).

HON. COMMANDER G. F. HOLE, R.N., (Retired) (Harbour Master).

HON. DR. W. B. A. MOORE (Director of Medical and Sanitary Services).

HON. SIR SHOU-SON CHOW, K.T.

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

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

HON. MR. C. G. S. MACKIE.

HON. MR. J. P. BRAGA.

HON. MR. S. W. TS'O, O.B.E., LL.D.

HON. MR. J. J. PATERSON.

HON. MR. W. H. BELL.

MR. R. A. C. NORTH (Deputy Clerk of Councils).

**MINUTES.**

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

H. E. THE GOVERNOR.—Before proceeding with the business of the day I wish to make reference to the deplorable events which occurred towards the end of last week and, on behalf of myself and the Government, to express our most intense horror at the disgraceful acts which were committed, and the tragedies which occurred. I should like, also, to tender to the Japanese residents in this Colony the deepest sympathy, not only of myself and my officers, but also of this Council, on the treatment which they received and the hardships which they experienced.

I find it difficult to express sufficiently strongly my views on what occurred. Hong Kong has, hitherto, afforded all its residents of whatever nationality a measure of safety and security which could not be surpassed in any other country. It is well known that when China has been suffering from war and famine, people have come thence to this Colony in search of security and comparative comfort, and they have never been denied it. All that is asked of those who come here, in return for the security afforded, is that they observe the principles of law and order, and do not interfere with the persons and property of others. If they fail to do this, their presence will not be tolerated.

The events of last week have besmirched the name of this Colony, and it behoves all those who live in it to help to clear that name. There is some satisfaction perhaps in knowing that the more responsible Chinese citizens most strongly reprobate what has happened, and that the acts committed were in the main by less responsible people, and that probably evil influences were behind them.

I wish to pay a tribute to the work done by the Police in the course of those riots. They had a difficult task, for the disturbances were very sporadic in nature, and just as they seemed to have been quelled in one place, they broke out in another.

It has been suggested in some quarters that the Police were not sufficiently backed by Government, but I am sure that the Inspector General of Police will endorse my assurance that such was not the case, and that any help asked for by him was at once given, and any measures suggested by him carried out. I have seen it stated that the Police were forbidden to use their revolvers until things came to such a pass that these orders had to be disregarded. There is no truth whatever in such a statement.

It would be as well to recapitulate the course of events, giving information as regards the action taken. On Wednesday, the 23rd September, China declared what has been usually

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as a day of humiliation, and it appears that a certain number of people in this Colony flew flags at half mast. This, in itself, is not an illegal act, and it did not appear that any bad results were likely to follow. That evening there were some mild demonstrations at Wanchai, which were promptly dealt with by the Police.

On Thursday, the 24th, in view of the possibility of any trouble occurring, I had a conference with the Chinese members of this Council. I gave instructions to the Secretary for Chinese Affairs to warn the editors of the Chinese Press that nothing in the shape of anti-Japanese propaganda should be published in their papers and that they must confine themselves to statements of fact and fair comment. I also gave instructions that the managers of various places of entertainment should be warned that if any anti-Japanese propaganda took place in such places of entertainment they would be at once closed. The Chinese members promised to assist and consult regularly with the Secretary for Chinese Affairs in case of developments. This they have loyally done, giving great assistance to the authorities.

On Thursday, there were one or two minor disturbances, which were promptly dealt with. On Friday, the disturbances were rather numerous in Victoria, but apart from one case they were not serious, and at midnight the city was perfectly quiet. Some trouble started in Kowloon, in one district only, on that day, but was promptly suppressed and the Police felt that they had the situation well in hand. I may say that I was myself in the town on Friday night and saw no signs whatever of trouble. I conferred with the Inspector General of Police at that time, and asked if he considered any further measures were necessary. He replied in the negative, as he was of opinion that things were quietening down.

On Saturday, I learned that there had been further disturbances, and I telephoned to the Inspector General of Police and asked whether he thought it would be a good thing to have a "route march" through the town. He did not think that the occasion had yet arrived for any such demonstration: there was justification for this view, as up to midday all was perfectly quiet. Shortly after midday however, attacks were made by small parties on Japanese shops in the Eastern district.

In view of this, Mr. Wolfe asked that military assistance should be made available, if required. His Excellency the General Officer Commanding the Troops responded at once to my request for this assistance, and as a result, troops were available that night both in Victoria and Kowloon. Had it not been for this fact, the loss of life on the mainland would have been much greater. As you know, disturbances broke out very suddenly there in various localities, and shortly before the arrival of the troops in Kowloon City a dastardly crime was committed in an isolated area a mile away. The Police

were quelling a disturbance in Kai Tack Road at the time and the Military were engaged in similar work in other parts of Kowloon and it proved impossible to get assistance there in time to prevent what occurred. By 1 a.m. the rioters had all been dispersed, and Kowloon was absolutely quiet.

That evening about 8 p.m. the Inspector General of Police had rung me up on the telephone to the effect that things looked more serious, and I decided to hold a further conference early on Sunday morning, with a view to taking further emergency measures. The conference was held, followed by an urgent meeting of Executive Council, at which the measures were formally approved. As a result, a state of emergency was declared, and action taken on the lines that members are aware of.

On Sunday, there was a considerable throwing out into the streets of Japanese goods by their Chinese owners, but otherwise there was no trouble.

Since Sunday both the island and Kowloon have remained quiet, apart from small outbreaks at Belchers Street and Shaukiwan, both of which were promptly suppressed. There is, however, still an under-current of unrest, and care and vigilance are being maintained.

No Japanese lives have been lost, apart from the six people murdered at Tsang Foo Villas. In the course of quelling the disturbances, eight Chinese rioters were killed. Fortunately no lives were lost among the Police and Military units, but a considerable number were injured, some of them very seriously.

On Sunday, the Inspector General of Police gave orders that all Japanese in outlying areas should be escorted to places of safety, and these orders were carried out. Numbers of Japanese have been concentrated in various places, and arrangements made for supplying them with all necessaries. There was some inevitable overcrowding and discomfort at first, but this has been overcome, and present arrangements appear satisfactory. I may say that some of them have already returned to their homes.

THE INSPECTOR GENERAL OF POLICE.—Yes, out of 800 who were at the Primary School there are now 300.

H. E. THE GOVERNOR.—The authorities have kept in close touch with the Japanese Consul General throughout.

I am greatly indebted to His Excellency the General Officer Commanding the Troops, and the officers and men in his command, who gave such sterling assistance when matters became more serious. I also wish to thank the Commodore and the Navy for their readiness to assist if and where required. I also thank those members of the Police Reserve, Volunteers and the St. John Ambulance Brigade for all the assistance which they have given.

**PAPERS.**

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

Regulations made by the Governor in Council under section 12 (1) of the Female Domestic Service Ordinance, 1923, on 20th August, 1931.

Regulation made by the Governor in Council under section 3 (1) of the Pawnbrokers Ordinance, 1930, on 27th August, 1931.

Correction of a misprint in Government Notification No. 288 in the Gazette of 15th May, 1931, on 29th August, 1931.

Regulation made by the Governor in Council under section 5 (1) of the Prospecting and Mining Ordinance, 1906, on 31st August, 1931.

Regulation made by the Governor in Council under section 266 of the Public Health and Buildings Ordinance, 1903, on 31st August, 1931.

Rule made by the Governor in Council under section 6 of the New Territories Regulation Ordinance, 1910, on 31st August, 1931.

Rule made by the Registrar of Patents under section 11 of the Registration of United Kingdom Patents Ordinance, 1925, on 23rd July, 1931.

Additional appointment to the Committee of Auditors under the Companies Ordinance, 1911, on 3rd September, 1931.

Regulation made by the Governor in Council under section 23 of the Waterworks Ordinance, 1903, on 4th September, 1931.

Notification under the Merchant Shipping Ordinance, 1899, Table L, Quarantine Regulations, declaring Shanghai to be an infected place on 10th September, 1931.

Order made by His Excellency the Governor under section 2 of the Public Revenue Protection Ordinance, 1927, on 17th September, 1931.

Regulation made by the Governor in Council under section 3 (1) (b) of the Tobacco Ordinance, 1916, on 17th September, 1931.

Regulation made by the Governor in Council under section 95 of the Liquors Consolidation Ordinance, 1911, on 17th September, 1931.

Drawback Regulations made by the Governor in Council under section 95 of the Liquors Consolidation Ordinance, 1911, on 17th September, 1931.

Regulation made by the Governor in Council under section 3 (1) (b) of the Motor Spirit Ordinance, 1930, on 17th September, 1931.

Regulation made by the Governor in Council under section 3 of the Post Office Ordinance, 1926, on 15th September, 1931.

Regulation made by the Governor in Council under section 25 (4) of the Merchant Shipping Ordinance, 1899, on 14th September, 1931.

Regulation made by the Governor in Council under section 3 of the Licensing Ordinance, 1887, on 14th September, 1931.

Rule made by the Governor in Council under section 6 of the New Territories Regulation Ordinance, 1910, on 14th September, 1931.

Regulations made by the Governor in Council under section 3 of the Tobacco Ordinance, 1916, on 22nd September, 1931.

Regulations made by the Governor in Council under section 3 of the Tobacco Ordinance, 1916, on 22nd September, 1931.

Regulations made by the Governor in Council under section 3 of the Vehicles and Traffic Regulation Ordinance, 1912, on 22nd September, 1931.

Regulation made by the Governor in Council under section 2 of the Emergency Regulations Ordinance, 1922, on 27th September, 1931.

Report to the Director of Colonial Audit on the Audit of the Accounts of Hong Kong, 1930.

Report on the Measures required for the Institution of Juvenile Courts in Hong Kong (Sessional Paper No. 3 of 1931).

Abstract showing the differences between the Approved Estimates of Expenditure for 1931 and the Estimates of Expenditure for 1932 (Sessional Paper No. 4 of 1931).

### QUESTIONS.

THE HON. MR. W. E. L. SHENTON asked the following further questions arising out of his questions asked on 3rd September, 1931:—

1. Arising out of the answer to question No. 1:—

- (a) Can the Government give particulars of the number of British Chinese (i) treated in hospital and (ii) treated as out-patients during the year 1930.
- (b) Are any, and, if so, what precautions taken to ensure that persons treated as out-patients do not convey the disease to other persons residing in the same house or to members of the community in general. (I use the words "convey the disease" because I do not know the manner in which it is communicable).

2. Arising out of the last sentence of the answer to question No. 4:—

Is it felt that any "actual liability" rests on the Colony for British Chinese lepers, (*i.e.*, their maintenance in leper asylums), and, if so, in what way is that liability discharged.

THE DIRECTOR OF MEDICAL AND SANITARY SERVICES replied:—

1.—(a) There were no British-Chinese lepers under treatment in 1930. One in-patient only claimed Hong Kong birth, but he was unable to substantiate his claim in any way. (b) Only patients considered to be in a non-infectious condition would be treated as out-patients.

2.—The answer is in the affirmative. Should such cases occur it is considered that the liability would be discharged if arrangements were made for the maintenance of the patient in a suitable leper asylum outside the Colony.

THE HON. MR. R. H. KOTEWALL asked:—

1.—With reference to the typhoon which struck the Colony with some suddenness on Wednesday, 2nd September, resulting in the destruction of many small craft and the loss of some lives among the floating population, will the Government state:—

- (a) The number of small craft and the number of lives reported to have been lost.
- (b) What measures were taken by the Government for rescuing small craft in distress.
- (c) In what part or parts of the Harbour the "Kau Sing" was on rescue work during the typhoon.
- (d) Whether any vessels other than the "Kau Sing" were employed by the Government for rescue work; and, if so, what vessels were so used.

2.—Does the Government consider the measures so taken adequate; and, if not, what other measures the Government proposes to take in future typhoons?

3.—(a) At what outstations are typhoon signals hoisted?

(b) What arrangements, if any, are contemplated for giving warnings of approaching typhoons to vessels to which none of the existing typhoon signals is visible?

THE HARBOUR MASTER replied:—

1.—(a) Inside harbour limits: Craft totally wrecked, 55; Craft seriously damaged 29; Lives lost 1. Outside harbour limits: Craft totally wrecked 30; Craft seriously damaged 5; Lives reported lost 91. (b) In addition to the work of the "Kau Sing" referred to in the reply to question 1 (c), the Commander of the Dockyard was at 12.45 p.m. requested to send Naval Tugs to the assistance of native craft. This was done. (c) The "Kau Sing" was engaged in towing and patrolling at the Western end of the harbour from 10.10 a.m. to 12.25 p.m. and at the Eastern end of the harbour from 12.25 to 3 p.m. (d) Yes, a naval tug; the "Poet Chaucer."

2.—The Government considers that the measures taken were adequate. The damage would have been considerably lessened if advantage had been taken of the facilities offered. In many cases the offer of a tow was not accepted.

3.—(a) Supplementary warnings day and night are displayed at the following outstations:—Aberdeen, Cheung Chau, Gap Rock, Ping Shan, Stanley, Field Officer's Quarters, Lyemun, Saikung, Sha Tau Kok, Tsun Wan, Tai O, Tai Po, Waglan. (b) A proposal that typhoon signals should be displayed by local river steamers and other craft is under consideration.

THE HON. MR. W. E. L. SHENTON asked:—

1.—In the event of typhoon signals being hoisted indicating the approach of a typhoon to this Colony and the native boat population desiring to get to shelter, can arrangements be made for the various Government launches (including police and harbour office launches) to assist in towing the boat population to shelter.

2.—Is Government aware of the exorbitant towing charges demanded by launches in the harbour during the approach of the last typhoon.

THE HARBOUR MASTER replied:—

1.—Government craft other than the "Kau Sing" are not normally available for towing as they are engaged on their own work so long as weather conditions enable them to remain safely out of shelter. On the hoisting of Typhoon Signals—other than No. 1—Police launches go into shelter as soon as possible so as to be ready for duty immediately the typhoon is over. They assist in cases of actual distress but not otherwise.

2.—Government is aware of the allegation that exorbitant charges were demanded for towing on the occasion of the last typhoon but no detailed information has been received. It should be remembered in this connection that many cargo boats and trading junks refused the offer of a tow in the early stages of the typhoon. Government has no sympathy with exorbitant demands for towage but it was only to be expected that the charges would rise as the risk to the towing craft increased. It is hoped that boats and junks will in future take shelter more promptly on the hoisting of a typhoon signal.

### FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. The Governor, laid upon the table the report of the Finance Committee, No. 9 of 3rd September, 1931, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

### MOTIONS.

THE COLONIAL SECRETARY.—I rise, Sir, to move "That this Council approves the further modification, with effect on and from the 1st day of July, 1931, of its Resolution of the 19th June, 1930, on the Salaries Commission Report (set out on page 58 of the Hong Kong *Hansard* for 1930) as modified by its Resolution of the 29th January, 1931, (set out on page 3 of the Hong Kong *Hansard* for 1931) as follows:—

- (a) by the addition, after the words 'Hong Kong Treasury rate' at the end of the proviso, of the words 'where the Government Servant concerned has not a wife or child (under the age of 21 years) in a gold currency country'.
- (b) by the addition of the following further provisoes:—

"Provided also that where the Government Servant concerned has a wife or has a single child (under the age of 21 years) in a gold currency country his salary be paid as to three-eighths thereof at the rate of 1/6 to the dollar and as to the other five-eighths at the prevailing Hong Kong Treasury rate.

Provided further that where the Government Servant concerned has a wife and child or children (under the age of 21 years) or has two or more such children in a gold currency country his salary be paid as to one quarter thereof at the rate of 1/6 to the dollar and as to the other three quarters at the prevailing Hong Kong Treasury rate."

The resolution which I am now proposing is the result of correspondence between the Government and the Secretary of State for the Colonies on the subject of affording some relief to those officers on sterling salaries for whom the payment of half salary at the current rate of exchange and half at 1s. 6d. does not appear sufficient in view of heavy sterling commitments.

There must of course be cases of officers supporting parents in England and of officers with children in the Colony who are providing for their future education by insurance or otherwise; but after careful consideration it seemed that the only possible line of action was to take account only of an officer's wife and children actually in a gold currency country; and the Secretary of State has concurred in this view.

Hon. Members will not be unaware that the hardships of officers with sterling commitments under the present system of conversion of sterling salaries have been a matter of serious concern to this Government and to the Secretary of State and the Government is satisfied that this amount of relief is the least that can properly be given this year. The cost for the half year is estimated at \$55,000.

THE COLONIAL TREASURER seconded and the resolution was passed.

### **THE BUDGET.**

THE COLONIAL SECRETARY.—I rise by Your Excellency's command to move the first reading of a Bill intituled "An Ordinance to apply a sum not exceeding Twenty-six million six hundred and forty one thousand seven hundred and eighty seven dollars to the Public Service of the year 1932." These figures as Hon. Members are no doubt aware are exclusive of the charges for Military Contribution and Public Debt.

We meet, Sir, at a moment of considerable financial perturbation. The preparation of the Budget had proceeded on normal lines affected mostly by the low dollar and the essential need for economy with a view to balancing the Budget and insuring our financial stability, when the news of the financial crisis in England reached us last Monday week. It is too early to say what effect this crisis and the measures taken to meet it will have on this Colony. Should they result in any appreciable rise in the sterling value of the dollar, our position so far as the

balancing of the budget is concerned will be to that extent improved, but we do not know what general reactions there may be which might affect us adversely and no action has been taken to revise the Budget which was already settled before the news reached us.

Another disturbing factor the effects of which cannot be foreseen has arisen within the last few days in the Manchurian imbroglio which has had such an unfortunate reaction in the Anti-Japanese disturbances in Hong Kong last week-end. Hong Kong desires to maintain a position of the strictest neutrality in this dispute between its two friends, China and Japan, and can only express its regret at this further setback to the cause of peace in China.

While therefore the financial crisis at home, the troubles in Manchuria, and Currency problems in Hong Kong may materially affect our position in the near future, we must for the moment confine ourselves to the factors more within our comprehension in considering the immediate problem of the Budget for 1932.

These factors are in themselves quite sufficient to engage all our energies. The fresh outbreak of unrest in China and the setting up of a rival Government in Canton have caused us much anxiety. By our strict neutrality we have, I hope, merited the goodwill of all the rival factions, and we have been able to maintain cordial relations with our near neighbours in Kwangtung and Kwangsi. But these disturbances cannot but have an adverse effect on trade and commerce, and nature herself seems to have conspired with man to increase the difficulties of the Eastern world. Our fullest sympathy goes out to the people of China in the series of unparalleled floods which have befallen them. This Government has contributed some help to the sufferers in the Kwangtung floods and would have done more had its own financial position permitted. The outlook in China at the moment cannot be called reassuring, but we all know the wonderful recuperative power of the Chinese, and we feel assured that, if only China could be given a few years of peace, there would be such an increase of prosperity as would wipe out the very memory of the present distress.

From such information as I have been able to obtain, the past year has not been an altogether unprosperous one for business generally, shipping always excepted. The low dollar has hit certain trades but has benefited others. Money has been plentiful, building is going on all over the Colony particularly in Kowloon and on the Praya East, and the Stock Exchange has been almost unhealthily active. I know that it is not possible to judge of prosperity from outside appearances, but we manage to make a brave show in Hong Kong in spite of our difficulties and we do undoubtedly impress visitors with our appearance of prosperity

compared with other and less fortunate places. Our trade returns show a reasonably healthy volume of business, though admittedly the business has to be done with a lower margin of profit than was the case in years gone by. But for the renewal of civil war in China and the events of the last few weeks, we should have looked forward to the year 1932 with more confidence than we have felt for some years past. As it is, however, the disturbing elements are so much in evidence that we are at the moment forced to be cautious in our estimate of the outlook for the immediate future.

My task this year in presenting the Budget has been considerably lightened by the Memorandum of the Colonial Treasurer of which members have a copy, which deals fully with the financial position of the Colony and with Government's proposals for financing loan works. I shall therefore confine my remarks for the most part to matters of policy and to the more outstanding matters in connection with the Estimates of Expenditure for next year.

When the last Budget was presented to this Council, it was anticipated that there would be a deficit of over two and a quarter millions at the end of the present year. The revised estimate shows that revenue and expenditure for the year are expected to show a surplus of about \$50,000. This is the more remarkable as the estimates were based on a 1s. 4d. dollar, whereas actually the dollar was round about a shilling or less until the unexpected rise last week.

One reason for this satisfactory position is the excess of over three and a half million over the original estimate of revenue. As the Treasurer has pointed out, land sales will have contributed largely to this excess, while the placing of the liquor and tobacco duties on a sterling basis in February last is estimated to bring in about \$900,000 in additional revenue by the end of the year. There is in fact a plethora of money in the Colony which has resulted in what might almost be called a land boom, while, as will be seen from the Treasurer's memorandum, there has been a general review of fees and licences, the increases in which, though small in themselves, amount in the aggregate to a considerable improvement in the Revenue of the Colony.

The next most important factor in enabling us to balance the Budget is the saving, with the dollar at 1s., of about fourteen lakhs effected by converting half the salary of sterling paid officers at the artificial rate of \$1=1s.6d. Economies were also effected in Other Charges and Special Expenditure. Public Works Recurrent were curtailed, whilst the revised estimate for Public Works Extraordinary falls short of the original estimate by three lakhs.

The position can I think not unreasonably be described as satisfactory. Admittedly, we are not as prosperous as we should like, but we are able to pay our way without any serious strain on the community. One of the chief contributors to this happy state of affairs has been the sterling paid officer. The saving of fourteen lakhs was effected by his foregoing, with the dollar at 1s., 16% of his salary; as the dollar decreases, so the percentage cut in the sterling equivalent of the dollars he receives increases. The Government, Sir, does not consider it fair that one section only of the community should bear such a disproportionate share of the burden of balancing the budget. The example set by Government has not been generally followed by the business firms of the Colony. Certain mercantile houses have found it necessary to reduce salaries, but these are not firms which should be taken as a barometer for adjustment of Government salaries. Other large business firms, so far as the Government is aware, have not found it necessary to curtail to any appreciable extent the dollar equivalents of their sterling salaries. The Government, subject to certain amendments, accepted the recommendations of the Salaries Commission as putting the sterling paid officers in their proper relation to other sterling paid employees in the Colony, and that relation becomes disorganized if the Government servants are made to suffer, in the dollar equivalents of the salaries, a reduction which has not been inflicted on those with whose sterling salaries their own were correlated. In this connection the following quotation from paragraph 569 of the recent report of the Committee on National Expenditure presented to Parliament in July last is of interest:—

"If in view of the present economic position it were possible to arrange that all classes of the Community should suffer an all round reduction of income, whether derived from earnings, in order to bring costs of production down to a lower level, or investments, we should have no hesitation in proposing that all public Servants and pensioners, Municipal as well as State of whatever grade or kind, old age pensioners, widows and war pensioners, should share in the reduction, including those whose pay had already been reduced in accordance with our recommendations. We cannot however justify the singling out of public servants and pensioners from the rest of the community for special sacrifice."

Twelve months ago the local financial position was more obscure than it is to-day. Government therefore felt justified in calling on its own servants for a sacrifice. To-day we know better where we stand. We know for instance that we can afford to pay these salaries without imposing any undue burden on the community. In view of these considerations it is only right that exchange rates for the payment of salaries should be restored to something more in accordance with the facts. The Secretary of

State after full consideration of all the circumstances has therefore directed that sterling salaries shall as from the 1st January next until further notice be converted at current rates of exchange with the proviso that for the present, payment shall not be made at more than twenty dollars to the pound sterling. With exchange at 11½d. this proviso would mean a cut of 4 1/6% and double that amount with an 11d. dollar. The proviso will apply to all sterling paid officers irrespective of whether they have dependents in a gold country or not.

The other matter on which I wish to say a few words before coming to the Estimates is the Retrenchment Commission. As Hon. Members are probably aware, the Report was forwarded to Government last May, and the Government desires to acknowledge its indebtedness to the Commissioners for the thoroughness with which they tackled their important task. Copies of the Report were circulated to Members of the Executive Council and were also sent to the Secretary of State. It has been receiving the most careful consideration of Government and a report, showing which of the recommendations have been carried out and commenting on the Commissioners' Report generally, is in course of preparation and will shortly be forwarded to the Secretary of State, with a recommendation that both the Report and Government's commentary on it be published. It was hoped to have made publication synchronise with the first reading of the Budget, but the Report is voluminous and many of the recommendations are far reaching, and it was not found possible to do so. A considerable number of the recommendations which have already been acted upon will however be found reflected in the departmental estimates.

I now propose to pass to the Estimates of Revenue and Expenditure, and first of all I would draw the attention of Hon. Members to some minor alterations that have been made in the form of the Estimates. In the introductory pages will be found statements showing the actual revenue and the actual expenditure for the past ten years. The "Estimate of the Financial position at 31st December, 1932" on the top of the second page of Appendix V, has been recast to give a clearer and fuller statement than hitherto of the assets and liabilities. The details of Revenue are grouped in a more lucid and logical manner, whilst the footnotes, taken in conjunction with the Treasurer's memorandum, will I hope provide Hon. Members with sufficient information as to the various increases and decreases. The Abstract of Expenditure has been altered by totalling all expenditure other than Public Works Extraordinary, in order to emphasize the difference between recurrent and extraordinary expenditure. Expenditure from surplus balances has been shown in a separate line. The particular item this year is for the Naval Arsenal scheme which is considered a proper charge against surplus balances. To  
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would mean either starving Public Works Extraordinary to that extent, or raising further taxation. It is confidently expected that the Government will recover the expenditure from the sale of the land in question. Another alteration in the form of the Estimates is in Head 35 Public Works Department. Instead of scattering the staff in full detail under the different sub-departments, all staff common to the department as a whole, e.g. engineers, overseers, foremen, messengers, etc., is grouped under "General Staff." Specialists such as Land Surveyors and Meter Readers remain under their sub-departments, whilst the electrical sub-department is retained as a separate entity. The distribution of the General Staff is however set out in detail in Appendix III. The sub-head Conveyance Allowances has been reduced from two pages to a few lines, showing the amount for each sub-department instead of for each individual officer. These alterations have been made solely for the sake of clarity and convenience and I trust that Hon. Members will approve.

Hon. Members will see that we have budgeted for an expenditure of \$34,981,661 to meet which we expect to receive a revenue of \$33,991,510 and to withdraw a sum of \$1,000,000 from our Surplus Balances. This sum as I have already remarked is to meet the special expenditure connected with the resumption of the Naval Arsenal, a scheme which has already received the approval of this Council. Apart from this item we are able to present a balanced budget though not without much travail. The depreciated dollar has made the balancing of the budget a cause of grave anxiety to the Government. Our preliminary efforts left us with a heavy deficit, and when it came to pruning down the expenditure to close the gap, we found that our reductions would so reduce the efficiency of our administration that an increase of taxation was the less of two evils. It was for this reason that the Government decided a fortnight ago to impose certain new Taxes which are estimated to produce a gross increase of some \$2,190,000 in the revenue. The Government also hopes to introduce before the end of the present year a Betting tax estimated to bring in some \$250,000.

These new Taxes have been specially chosen, the petrol tax as being one which will be so widely diffused as to have a barely appreciable effect on the cost of living, and the others as being luxury taxes falling most heavily on those best able to afford them. I trust that the Council, bearing in mind the paramount obligation for a balanced budget, will concur with the Government both in the necessity for the further taxation and in the choice of the methods adopted to meet it.

The additional revenue thus to be obtained enabled the Government to reconsider certain items of expenditure, and, as the result of this final reconsideration, we were able to increase

some of the reduced maintenance votes of the Public Works Department, to improve the Education grants, to improve the Fire Brigade equipment and to begin the building of a new magistracy for Kowloon, the present building being utterly inadequate for its purpose.

The present estimates appear in dollars as the largest estimates with which the Colony has ever been faced but it must not be forgotten that all sterling figures are converted at twenty dollars to the pound sterling. This inflates the dollar figures to an extent out of all proportion to any recent years and comparisons with earlier years would only be profitable if the sterling and dollar expenditure of each year could be shown separately. I have not been able to find any previous budget framed on a shilling dollar and we have looked back as far as 1860.

We began this year with a surplus of assets over liabilities of \$9,361,679. We expect to finish the year with a surplus of \$9,413,547. From this we propose to withdraw \$1,000,000 for one special work and estimate to finish the year 1932 with a revenue surplus of \$9,849, and surplus assets of \$8,423,396.

Fluctuations in exchange can easily alter the whole picture but if the fluctuations are upward it should be possible to paint the picture rosier colours than those I am adopting to-day.

I come now to the Estimates of Expenditure. I shall only deal with the more outstanding items, trusting that the footnotes explain with sufficient clearness the minor decreases and increases.

*Head 2.—Cadet Service.*

There has been one retirement and one resignation and as no appointments to Hong Kong were offered at the Civil Service examination held in London last August there is a net reduction of two posts.

*Heads 3 and 4.—Senior Clerical and Accounting Staff,  
and Junior Clerical Service.*

There is a net reduction in the former of one Class II post, of two each in Class III and Probationers and of five stenographers; in the latter, of two Class III posts, one Class IV post, two Class V posts, and six Class VI posts.

*Head 5.—Colonial Secretary's Office.*

The steel cabinets are part of a regular programme of equipment for the Secretariat, the chief office of record in the Colony, and the expenditure cannot be postponed without detriment to the orderly preservation of the records.

*Head 6.—Secretary for Chinese Affairs.*

Provision is made for two female Inspectors of Mui-tsai. A Police Officer has also been detailed for this work which is directed by a Cadet Officer, an Assistant Secretary for Chinese Affairs, under the general supervision of the Secretary for Chinese Affairs. Without an adequate inspectorate staff it is impossible to ensure that there the law is being obeyed. It is considered more regular to pay the press censor staff from personal emoluments than from the general vote Other Miscellaneous Services, from which it has been transferred.

*Head 7.—Treasury.*

The Treasurer not being a Cadet Officer is now provided for under this head, and the post of Deputy Treasurer disappears. In addition to the Assistant Assessor shown under Treasury, an officer is being seconded from the Public Works Department for assessment work, though for the present this latter officer will continue to be paid from Head 35.

The two accounting machines are expensive but the amount taken over the counter at the Treasury in rates and permit fees of one kind and another is so large and so continually growing that it is found that the office accommodation is becoming insufficient for the increasing number of clerks required. It is anticipated that the machines will save six clerks, and at the same time be able to cope with a far larger number of receipts.

*Head 10.—District Office, South.*

A new vote 'Scavenging' \$1,600 has been inserted under this head. It is considered that some of the villages of medium size, such as Tai O and Tsun Wan, in the New Territories, should for reasons of health be more adequately scavenged. Tsun Wan is particularly bad. Later on it may be found necessary for Government to provide these villages with municipal services to a greater extent, in which case the levying of a rate will have to be considered.

*Head 11.—Post Office (Wireless.)*

The volume of business done by the Government Radio Telegraph Service continues to expand. To deal with the expansion it is necessary to increase the staff by three clerks and five radio postmen.

*Head 12.—Imports and Exports Office.*

The post of Senior Revenue Officer has been abolished. A considerable reduction has  
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'Forms and Registers' for the Statistical Branch by having this work done by the Prison Department. It should be noted that, despite this increase of work for the Statistical Office, the vote "Stationery, Prison Department" on page 89 of the printed Estimates has been reduced by 15%.

Hitherto the department has relied on officers engaged on distillery work on the Island to draw conveyance allowances and provide their own motor cars. With the increased cost of cars, petrol, etc., officers are less ready to purchase cars, and it has been found necessary to provide a car for the department. Conveyance allowances have been reduced by \$1,000 as a direct result.

*Head 13.—Harbour Department.*

The fall of the dollar has resulted in increases in the fuel votes of departments generally, and particularly of the Harbour Department. Fixed conveyance allowances have been withdrawn from those officers who are not regularly travelling on duty, and the appropriate vote has been reduced by \$3,900; provision is made for refunding to them any out of pocket travelling expenses by an increase of \$1,500 in the Transport Vote.

Under Special Expenditure provision has again been made for new launches for the Sanitary and Police Departments, and also for renewing the boilers in two launches of these departments. All these items were provided for in the 1931 Estimates, but in the interests of economy the work was held over. The Harbour Master now reports that all these four launches are unsafe and unserviceable; it is therefore essential to put the work of building and reboiling in hand early next year. In addition to the boiler, launch S.D.2. has been found to require special repairs estimated to cost \$10,000. It is also necessary to replace the worn out internal parts of Police launch No. 6 and motor launch H.D. 9.

A small committee consisting of two official and two unofficial members under the Chairmanship of the Harbour Master has recently been set up to enquire into the adequacy and use of Government launches. This was one of the recommendations of the Retrenchment Commission.

The provision of \$6,400 under sub-head 32 is for the training of one Government Marine Surveyor who is due for leave next year. The staffing of the Government Marine Surveyor's Department, which was dealt with by the Retrenchment Commission, is still under consideration. The other items under Special Expenditure are, I think, sufficiently explained by the footnotes.

*Head 14.—Air Services.*

The two posts of mechanics have never been filled; they have therefore been dropped from the Estimates. Should it be found that they are necessary, fresh sanction for their appointment will be sought. The initial grant to the Flying Club disappears, and as there appears to be little likelihood of the subsidy to commercial aviation being required, no provision has been made for next year.

*Head 15.—Fire Brigade.*

The St. John Ambulance Brigade has already generously handed over to Government two motor ambulances, on condition that Government will maintain them, and will shortly be presenting a third. Provision is accordingly made for two more Sub-Officers and three more Ambulance Attendants.

The motor general-service tender provided under Special Expenditure is required for the conveyance of fire brigade apparatus. At present equipment is piled on to the fire engines, which are in consequence seriously overloaded. It is proposed to have one tender for Hong Kong and one for Kowloon, but for next year provision for one only is made. The pedestal hydrants, 40 in all, are in the Public Works Department Store but can only be released on payment. Thirty will be installed next year, leaving ten to be installed in the following year. The Government Civil Hospital and the Mental Hospital are both in serious need of improvement from the fire point of view. It is therefore necessary to make their fire-fighting apparatus efficient, though, as it is intended to rebuild both institutions as soon as funds permit, the expenditure has been kept down to the minimum. The Dennis Turbine Pump is a replacement which will bring the Brigade more up to date. With the present tendency to erect higher buildings it is essential that the Fire Brigade should be equipped with apparatus to reach the upper floors of these buildings. The necessary provision is made under sub-head 18.

*Head 16.—Supreme Court.*

The post of Deputy Registrar at £970 has been abolished.

Halsbury's "Laws of England," which I am informed are constantly referred to in Court by Bench and Counsel, are being published in a new edition. It is very necessary that the Judges and the Attorney General should be possessed of the latest edition, and a copy is also necessary for the Library. The edition, which is expected to comprise some thirty volumes, is to be published at the rate of five or six volumes a year.

*Head 17.—Attorney General.*

It is anticipated that there will be a qualified Cadet Officer available for the post of Assistant Attorney General in the spring of next year. Salary for six months only, to include leave pay for the present holder of the post, has therefore been provided under this head.

*Head 23.—Police Force.*

Probationers are reduced by one. In the European contingent, posts of one Inspector, one Sub-Inspector, one Sergeant, sixteen Lance-Sergeants (including the three reduced under the heading 'Anti-Piracy Guard') have been abolished. Substantial reductions will also be found in all the other branches of the Police Force. These are for the most part recommendations of the Retrenchment Commission which have been adopted by Government.

A sum of \$4,000 is provided for fees for film censors. Hitherto these fees were paid direct to the censors by the companies. It is more in accordance with regulations for the fees, in the case of Government servants, to be credited to revenue, as will be done next year, and then to be paid out to the officers concerned.

I do not think that any of the items under Other Charges call for special comment. As stated earlier in my speech, the amounts provided have been cut to the minimum, and possibly at the expense of a certain amount of efficiency.

The largest sum under Special Expenditure is \$18,800 for motor cycles, \$12,000 of which is in connection with the scheme of reducing the number of European section sergeants by substituting motor cycle patrols. The difference between the pay of ten Lance Sergeants, at the minimum, and the cost of twelve motor cycles is \$26,000; and the cost of the motor cycles does not form an annual charge. The twelve push cycles will serve the dual purpose of making more efficient the patrols in the northern part of the New Territories and along the boundary, and of enabling a small but compact body of men to be rushed to any danger spot. The provision under Subhead 35 includes a motor cycle combination for similar work. It is hoped that as a result of these measures kidnapping and armed robberies in the New Territories will be effectively checked. The forty revolvers are replacements for the European contingent.

*Head 24.—Prison Department.*

There is a reduction of five European warders and a corresponding increase of ten Indian guards. This is the first half of the scheme for the replacement of ten Europeans by twenty Indians recommended by the Retrenchment Commission. There is also a further increase of ten Indians, which as the footnote explains is due to understaffing. About 50, or 41%, of the  
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staff are twelve months or more overdue for home leave. This increase of ten will be a permanent increase, but in order to work off present arrears of leave it will probably be necessary to engage temporarily for six to nine months a further ten guards, but the authority of the Finance Committee will be sought before any appointments are made.

The increase in the number of wardresses and the six servants and messengers are all for the new female prison at Lai Chi Kok, which it is anticipated will be ready next March.

There is a large increase on the sub-head Fuel. \$9,000 of this however is a transfer from the sub-head Light. Owing to frequent and well justified complaints from residents in the neighbourhood of Victoria Gaol, gas cookers were a few years ago substituted for the wood burning stoves then in use. The price of gas has been advanced 33% involving a large increase on this vote.

The vote Subsistence of Prisoners has increased by 60% as a result of improving the diets in accordance with the recommendations of the Committee presided over by the Director of Medical and Sanitary Services.

Two votes totalling \$33,400 are entered under Special Expenditure for the Gaol Printing Shop. Government is fully satisfied that the Gaol printing establishment is an economical proposition. For the amount of work done the special supervisory staff is small. The only difficulty is to find an adequate number of prisoners suitable for printing work. It takes twelve months or more to train a printer. These two machines will save the work of ten and twenty men respectively.

*Head 25.—Medical Department.*

As explained in the footnotes, the salaries or fees which Government pays to the three University Professors of Medicine, Surgery and Obstetrics as Consultants will be covered by the fees which Government will receive from patients for their services. The arrangement is one which has been reached after prolonged discussions with the Professors and the University Authorities. The salaries of the Assistant Visiting Medical Officer to Chinese Hospitals, and the Medical Officer for Schools, both lady doctors, have been raised to \$7,500, which is the same as the maximum of Chinese Medical Officers. Hitherto there has been no systematic infant welfare work done in the Colony. Despite the hard times I am sure that Hon. Members will agree that a definite if small beginning should be made. provision has been made for one Lady Health Officer at \$7,500, one Nurse at \$1,440 and rent of one set of premises (under sub-head 4) at \$1,500—a total expenditure in the first year of \$10,440, which cannot be considered extravagant in view of the importance of the work. As we feel our way

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mothers become interested, other centres will have to be opened. It is not proposed to make any appointment to the post of Senior Health Officer, the post has therefore been struck out. European Nursing Sisters have been reduced by four. The maternity block of the Kowloon Hospital is expected to be ready for occupation early next year, and provision has been made accordingly. The Peak Hospital is to be closed on the opening of the War Memorial Hospital, which according to latest advices will be towards the end of the present year or early next year.

In addition to the rent for the Infant Welfare Centre provision has been made under sub-head 4 for rent for a V. D. clinic in Kowloon. The most useful situation for such a clinic is in the vicinity of the docks and wharves rather than at the Kowloon Hospital. A sum of \$6,000 has been inserted under Special Expenditure for equipment, including additional equipment for the clinic at Government Civil Hospital. Part of the increase under the vote "Medicines, surgical appliances and instruments" is also for this work.

*Head 26.—Sanitary Department.*

There is a reduction of one European Sanitary Inspector, and other minor reductions in personnel. The two motor vans under Special Expenditure were provided for this year but were not bought. They are replacements of worn out vehicles and are now essential, one for the conveyance of meat, for the transportation of which Government charges a fee, and the other for infected clothing and dead bodies.

Government had hoped to make a start next year with a crematorium for the disposal chiefly of unclaimed dead bodies. The District Watch Committee was in favour of the proposal, but after careful consideration Government did not feel that it would be justified in incurring the capital outlay that would necessarily be entailed. The matter will be reconsidered next year in connection with the 1933 Estimates.

*Head 28.—Education Department.*

There is an increase of \$45,000 for Capitation Grants. The Colony is served well and cheaply by the Grant in Aid Schools. Even apart from the fact that those with a high proportion of foreign-recruited staffs are particularly hard hit by the fall in the value of the dollar, Government considers that greater assistance should be given to these schools. It is therefore proposed to raise the grants next year to a flat rate of \$40 and \$35 per head respectively for boys and girls and \$12 for Vernacular Schools. At present the rates vary according to the class, more being paid for a pupil in a higher than in a lower class; this has been found unsatisfactory. Should the financial position be improved twelve

months hence, the question of a further increase in the grants will be considered. It is proposed to discontinue next year the payment of grants for children in grant-in-aid schools who take the local University Examinations. This is not a case of robbing Peter to pay Paul, for whereas the increase in capitation grants is \$45,000 the reduction in University grants is \$10,000 only. This policy of increasing the assistance given to non-Government schools is also extended to the elementary vernacular schools, the subsidies for which are increased from \$80,000 to \$100,000.

The next matter to which I wish to draw attention in dealing with the Education Department is the provision that is made for the Junior Technical School, on page 72 \$5,000 for furniture and equipment, on page 73 a headmaster, carpentry instructor, and teacher of building construction and on page 74 two University Trained Teachers. This is in accordance with the recommendation of the Committee on Technical Education, whose report will shortly be published. It will not be possible to open the school until the latter half of next year, staff salaries are therefore provided for six months only. The school as Hon. Members are probably aware, is to be housed in the building at present occupied by Victoria British School. It is not anticipated that the school will pay for itself by fees received as it is intended for the sons of comparatively poor parents, boys who will be apprenticed to engineering firms or otherwise earning their living in the day, and learning the theoretical side of their work in the evening.

There is a reduction of three in the number of Students in Training. It is not however proposed that this should be a permanent decrease. The Government has recently had the Student Training scheme again in review as the result of certain recommendations of the Retrenchment Commission, but has not at present been able to evolve any better scheme except at prohibitive cost.

Under British Staff, Masters have been reduced by three, Probationer Masters by three and sterling-salaried Mistresses by four. There is an increase of one dollar-salaried mistress. The University Trained Teachers show an increase of six, two are for the Junior Technical School, one replaces an Anglo-Chinese master, and the remaining three are Students in Training expected to graduate during the year. They will replace Anglo-Chinese Masters. Vernacular Masters and mistresses are reduced by three posts. There are other minor reductions not calling for special comment.

There is a new vote 'Medical Expenses' under Other Charges. This is for doctors' and opticians' bills in connection with medical treatment of school children. The matter came before Finance Committee in March of this year. The net cost of this service to Government is only \$9,555 per annum, or \$2,50 per head, which the Government considers reasonable in view of the value of the work done.

By article 50 of the Code a Building grant may be made by Government up to one half the actual cost of building a school or enlarging or repairing an existing school. St. Mary's School in Kowloon is adding to its existing building five class rooms, a gymnasium and an assembly hall at an estimated cost of \$110,000. Were it not for the present financial stringency the Government would recommend a considerably larger grant than the \$10,000 provided in the Estimates, under sub-head 30. The other \$1,000 is for repairs at the French Convent.

*Head 29.—Kowloon-Canton Railway.*

The two spare boilers which the Railway have for their class B locomotives are worn out. It is therefore necessary to purchase a new spare boiler before the two old ones are sent home for reconditioning. The maintenance of the iron fencing round the locomotive yard at Hung Hom is in the nature of insurance against loss by theft of the valuable stores which are kept there. It has been found that the fence posts are badly corroded underground.

The four coaches which were rebuilt this year, and the four which are to be rebuilt next year, at a cost of \$10,000 each, are twenty years old. Provision was made in the 1931 Estimates for an extension to Sheung Shui Station. The work was however deferred in the interests of economy, and it is not proposed to make any provision in 1932. The same applies to the extension to Yaumati Station Yard and the waiting shelter, Fanling main platform.

*Head 31.—Miscellaneous Services.*

In each of the winter seasons 1923/24 to 1926/27 a geologist from the University of British Columbia worked on the geology of Hong Kong. Certain work has still to be done to complete the survey. Having gone so far it would be foolish to leave the little that remains incomplete. The reason for the delay in the completion of the work is that the results of the field work collected to date had to be worked out, and the University authorities in charge of the work considered it advisable to await the completion of the War Office topographical maps of the Colony before they made their final survey. It is proposed to complete the work in the winter of 1932/33, and provision is made for the expenditure to be incurred in 1932.

I would invite the attention of Hon. Members to sub-head 12. I do not know if any of them have visited the Imperial Institute—it is well worth a visit—but if they have I am sure that they must have been very much ashamed at the wretched display made by the Hong Kong Court. I think that if Hong Kong has a court at all it should look after it, and, without indulging in anything lavish or extravagant, make it worthy of our Colony. For the sum of

£200 it will be possible to provide one panorama and various minor improvements. If Hon. Members agree to the inclusion of this sum, I propose to approach the two Chambers of Commerce with a view to enlisting their support in the matter of providing exhibits characteristic of the Colony.

Whilst appreciating the value of the "Hong Kong Naturalist" from the point of view of making a permanent record of the flora and fauna of the Colony, Government considers that it should limit its contribution to £100. A somewhat similar item, which appears on the next page of the Estimates, is the "History of Hong Kong." The gentleman who had undertaken to do the work resigned his appointment of Reader in History at the University of Hong Kong. The work is in abeyance until fresh arrangements can be made, and the provision has been omitted from the Estimates meanwhile.

*Head 32.—Charitable Services.*

The various grants to local Chinese charities and hospitals have been collected under one sub-head. The Secretary for Chinese Affairs will supervise the allocation of the vote, though it is not proposed to make any drastic alteration in the present division.

Provision has been made for an increased grant to the Alice Memorial and Affiliated Hospitals. They do excellent work which is hampered for lack of funds and the Government feels that the increase is fully justified.

*Head 35.—Public Works Department.*

I have already referred to the re-arrangement of the form in which the Public Works Departmental estimates are printed. Hon. Members will also observe that the Crown Lands and Surveys Offices have been re-united after a separation of five years. As a result the senior post of Superintendent of Crown Lands disappears. The post of Second Assistant Superintendent has also been abolished and the number of European Land Surveyors reduced by one. The General Works Office has been abolished, and its work distributed amongst the Architectural, Drainage and Roads Offices. It is too early yet to say what reductions in staff will be possible as a result. It remains to be seen how these three offices fare with the extra work that will necessarily be thrown on to them. As a very large part of the work of the Drainage and Roads Offices is in connection with opening up and preparing new building areas, it is doubtful whether it will be possible to effect any appreciable reduction for some time, certainly not so long as development on the mainland continues at its present rate. Another minor alteration is the change in the title of the executive officers of the Architectural and Buildings Ordinance Offices from 'engineer' to 'architect'.

It is not unusual to regard the amount provided under Public Works Extraordinary as the criterion by which to judge the size of the staff of the Public Works Department. It is one of the factors, and an important one, but it is by no means the sole one. I have already referred to the work that has to be done by the Drainage and Roads Offices in the preparation of new areas. The Buildings Ordinance Office is concerned almost exclusively with private building, and the amount at present going on is very great. Moreover the general standard of building in the Colony is gradually being improved; this inevitably means closer inspection of plans and buildings by the Buildings Ordinance Office. Another office which is closely bound up with private building activity is the Crown Lands and Surveys, for it is this office which does all the spade work in connection with land sales.

Then again there is the Architectural Office, half of whose work is maintenance and half constructional. The former is more or less constant, whilst the latter depends on the programme of extraordinary works. Some of the latter may be financed from loan, but however they are financed, before they can be proceeded with, or even seriously discussed, drawings and plans have to be prepared and estimates of the cost worked out, and this preliminary work falls on the Architectural Office. And it may be that alternative schemes, practically doubling the work of preliminary calculation, have to be prepared. At the present moment Government has in view the execution of a number of large works, among which are the Gaol, which it is proposed to commence next year from Loan funds, and the following works for which it has not yet been possible to provide funds—a new Government Civil Hospital, a new Mental Hospital and a new Infectious Diseases Hospital, and in addition a number of lesser works,—a Post Office for Kowloon, a new block for the Kowloon Hospital, and a new Central British School, all of which have thrown much work on this sub-department without any corresponding provision of funds for the actual buildings.

The Electrical Office is divided into two branches, Lighting, telephones, telegraphs, etc., and wireless. The former is essentially maintenance work, and is more or less constant. The latter is partly maintenance, but also includes a certain amount of constructional work. Should the Colony retain its wireless services we must expect an increase rather than a decrease in this branch of the Public Works Department.

The Port Development Sub-department is at present mainly occupied with the Vehicular Ferry Scheme. On the conclusion of this work the staff will be examined in the light of the future programme of port works. A commencement has already been made with the hydrographic survey of the harbour. This work

is being carried out by special temporary staff, which is shown as such in the Estimates. This survey will it is hoped show whether any extensive dredging work is necessary in the harbour.

As Hon. Members of the Council are aware, major resumptions in New Kowloon are by no means finished. When they are, it is Government's intention to place all the valuation work for Government under the Assessor in the Treasury. Meanwhile the Valuations and Resumptions Office must be retained under the Public Works Department.

The Waterworks (Maintenance) Office is, as its name implies, occupied solely with maintenance, which is a constant charge, independent of constructional work, except in so far as new water works have on completion to be looked after by the Maintenance Office.

Under Other Charges a reduction of \$15,000 or 30% has been effected in conveyance allowances. The other sub-heads have been closely scrutinised and only the minimum amounts possible inserted. Sub-head 17 shows a heavy increase, but this is for the Radio Telegraph Branch, one of the most profitable and most rapidly expanding of the Government's assets.

None of the items under Special Expenditure calls for any special comment.

*Head 36.—Public Works Recurrent.*

This vote has again been kept down to a low figure. It will I fear mean a lowering of the high standard at which the Colony's roads have hitherto been maintained, whilst at the same time the minimum will be done to Government buildings.

The question of effecting economies in street lighting is being considered, though I would assure Honourable Members that it is not proposed to reduce the lighting in the populous urban areas.

The total for Public Works Extraordinary is \$2,173,545, or \$326,455 less than the approved Estimate for the current year. This is as much as the Government feels able to spare for major works of construction other than loan works. Commitments account for no less than \$800,000 out of the total, and circumstances have compelled the Government to adopt a cautious policy as regards the commencement of new works which might involve commitments for the future. It is unnecessary for me to go into the details of Public Works Extraordinary; they are fully dealt with in the memorandum by the Director of Public Works. I would, however, invite the attention of Hon. Members to the provision for resuming the long  
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the 100 foot road between Causeway Bay and Ming Yuen Gardens, to the provision for a new Magistracy for Kowloon, a much needed work to which I have already referred, and to the provision of \$150,000 for anti-malarial work. The Malariologist has by no means completed his investigations into the malarial districts of the Colony, but he has made certain recommendations, the cost of which, so far as the Public Works Department is concerned, is three lakhs. It is proposed to expend half this sum next year. It was only with considerable difficulty and after a long delay that we were able to obtain the services of an experienced Malariologist. Now that we have him it is essential in the interest of the Colony's health that we should implement the result of his work. Anti-malarial work is expensive, but it is of the greatest importance to the Colony and it is the intention of Government, so far as its resources permit, systematically to stamp out malaria from the Colony, both island and mainland.

*Loan Works.*

The Treasurer in his memorandum has dealt with the financing of the loan works which are at present being carried on by advances from our surplus balances. Details of works already in progress will be found in Appendix VII and it only remains for me to deal with the actual work which we hope to carry out next year. Formal resolutions authorizing the work to proceed will be moved at a subsequent meeting of Council.

In connection with the Shing Mun Scheme it is proposed to spend \$411,789. Of this sum \$349,789 is for the Service Reservoir which is being constructed below ground level in the Botanical Gardens. I should add that, on completion of this work, the part of the Gardens affected will be restored so far as possible to its original state. \$60,000 is for a 24" pipe line to connect this reservoir to the cross harbour pipe line, and this expenditure will complete what is often spoken of as the first section of the Shing Mun Scheme.

As regards the Aerodrome, \$9,000 will complete the hangar at Kai Tak and \$25,000 the road which runs round the land side of the aerodrome. This will complete the main construction work of the Aerodrome until further development is undertaken, and £30,000 being the unpaid balance of the £100,000 promised by the Imperial Government, will then be due to this Government.

The new dam for the Aberdeen Reservoir should be completed by the end of this month. Two pumping stations, upper and lower, the pipe line, the reconstruction of Elliot Filter Beds and the East Catchwater First Section have already been completed, whilst the West Catchwater First Section, with a drainage area of approximately 250 acres, which is already  
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will be finished next year. The remodelling and strengthening of the existing Paper Works dam will be commenced this year and completed next year. It is proposed to make a start in 1932 with the two remaining items, the West Catchwater 2nd section and the East Catchwater 2nd section. It is expected that these will be finished in 1933 and the whole scheme will then be complete. Meanwhile it has for some weeks past been possible to utilize water impounded by the new dam and this additional source of supply has been found very valuable.

\$20,000 is provided for the completion next year of the second set of Rapid Gravity Filters which will bring the total capacity of the Shing Mun filters to 10 million gallons a day. This second set of filters was originally regarded as part of the second section of the Scheme, but they were found to be necessary in order to obtain the full benefit of the first section and they were therefore proceeded with in anticipation of the approval of the major works. The latter still await the approval of the Secretary of State, but preliminary investigations are in progress and the senior partner of the consulting engineers is due in the Colony in a few days to inspect the proposed site of the new dam. No provision has been made for commencing the major works pending the Secretary of State's approval.

The Vehicular Ferry Piers, on which it is proposed to expend \$770,000 in 1932, should be completed by the end of that year. This revised estimate for the total cost is two lakhs over the original estimate. This is due to the drop in exchange, which has increased the cost of all steel and other materials obtained from home. It is hoped that it will be possible to advertise for tenders for the construction of the new ferry boats and for the running of the service in the very near future.

Hon. Members will, I feel sure, rejoice to see that provision has at last been made for beginning the new Gaol. The site, as Hon. Members are I think aware, has been finally been fixed at Wong Ma Kok on the Stanley Peninsula. The scheme is estimated to cost \$4,500,000 and will take three years to complete. In order to obtain the best possible advice on the details of the scheme the Government is sending the Superintendent of Prisons to visit the gaols in Malaya and Shanghai, and, on his return, will be prepared to discuss the scheme with the Public Works Committee should Hon. Members so desire. The work envisaged for 1932 comprises the construction of an approach road  $1\frac{2}{3}$  miles in length and the preparation of a site of about eleven acres.

This, Sir, completes my introduction of the estimates for 1932. It now rests with Hon. Members to give them that careful scrutiny which we have learned to expect, and I trust that this Council will find itself able to support Your Excellency in the measures which are now put forward for the good government of the Colony.—(applause).

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

**Sanitary Board By-Law.**

THE COLONIAL SECRETARY.—I rise, Sir, to move "That the By-law made by the Sanitary Board under section 16 of the Public Health and Buildings Ordinance, 1903, on the 13th day of August, be adopted."

THE ATTORNEY GENERAL seconded, and the resolution was agreed to.

**LIQUORS AMENDMENT ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Liquors consolidation Ordinance, 1911." He said:—This Bill is already law by virtue of an Order made under the Public Revenue Protection Ordinance, and its object is to enable this Council, by resolution, to assess duties on spirituous liquors which though intoxicants, are not customarily used as beverages.

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

**Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

This Ordinance defines "Spirituous liquors" as meaning liquors containing more than ten per cent. of pure alcohol by weight; and is passed to enable duties to be charged on spirits which are used in toilet preparations and for other purposes, but which are not intended generally for use as beverages. (Compare section 2 (17) of the Principle Ordinance).

**GUNPOWDER AND FIREWORKS AMENDMENT**

**ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Gun-powder and Fireworks Ordinance, 1901." He said:—The object of this Bill is to enable the Governor-in-Council to fix the fees for licences of gun-powder manufacturers and fireworks manufacturers. It is intended to fix the fees for each class of licence at \$250.

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

**Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. It is proposed to raise the fees for licences to manufacture gunpowder and fireworks. The fees for these, fixed by sections 4 and 6 of the principal Ordinance, are \$25 and \$10 per annum respectively.

2. Under the analogous Dangerous Goods Ordinance (No. 1 of 1873, s. 5) the fees prescribed for licences are dealt with by Regulations made by the Governor in Council.

3. The Governor in Council also fixes fees for licences under several other Ordinance. (See No. 8 of 1887, s. 3; No. 7 of 1906, s. 5; No. 40 of 1912, s. 3; No. 22 of 1919, s. 6; No. 15 of 1922, s. 15; No. 30 of 1923, s. 3; No. 21 of 1927, s. 3; and No. 11 of 1930, s. 4). It is intended that a fee of \$250 shall be fixed for each class of licence.

4. This Ordinance, therefore, repeals sub-section (2) of section 4 and sub-section (4) of section 6 of the principal Ordinance and, by an amendment of section 16, enables the Governor in Council to make rules with regard to the fees to be paid by licensees under that Ordinance.

### **BIRTHS AND DEATHS REGISTRATION AMENDMENT ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "an ordinance to amend the law relating to the Registration of Births and Deaths." He said: This Bill takes the place of the Bill which was withdrawn at the last meeting of Council. It contains all the provisions of that Bill and certain additional ones, which increase the fees that are charged for certain purposes. The new sections are sections five, seven, eight, nine, and sub-sections two and five of clause 10.

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

#### **Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. The Registrar General (whose title was changed to Secretary for Chinese Affairs by Ordinance No. 21 of 1913) was Registrar of Births and Deaths under the Births and Deaths Registration Ordinance, 1896, (No. 7 of 1896) until 1909 when by the Public Service Transfer of Duties Ordinance (No. 15 of 1909) the Head of the Sanitary Department was substituted. It is now considered, as a part of the scheme for re-organization of the Medical and Sanitary Services of the Colony, that the Director of those Services should be the Registrar of Births  
a n d D e a t h s . S e c t i o n s

2 and 6 of this Ordinance accordingly make the necessary changes in the principal Ordinance and Regulations. As the Medical and the Sanitary Departments are in the same building the transfer of office and staff from one department to another involves no changes in the routine of registration.

2. Sections 3 and 10 (1) and (4) implement section 41 (2) of the Probates Ordinance, 1897, (No. 2 of 1897 as amended by No. 21 of 1930) in order to give effect to an arrangement which has been arrived at between His Majesty's Government and the United States Government, relating to the manner in which the provisions of Article 3 of the Real and Personal Property Convention of Washington of the 2nd March, 1899, which has been applied to this Colony, may be carried out. Under that arrangement, provision is made for notification to the nearest American Consul whenever a citizen of the United States dies in the Colony. Under section 14 of the Probates Ordinance, the notification is made by the Official Administrator. The amendments made in the principal Ordinance by this Ordinance make provision for informing the Official Administrator. Informants for purposes of Registration of Death are therefore required to state, in addition to the usual particulars, the nationality of the deceased, if known; and where the information is of the death of a citizen of the United States, the Registrar is required to pass such information on to the Official Administrator and through him to the Consul.

3. Section 4 of this Ordinance amends section 10 (2) of the principal Ordinance. Under that sub-section, which was introduced into the principal Ordinance by Ordinance No. 26 of 1923, the late registration fee, after twelve months, is at the rate of five dollars for every year or part of a year that has elapsed since birth. It is considered that the progressive fee defeats its object as it deters persons from registering who might otherwise do so particularly in the New Territories where the absence of district registries has been conducive to late registration.

4. Sections 5, 7, 8, 9 and 10 (2) and (3) raise the statutory fees for certificates and searches.

5. Section 11 postpones the operation of this Ordinance until the 1st January, 1932.

#### **MONEY LENDERS AMENDMENT ORDINANCE, 1931.**

The Attorney General moved the first reading of a Bill intituled "an Ordinance to amend the Money-lenders Ordinance, 1911." He said: The object of this Bill is to provide an annual fee instead of a triennial fee for moneylenders, and to make that fee \$50.

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

**Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. Section 4 of the Money-lenders Ordinance, 1911, following as closely as local circumstances permitted the form of section 3 of the Act of 1900 (63 & 43 Vict. c. 51), limited the registration and renewal fees for money-lenders to \$10 and made registration and renewal effective for periods of three years.
2. Section 3 of the Act of 1900 was repealed by section 19 of the Act of 1927 (17 and 18 Geo. 5, c. 21), under section 1 of which annual money lenders excise licences have to be taken out, the excise duty being £15.
3. It is intended to provide, in the Regulations made by the Governor in Council under section 4 of the principal Ordinance, for an annual registration or renewal fee of \$50.
4. This Ordinance therefore deletes from section 4 (1) the limitation of the fee to \$10 and by amendments to section 4 (2) reduces the effectiveness of registrations and renewals from three years to one year.

**LAND REGISTRATION AMENDMENT  
ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "an Ordinance to amend the Land Registration Ordinance, 1844." He said.—The object of this Bill is explained in a memorandum attached to it.

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

**Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. Section 2 of this Ordinance substitutes two sub-sections for section 26 (2) of the principal Ordinance, the meaning of which was obscure and appeared to limit the Land Officer's valuations to property worth under \$5,000, with no provision for valuations of property worth more than that amount. Thus in the case of a Partition, Exchange, Gift *inter vivos* or Assignment by a Trustee to a *Cestui que trust* (wherein no consideration money is stated) there has been, in most cases, no proper statutory method of determining the appropriate fee.

2. Section 3 of this Ordinance makes certain additions to the fees set out in the Second Schedule to the principal Ordinance.

### **STAMPS AMENDMENT ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend further the Stamps Ordinance, 1921." He said.—The object of this Bill is to include auditors on the authorised list under section 113 of the Companies Ordinance among the professions who are required to take out an annual practising certificate for which they have to pay a fee, and to raise the fee of \$25 for that certificate to \$50.

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

#### **Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. The principal Ordinance (No. 8 of 1921, s. 21 and Schedule Heading 13) requires annual certificates in the case of architects, barristers, dentists, medical practitioners, pharmaceutical chemists and solicitors practising in the Colony.

2. The object of this Ordinance is to add auditors authorised to audit companies accounts, who practise in the Colony, and to raise the annual fee from \$25 to \$50.

3. Section 2 defers the commencement of the amendment until the 1st January, 1932, so as to permit current certificates to expire.

4. Sections 3 and 4 effect the amendments contemplated.

5. The proviso added by section 3 (ii) is inserted because by section 113 (10) of the Companies Ordinance, 1911, as amended by section 8 of Ordinance No. 15 of 1925, the word "person" in reference to authorised auditors includes a firm.

### **POLICE FORCE AMENDMENT ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Police Force Ordinance, 1900." He said.—The object of this Bill is to increase the powers of the Police in arresting persons and in seizing documents. The objects and effects are explained in the memorandum attached. After it has passed the first reading, Your Excellency declaring that in the existing emergency it is desirable in the public interest so to do, under Standing Order 29 (2), I propose to move the suspension of the Standing Orders in order that this Bill may pass through all its stages to-day.

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

THE ATTORNEY GENERAL moved the suspension of the Standing Orders of the Council to allow a Bill intituled "An Ordinance to amend the Police Force Ordinance, 1900" to pass through all its stages.

THE COLONIAL SECRETARY seconded and the resolution was passed.

THE ATTORNEY GENERAL moved the second reading of the Bill.

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 reported that the Bill had passed through Committee without amendment and he moved the third reading.

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

### **Objects and Reasons.**

The "Objects and Reasons" for the Bill were stated as follows:

1. Under section 26 of the principal Ordinance it is lawful for any officer of the police to apprehend any person who may be charged with, or whom he may reasonably suspect of being guilty of, any offence without any warrant for that purpose, and whether he has seen such offence committed or not.
2. There are a number of cases in which it becomes necessary to summarily arrest undesirable, and sometimes dangerous, persons in whose case deportation or expulsion from the Colony is a more appropriate remedy than any specific charge before a magistrate.
3. The Deportation Ordinances of 1917, 1929 and 1931, provide for the issue of warrants by His Excellency the Governor for the arrest and detention of such persons; but some authority seems necessary to authorise the summary arrest and temporary detention of such persons by the police whilst preliminary inquiries are pursued and the warrant is being applied for, obtained and served.

4. This ordinance therefore extends the power of the police so as to permit the summary arrest and temporary detention of persons reasonably suspected of being liable to deportation. It also gives the police power, in suitable cases, to discharge such persons upon entering into recognizances.

5. This Ordinance also adds two new sub-sections to the new section 26 of the principal Ordinance relating to seizure of documents without warrant and also upon a search warrant by a magistrate. The latter is based mainly on the provisions of section 9 of the Seditious Publications Ordinance No. 6 of 1914.

#### **MAGISTRATES' AMENDMENT ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Magistrate's Ordinance, 1890."

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 reported that the Bill had passed through Committee without amendment and he moved the third reading.

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

#### **OFFICIAL SIGNATURES FEES AMENDMENTS ORDINANCE, 1931.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Official Signatures Fees Ordinance 1888."

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 reported that the Bill had passed through Committee without amendment and moved the third reading.

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

**ADJOURNMENT.**

H.E. THE GOVERNOR.—Council stands adjourned until the 22nd October.

**FINANCE COMMITTEE.**

Following the Council, a meeting of the Finance Committee was held, the Colonial Secretary presiding.

Votes totalling \$148,000, contained in Message No. 10 from H.E. the Governor, were considered.

All the votes were approved.

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