

4th August, 1932.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT (HON. MR. W. T. SOUTHORN, C.M.G.).

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. E. R. HALLIFAX, C.M.G., C.B.E.).

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

HON. DR. A. R. WELLINGTON (Director of Medical and Sanitary Services).

HON. MR. T. H. KING, (Inspector General of Police).

HON. MR. R. M. HENDERSON, (Director of Public Works).

HON. SIR HENRY POLLOCK, KT., K.C.

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

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

HON. MR. J. P. BRAGA.

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

HON. MR. J. J. PATERSON.

HON. MR. T. N. CHAU.

HON. MR. W. H. BELL.

MR. H. R. BUTTERS (Deputy Clerk of Councils).

MINUTES.

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

NEW MEMBER.

The Director of Public Works (Hon. Mr. R. M. Henderson) took the oath of allegiance and his seat as a member of the Council.

PAPERS.

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

Notification under section 3 of the Marriage Ordinance, 1875.

Amendments made under section 6 of the Vaccination Ordinance, 1923.

Resolution under section 39 of the Liquors Ordinance, 1931, on 30th June, 1932.

Additional regulations made under section 37 of the Merchant Shipping Ordinance, 1899.

Declaration under the Merchant Shipping Ordinance, 1899— declaring Swatow to be an infected place.

Declaration under the Merchant Shipping Ordinance, 1899— declaring Tientsin to be an infected place.

Declaration under the Merchant Shipping Ordinance, 1899— declaring Amoy to be an infected place.

Regulation made under section 2 of the Emergency Regulations Ordinance, 1922.

Amendments made under section 18 of the Prisons Ordinance, 1899.

Notification under section 3 of the Marriage Ordinance, 1875.

Rescission and substitution of regulation under section 5 of the Ferries Ordinance, 1917.

Approval and appointment to be a warehouse under section 52 of the Liquors Ordinance, 1931.

Regulations made under section 88 of the Liquors Ordinance, 1931.

Declaration under the Merchant Shipping Ordinance, 1899— declaring Newchwang to be an infected place.

Addition to regulation 29 made under section 3 of the Post Office Ordinance, 1926.

Regulation made under section 3 of the Importation and Exportation Ordinance, 1915.

Addition made under section 2 of the Advertisements Regulation Ordinance, 1912.

The Air Navigation Directions (Hong Kong), 1932.

Report of the Director of Public Works for the year, 1931.

Report of the Secretary for Chinese Affairs for the year, 1931.

Colony's Water Supply. Efforts to check waste. Universal Meterage: Rider Mains. (Sessional Paper No. 4 of 1932).

QUESTIONS.

HON. MR. KOTEWALL asked:—

With reference to the questions which I put in this Council on the 19th May, 1932, and the Hon. Colonial Secretary's reply thereto, and in view of the water situation having greatly improved since that date, will the Government state whether it is prepared immediately to re-introduce a direct supply of water to the unmetered houses in the rider-main districts for, say, 8 hours a day with, if necessary, a corresponding decrease in the hours of supply to the metered houses and the street-fountains, so as to permit of a fairer distribution among all classes of the population, and to reduce the risk of a spread of cholera-infection through contamination of water-receptacles exposed in the streets, and through water being drawn from possibly contaminated sources such as nullahs and streams?

THE DIRECTOR OF PUBLIC WORKS replied:—

The Government sees no reason to grant a special concession to rider main areas at the expense of metered areas, when it is prepared to grant meters as quickly as the work can be carried out to all householders who apply for them. The water position has recently improved to such an extent that it has become possible to open some of the rider main areas without detriment to the metered areas, and this has now been done. There remain certain rider main areas in which it has not been possible to reintroduce the old rider main system. This matter forms the subject of a motion to be introduced by the Colonial Secretary this afternoon.

HON. MR. KOTEWALL asked:—

In view of the Government's intention to introduce universal meterage as soon as possible, will the Government state:—

- (i) Whether it will lay on the table at an early date a statement giving a history of the rider-main system.
- (ii) What is the number of meters applied for but not yet installed in (a) rider-main districts and (b) other districts; and when will they be installed.
- (iii) Whether there is an adequate supply of meters in the Colony to meet all demands for meters to be installed in the rider-main districts and other districts.
- (iv) How long will it take to have meters installed in all the unmetered houses in the rider-main districts due regard being given to the possibility of installing a meter on each floor of every tenement-house.

THE DIRECTOR OF PUBLIC WORKS replied:—

- (i) This statement has been laid on the table to-day.
- (ii) (a) 2,100.
(b) Including Kowloon 400.
(c) It is hoped that under the system by which the Government proposes to supersede rider mains all existing applications will have been dealt with by the end of November.
- (iii) There are approximately 9,000 houses in the rider main districts of which 5,600 are without meters. There are 600 meters in stock in the Colony and further supplies totalling 3,650 are due by the end of October in fortnightly consignments from now on: more meters will be ordered as required. These meters will be installed in accordance with the Government scheme for the abolition of rider mains which will be explained in connection with the Resolution for the abolition of the rider main system.
- (iv) This will depend on the rate of application and the number of applicants. The outstanding number of houses is 5,600 and 2,100 applications for meters have been received. To give separate meters to each floor of a tenement house throughout the Colony would

involve the fixing of additional meters to an estimated number of from 40,000 to 50,000. This is a work which the Colony cannot undertake at present and very careful consideration of many factors (apart from the heavy capital expense) will be necessary before it is possible for the Government to pledge itself in this matter. There is however no objection to individual owners installing separate meters of their own to determine the distribution of the supply passing through the main Government meter of the house.

HON. MR. SHENTON asked:—

1—Will Government inform this Council of Government's policy in reference to an air mail service

- (a) Between Hong Kong and French Indo-China,
- (b) Between Hong Kong and Canton, and
- (c) Between Hong Kong and Shanghai?

2.—Has Government ascertained whether the French Government and Chinese Government are prepared to co-operate in such enterprises, and if so, on what terms?

3.—Is Government prepared to financially assist private enterprise in any or all of the above air lines?

THE COLONIAL SECRETARY replied:—

1.—While the Government is not prepared to institute Air Mail services, it remains ready to accord sympathetic consideration to any practical proposals that may be put forward. In the absence of concrete proposals, the policy cannot be more closely defined.

2.—The French authorities propose to carry out experimental flights between Hanoi and Hong Kong and it is possible that proposals will be put forward in the light of the results obtained.

No information is available regarding the attitude of the Chinese Government.

3.—No undertaking can be given but the sympathetic consideration referred to in the first paragraph of this reply contemplates the grant of financial assistance if an application meets with approval.

HON. SIR HENRY POLLOCK asked:—

1.—Has the Government got any estimate of the cost of making a motor-road from May Road to Magazine Gap? If so, what is the amount of such estimate?

2.—In the event of such a road being made, what would (approximately) be the saving of distance, as compared with the Stubbs Road route, in travelling by motor-car to Magazine Gap from

- (i) The General Post Office;
- (ii) The May Road Tram Station?

THE DIRECTOR OF PUBLIC WORKS replied:—

1.—\$75,000.

2.—(i) 2.4 miles.

(ii) 4.8 miles.

SANITARY BOARD BY-LAW.

THE ATTORNEY GENERAL moved:—

That the amendment to By-laws made by the Sanitary Board under section 16 of the Public Health and Buildings Ordinance, 1903, on the 5th day of July, 1932, relating to Prevention or mitigation of epidemic, endemic, contagious or infectious disease, be approved.

He said: "No. 9 of the by-laws for the prevention and mitigation of epidemic, endemic, contagious or infectious disease contained in Schedule B to the Public Health and Buildings Ordinance 1903 as amended by notification No. 714 of 1926 is a by-law which is brought into operation only when the Governor-in-Council declares it necessary. Such a declaration has been made in connexion with the cholera epidemic and appeared in the Gazette on 24th June. On 5th July the Sanitary Board added two additional paragraphs to the by-law and these paragraphs require the approval of the Legislative Council."

THE COLONIAL SECRETARY seconded, and the resolution was approved.

SHING MUN SCHEME.

THE COLONIAL SECRETARY.—In 1931 it was decided to proceed with the construction of filters in connexion with the Shing Mun Water Scheme at an estimated cost of \$160,000. The

whole work has now been completed at a total cost of \$124,000, \$36,000 below the estimate; but under expenditure on the \$140,000 approved in 1931 has resulted in an excess of \$15,000 over the \$20,000 approved for 1932.

The approval of the Council for the over expenditure of \$150,000 in 1932 is requested to regularise the account.

I therefore move the motion standing in my name:—

"That with reference to the Colonial Secretary's motion passed on the 10th December, 1931, this Council approves of the additional expenditure of \$15,000 on the filters in connection with the Shing Mun Valley Water Supply Scheme, during the financial year 1932, which sum shall be met from a future loan and shall meanwhile be charged as an advance from the surplus balances of the Colony."

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

THE COLONIAL SECRETARY.—Honourable members are aware of the discussions and negotiations connected with the Shing Mun Valley Water Supply Scheme and as they have consistently and very strongly pressed for the construction of the Gorge Valley Dam, I have no doubt that they will readily approve of the first part of this Resolution. It becomes necessary to put the matter on a proper footing by means of this formal resolution.

Certain charges have already been incurred in connection with the Gorge Valley Dam which it is desirable to bring into this year's account. They include the consultants' fees for work already done and the cost of certain borings which were made on their advice. Further the Government has been in communication with Messrs. Sir Alexander Binnie Son & Deacon (who will directly undertake the work of the construction of the Dam) with a view to ascertaining the possibility of carrying out preliminary works before the arrival of their own engineers. Only one such work is possible, the making of the approach road, and the work that can be done in this connection will not exceed in cost the sum of \$40,000. The second part of the resolution regularises the expenditure of these three sums, Consultants' fees \$25,000, boring \$10,000, approach road \$40,000, making the total of \$75,000 on account of 1932 for which your approval is sought.

I therefore move:—

- (a) That this Council approves the construction of the works connected with the Shing Mun Valley Water Supply Scheme, 2nd Section, at an estimated cost of \$9,200,000.

- (b) That this Council authorizes the sum of \$75,000 out of the said sum of \$9,200,000 to be charged to a future loan and sanctions an advance of this sum of \$75,000 during the financial year 1932 from the surplus balances of the Colony.

THE COLONIAL TREASURER seconded.

HON. SIR HENRY POLLOCK.—Sir, I rise to speak on the point (b) of the motion. I would begin by saying that I am very much disappointed and I think my disappointment will be shared by other unofficial members of this Council to find that it is proposed to spend the comparatively trivial sum of \$75,000 on the second section of the Shing Mun scheme during the present year.

Your Excellency will remember that a statement was made at this Council on 23rd June by the late Director of Public Works, and he then stated that on Your Excellency's instructions a reply to the telegram from the Secretary of State had been sent, pointing out that it is the urgent wish of this Government to take advantage of the next dry season to make a commencement with the second section of the Shing Mun scheme and making inquiry as to the amount to be expended by Messrs. Sir Alexander Binnie Son and Deacon during the current year. That telegram also stated that they be asked to state the date by which their consulting engineer was expected to arrive in Hong Kong and also instructions as to what work might be carried out pending his arrival.

It was indicated by the Director of Public Works that on receipt of this information it would be possible to ask the Council for a supplementary vote to cover the expenditure for 1932.

In the first place, I should like to ask as a result of the telegrams exchanged between the Government and the engineers, on what date may we expect the arrival of the consulting engineer?

As was pointed out by Mr. Creasy in the speech in *Hansard* I have referred to, it is very necessary to take advantage of the next dry season and speaking for myself I should say it would have been a very great benefit for this representative from the consulting engineers to have arrived in this Colony early in October. I hope the Government will be able to tell us something about his arrival and that we shall hear that his arrival will not be too much delayed.

Of course, it may be that the arrival is not going to take place until later in the year. If so, it would be very regrettable owing to the curtailment of the dry season which, after all, is the most suitable time for big public works.

I should like to ask if any plans have been sent by the consulting engineers with reference to the preliminary work that we could carry out. At present the only new work proposed to be done in connection with the new dam is the making of an approach road.

Now Sir, I do think that after the extraordinary delay which has taken place in getting this second section of the Shing Mun scheme under way, it is very regrettable indeed that we should have such a very small work to be completed before the end of the present year and I do venture to hope that the Government will, by telegram, impress fully upon the consulting engineers the fact that the Colony is very anxious indeed that this work should be proceeded with, with the utmost speed possible.

This second section of the Shing Mun scheme has been constantly pressed by the unofficial members of the Council since 1926 and we do feel that the very greatest pressure should be brought to bear upon the consulting engineers to send out their representative with plans which will enable more than the paltry sum of \$75,000 only to be expended in the current year.

I think we have a right to expect that every effort will be made so that a substantial sum of money will be spent during 1932.

HON. MR. KOTEWALL.—As representing the Chinese interests, I should like to support the remarks of the Honourable Senior Unofficial member.

THE COLONIAL SECRETARY.—Sir, the small figure of \$75,000 by no means represents all the progress that it is hoped to make this year with the Gorge Valley Dam but it is the only figure that the Government can place before the Council. The consulting engineers are being pressed to hurry on with the work and it is quite clear that they have a full appreciation of the importance of utilising to the full the opportunity of the coming dry season. They have a free hand in the matter of expenditure and as soon as they advise us as to what they require, this Council will be asked for a vote.

We have not yet been advised of the date of the arrival of the engineer. We still hope he may arrive by October to carry on the work. The plans, to which reference has been made, will no doubt be brought by the engineer upon his arrival here.

HON. SIR HENRY POLLOCK.—I would urge that another telegram be sent stating that this matter has been brought up on behalf of the unofficial members of this Council. I feel very strongly that this engineer should be sent out as soon as possible.

The motion was then put to the meeting and approved.

RIDER MAIN SYSTEM.

THE COLONIAL SECRETARY.—A perusal of the Sessional Paper which has been prepared and laid upon the table gives in some detail the history of the rider main system and the discussions connected therewith. Consideration of the extracts from the reports and expert opinions quoted will show that from the very beginning the desirability of house supplies being provided only by meter, unmetered supplies to be provided by street fountains only, was very strongly emphasized. The vital question of waste is prominent through every report and with it, in the conditions of Hong Kong, the absolute necessity of holding a check on all water used, such as could be provided by the system suggested, for the cost would prevent waste in the case of house supplies, and the labour of fetching it would do the same for the free supplies. The undesirability of an intermittent system for house supplies is also strongly emphasized but at the time the rider mains were instituted there was no hope of avoiding intermittency, except by severely limiting the privilege of meters, and by making the majority of the population of the Colony dependent on water to be fetched from the fountains. There was of course at the same time a very strong desire on the part of all householders in the Colony to be provided with house supplies and the conflict of principles and wishes here shown was met ultimately by the compromise which we call the Rider Main system. It is just worthy of note that the system as originally devised for Hong Kong was meant as a means of increasing pressure section by section and not merely as a means of restriction. As accepted however it became primarily a means of providing free intermittent house supplies subject to special conditions of restriction when the necessity arose in the hope that judicious management would eke out our admittedly short supplies through the dry seasons until larger supplies were available, without interference with paid metered supplies, and with as little hardship as possible to those who remained on the rider main system.

Throughout the correspondence and the long discussions and disputes that took place on this thorny subject, there is to be noted a certain want of confidence in the power of the rider main system to prevent the waste that it was throughout agreed must be avoided. There were however at the time no data on which a definite decision could be made on this point and ultimately in response to the heavy pressure brought to bear the rider mains were instituted and installed between 1904 and 1906. The arrangement called for the payment by the Chinese themselves of all the costs of installation and the community on this account paid a total sum of \$222,069.96. The original suggestion included a further annual payment by the Chinese community for the upkeep of the rider

mains after installation but this payment has never been called for and the upkeep has ever since been a matter for the Government. The original rider mains have therefore had a full life and it can fairly be said that the community has had value for its money.

The question of waste has now had twenty-six years in which to be tried out and there can be no hesitation in stating definitely that there is very serious waste through the rider mains, so much so indeed that experience has shown that restriction to anything more than two or perhaps four hours per day does not result in the conservation of water that is called for in times of scarcity. *Eight* hours supply or more in a day means as much use of water as a 24 hours supply.

From the time of the installation of the rider mains the records show that in only four years was a constant supply possible and three of those were the years immediately following the opening of Tytam Tuk Reservoir. For all the other years restrictive regulations of varying severity were called for and often complete cessation of the rider main system has been imperative. Of late years indeed the rider main system has been out of action for approximately as long in any one year as it has been in action. An improved system of distribution through larger pipes, such as is now in existence, has emphasized the necessity for shorter hours if water is to be conserved in time of shortage, and proves still further that the rider main system is unsuitable to existing conditions.

It is no matter for surprise that from the beginning applications were constantly made for the installation of meters which it was understood would be rarely if at all subject to restriction. Under the conditions the supply through rider mains was to be the first to be restricted and it was always hoped that this amount of restriction would meet the whole case. For many years meters were grudgingly approved, for each new meter tended to destroy the balance of the 1903 arrangement; but Government has consistently made constant and great efforts to increase the supply and relieve the position. The more water supplied however the more has been used, not only as a matter of total supply to an increased population but in gallons per head. There are a number of reasons which force the conclusion that this increased use which is very marked on the Island is to no small extent a matter of avoidable waste: and a comparison of the conditions of Hong Kong and Kowloon—which has the suggested system and no Rider Mains—with a comparison of the average quantity of water per head used on the two sides—Hong Kong being consistently some 30% or more the higher—makes it impossible to avoid the further conclusion that the rider main system cannot be absolved from

the charge of wastefulness. And it is to be noted that complaints about the water supply have been consistently few from Kowloon. An increase in the supply of water is of course desirable, but we are still far from being able to provide an unlimited supply, so that every possible cause of wastefulness must be ruthlessly eliminated. Our Water Authorities never had complete faith in the rider main system from this angle and have long since lost all confidence in it, and have consequently for years pressed unceasingly for the method of control originally advised and which alone is automatic, that is to insist on the metering of all house supplies. Water in addition must of course be provided by stand-pipes which would be free to the users but must still be paid for in some way or another as by a water rate.

About 1923 the demand for meters which had been constantly growing was given more and more consideration and it is unfortunate that the principle of universal meterage was not dealt with more definitely at that time. Instead it would rather seem that the idea was generally accepted as being correct and the reluctance to allow meters was obviously relaxed. The figures in the Sessional Paper reveal this fact very clearly and with it the steady increase of meters from 1923 onwards. The desire for meters and the conviction of the experts that a universal meterage system was the only method of alleviating our troubles worked together until now although there are some 12,000 meters in use and new meters are being rapidly installed, yet we cannot overtake the applications.

In 1929 when the transition stage I have described was still existing but had in fact gone too far for any drawing back and when the impression that the rider-main system was to be abolished was making headway Sir Cecil Clementi engaged in Council that the system would not be abolished without an opportunity for public discussion. Even then however the conclusion was foregone and the discussion could hardly have been more than a facing of the facts and an explanation. It is hardly to be wondered at that the Government in 1932 definitely accepted the principle of the abolition of rider mains and the substitution of universal meterage, a decision which they found was forced on them by the position as it then existed and was entirely inevitable in the face of the history of the water supply since 1903.

It was so inevitable indeed, that Sir Cecil's promise was overlooked; the Government was at fault in this matter, but the error can hardly be said to have affected the policy to be adopted. An apology from the Government for the omission is called for, but I would put it to the Council that the pressure of facts was such as allowed little room for difference of opinion.

The acceptance by the Government of the principle of universal meterage and the effort to meet the heavy demand for meters has resulted temporarily in an unfortunate position which

however it is hoped will very shortly be righted. Meters have in very many cases owing to pressure of the demand and the delay and expense that connection with the principal mains would have involved been installed by interposing them on the house connections from the rider mains, with the result that it was no longer possible to bring the sections concerned into use on the rider main principle. In such cases the rider main connections to the unmetered houses have been removed and we are therefore now in the position of being unable to restore the rider mains as they originally stood in these sections without incurring the expense and delay of restoring these connections. In all there are some 2,600 cases of houses disconnected in this manner from the rider mains and 685 applications for meters have been received from those concerned. It would seem therefore that some 2,000 of those so concerned have not yet found it worth while to apply for a metered supply to their houses. In deciding to place meters on the rider main connections the Public Works Department had to consider not only the speed at which the work could be done but also the expense and inconvenience involved in making new connections with the principal mains. Meters could be placed on rider main connections in most cases without opening the roads. Honourable members can well picture the state of our streets if they had had to be opened in 600 separate places to install the 600 meters which have been granted in the last four months.

The Shing Mun Valley Gorge Dam is now approved and no time will be lost in pushing on with the work. When it is complete there is a reasonable prospect that there will be full supply in the Colony for at least a few years until it may be the population again outgrows the new supply. But we have no justification for relaxing our fight against waste and even with the possibility of a few years full supply we should not go back to a system that has been tried and found wanting. In any case as I have already stated the transition is too far advanced for any calling back now and there is nothing for it but to complete the installation of the meterage system. It is proposed to proceed on the lines of leaving any sections of the rider main system that have already been disconnected alone for reasons already given. The applications that have been received for additional meters in these sections are being dealt with at once and it is suggested that the owners of the remaining 2,000 houses should make early application for meters if they wish to have a water supply in their houses. The principle on which Government proposes to work in connection with those sections of the rider mains in which no meters have been inserted is to allow them to be used when the water supply permits until such time as rider mains can be progressively superseded on lines I will explain. Incidentally the recent rains have fortunately enabled us as from 2nd August to open all possible water in accordance with the arrangements I am setting out to-day. All these remaining sections will be closed as rider mains from such time as the Public Works Department is in a position to substitute meters for all those that may apply for them; but the details

must clearly be left to the Director of Public Works who will deal no doubt with the problem piece meal, giving notice in advance to each section in which he proposes to substitute the meterage and street fountains system for rider mains. We shall then be in the position that has been the object of all our experts and authorities for all these years in which all house supplies will be metered and a house supply will be connected on demand. Restriction when called for will apply to all alike but with the safeguards automatically provided against waste should not be of the drastic nature to which we have been accustomed for so long. For the rest a constant supply should be made possible through the street fountains.

I therefore move:—

That in the opinion of this Council the time has come for the Colony to abandon the principle of the rider main system, substituting therefor the principle of compulsory meterage to all house supplies to which the alternative shall be a free supply from street fountains.

HON. SIR HENRY POLLOCK.—While we are indebted to the Government and the Colonial Secretary for the very full statement, I feel that it would not be right for the Unofficial members to arrive at a decision until we have a full opportunity of consulting one another. An adjournment will also give an opportunity to the public to bring forward any point they might wish to make known in this matter.

I would therefore ask that this question be adjourned until the next meeting of this Council and that such adjournment be for a fortnight.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT. —It will be adjourned for a fortnight.

CHARGES OF THE YEAR 1931.

THE COLONIAL TREASURER moved the first reading of a Bill intituled "An Ordinance to authorize the Appropriation of a Supplementary Sum of One million eight hundred and eighteen thousand three hundred and seven Dollars and seventy-eight Cents to defray the Charges of the year 1931." He said.—The details of all the items making up this sum have already been fully explained to honourable members from time to time and have received the approval of the Finance Committee and of this Council in the usual way.

The detailed Statement of Expenditure and the Report on the Finance for 1931, copies of which have already been furnished to each member, give the reasons for the excesses.

\$1,818,307.78 represents the total supplementary appropriation required under each of the heads exceeded, no account being allowed of savings on other heads. When allowance for this is made the actual increase in the year's expenditure over the sum originally voted amounts to \$1,372,919.

The estimates for 1931 amounting to \$29,787,855 were prepared on the basis of a 1s/4d dollar and a deficit of \$2,300,000 was budgeted for. The opening rate of exchange for 1931 was, however, 1/0 $\frac{7}{8}$ and it was evident that if the rate continued at approximately 1s/- throughout 1931 the estimate would be very much exceeded. Indeed it was estimated that a further \$1,838,000 would be required. The average rate of exchange for the first three quarters of the year 1st January to 30th September was just under 1s/-, but when England went off the gold standard on the 21st September the dollar began to rise and the average rate for the last quarter 1st October to 31st December was almost 1s/4d, to be precise, 1s/3.958d. Every effort, therefore, was made to restrict expenditure to services absolutely essential to the Administration and the result of these economical measures can be seen in the very large number of items shewn in the Detailed Statement of Expenditure in the Column headed "Decrease". Notwithstanding this, however, there have been several large increases on account of unforeseen expenditure. I mention the following. The actual market depreciation in sterling of sterling securities and the adjustment of their dollar value on 31st December, 1931, accounts for \$530,947. Balance of Military Contribution in respect of 1930 paid, when the final figures for the year are known, amounted to \$148,308. Of the first instalment of \$500,000 paid to the Admiralty for the surrender of the Naval Arsenal Yard and Kellert Island \$263,741 was charged to expenditure. \$146,928 was spent on water meters in addition to the amount originally voted. Typhoons cost \$90,835 more than provided and the derailment and washout to the Railway embankment in April accounted for \$51,110. These alone amount to \$1,231,869 and when it is considered that the net excess is only \$141,050 above that figure it can be seen, having regard to the low rate of exchange ruling during the first 9 months, how considerable the savings were.

As honourable members are aware the position in the early months of the year called for the greatest care and revision of taxation was imperative. Liquor and tobacco duties, opium prices and postal rates were raised. The duty on motor spirits was increased in September from 15 cents to 25 cents per gallon and increases and adjustments in Licences, Fees and other receipts to bring them more into line with the low valued dollar were effected. Revenue from direct taxation amounted to \$21,592,905 of which the Assessed Tax (Rates) contributed \$5,814,016.

While, therefore, expenditure was only \$1,372,919 over the sum originally voted due to economy measures, revenue exceeded the original estimates of \$27,488,759 by \$5,657,965. It will be seen, therefore, that the Colony finished the year 1931 in a much more favourable position than could possibly have been hoped for at the beginning of the year. In my memorandum which was laid on the table with the Estimates for 1932 in October last the revised estimate of expenditure was given as \$31,152,500. The actual expenditure was, however, \$31,160,774 an excess of \$8,274 only over the revised estimate. It was then estimated that the budget for 1931 would shew the small surplus of \$51,868 compared with a deficit of \$2,300,000 when the estimates were originally drawn up, but I pointed out that if Land Sales were maintained at the same average as during the first six months the revised estimate would be exceeded. This was happily the case, \$989,487 being received during the last three months. If the Revenue of the year \$33,146,724 be compared with the Expenditure \$31,160,774 the excess amounts to \$1,985,950, thus increasing the excess of assets over liabilities from \$9,361,679 on the 1st January, 1931, to \$11,347,629 on the 31st December, 1931.

As Treasury financial returns are necessarily three months behind the period to which they refer, the last return published being that for April, honourable members will perhaps be interested to hear what the position is at the end of June. I can, of course, only give very approximate figures but they are sufficiently near for this purpose. The total revenue for the first half of 1932 amounts to \$16,894,000 which is \$101,755 less than one half of the estimate of \$33,991,510 for the whole year. There is a shortfall of \$324,000 on liquor and tobacco duties due to the rise in the dollar, these duties being based on the conventional dollar which for estimating purposes was reckoned at 1s 8d over 1s equals 20 over 12. Land Sales shew a deficit of \$225,000 for the half year and I am afraid that the estimated receipts from this source will not be maintained during 1932. These shortages have, however, been counter-balanced by higher receipts under the Heads "Licences & Internal Revenue", "Fees of Court of Office" and "Interest".

The approximate expenditure to 30th June is \$15,392,000 which is \$2,098,830 below one half of the estimated expenditure of \$34,981,661 for the year. The under-expenditure is due principally to the rise in the dollar, savings being shewn under Personal Emoluments, Pensions and Public Debt. Payments on account of Public Works Extraordinary are always below the average for the first six months. During the last six months of the financial year general expenditure is always normally greater whilst added to this, Council has just approved of supplementary expenditure on Public Works amounting to \$746,950, so that the expenditure figures for the second half of the year will be considerably greater than those for the half year just ended.

Notwithstanding this, I have every hope that the budget for 1932 will balance always provided that exchange is maintained round about 1s/3d to 1s/4d and affairs in Hong Kong remain normal.

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

FORESHORES AND SEA BED AMENDMENT ORDINANCE, 1932.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Foreshores and Sea Bed Ordinance, 1901." He said.—The object and scope of this amending Bill is explained in the memorandum attached.

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 title of the principal Ordinance (No. 15 of 1901) is "An Ordinance to validate Crown leases of foreshore and sub-merged lands for reclamation, and to facilitate the making of such leases".

2. The Ordinance however contained, in sections 3 and 5, provisoes requiring the consent of lot holders which tended to frustrate that object; especially as the Ordinance contained no provision for compensation.

3. There are many Ordinances, of which the Crown Lands Resumption Ordinance, 1900, and the Harbour of Refuge Ordinance, 1909, are examples, where, subject to provisions relating to the payment of compensation in proper cases, the interests of private lot holders are extinguished or subordinated to the interests of the public.

4. This amending Ordinance therefore repeals the provisoes referred to above and makes provision for compensation to persons injuriously affected.

5. Section 2 of this Ordinance substitutes a new section for section 3 of the principal Ordinance. Sub-section (1) of the new section re-enacts the original section as far as the first proviso thereto, except that the words "(renewable on the usual terms)" have been added as it is usual for Crown Leases for 75 years to be renewable. Sub-section (8) re-enacts the last paragraph of section 3 of the principal Ordinance.

6. The proviso to sub-section (1) and sub-sections (2), (3), (4), (5) and (6) of the new section 3 are new and give the Governor in Council power to award compensation on the lines of sections 12 and 13 of the Harbour of Refuge Ordinance, No. 39 of 1909.

7. Section 3 of this Ordinance repeals the latter part of section 5 of the principal Ordinance.

FACTORIES AND WORKSHOPS ORDINANCE, 1932.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend and consolidate the law relating to Factories and Workshops and to the employment of Women, Young Persons and Children in certain industries." He said.— "This is mainly a consolidation Bill; insofar as it changes the law the changes are set out in the table of correspondence attached to the Bill. It has been suggested that the power of the Governor-in-Council to make regulations under Section 4 of the Bill should be extended by giving the Governor-in-Council power to make certain regulations in regard to fire. Had the suggestion been made earlier it could have been included in the Bill, but Standing Orders require that two days' notice be given to members of any changes intended. I now give notice that at the next meeting of the Council, after the Council goes into Committee, I shall move in Clause 4 an amendment that clause (*k*) be changed to clause (*l*) and immediately before, the following words be inserted.— "prescribing the precautions to be taken against fire in factories and workshops."

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 consolidates and amends the Industrial Employment of Women, Young Persons and Children Ordinances of 1922 and 1929 and the Factory (Accidents) Ordinance, 1927, in the manner indicated in the Table of Correspondence.

MINIMUM WAGE ORDINANCE, 1932.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to make provision for fixing minimum wages in occupations where the wages paid are unreasonably low". He said.—This Bill carries out an obligation imposed upon us by the Treaty of Versailles.

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:

Legislation on the lines of this Ordinance has been suggested by the Secretary of State, in his circular despatch of the 30th March, 1932, in order to carry out the obligations arising from Article 421 of the Treaty of Versailles in respect of the International Labour Convention concerning the creation of minimum wage fixing machinery.

ADJOURNMENT.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT.— Council stands adjourned to 18th August.

FINANCE COMMITTEE.

A meeting of the Finance Committee was held in the Council Chamber, the Colonial Secretary presiding.

Votes totalling \$112,414 contained in Message No. 8 from H.E. The Officer Administering the Government, were considered.

Item No. 43:—Public Works Department.—Emergency works on account of drought, \$25,000.

THE CHAIRMAN.—I must apologise for the mistake in this figure. It should be \$60,000.

Item No. 49:—Public Works Extraordinary.—\$6,000.

THE CHAIRMAN.—There is another misprint here. The lot referred to should be Marine Lot No. 191.

Items 50 and 51:—Special Expenditure.—Two sailing barges, and construction of timber jetty at Shaukiwan, \$16,000.

HON. MR. SHENTON.—May I ask the Director of Public Works whether some more modern form of destroying refuse other than dumping is possible?

THE DIRECTOR OF PUBLIC WORKS.—These barges and the jetty are to replace two experimental incinerators in Shaukiwan.

HON. SIR HENRY POLLOCK.—How long were these experimental incinerators in use at Shaukiwan?

THE DIRECTOR OF PUBLIC WORKS—I cannot say. I think only a few months.

HON. SIR HENRY POLLOCK.—Have they been a failure?

THE DIRECTOR OF PUBLIC WORKS.—The reason for removing them was that the smoke was a nuisance in the district.

HON. SIR HENRY POLLOCK.—Where were they?

THE DIRECTOR OF PUBLIC WORKS.—They were near the Roman Catholic Chapel and a residential hostel there. Complaints have been received about these incinerators. The scheme worked out all right for the incinerators but the smoke became a nuisance and could not be abated, and it was decided they would have to go.

HON. SIR HENRY POLLOCK.—Was it a question of smoke, or smoke and smell?

THE DIRECTOR OF PUBLIC WORKS.—It was a smoke nuisance.

HON. MR. SHENTON.—I recently sent you particulars of a new scheme for destroying refuse which has been in use in England and which has been ordered recently by Tokyo, Singapore and other places.

THE CHAIRMAN.—It was an extremely elaborate system and it would take a very long time to introduce.

HON. SIR HENRY POLLOCK.—How much did you spend on these experimental incinerators?

THE DIRECTOR OF PUBLIC WORKS.—About \$600 I think.

HON. MR. PATERSON.—That is \$300 each. They can't be very elaborate.

HON. MR. BELL.—As incinerators, they were a success, weren't they?

THE DIRECTOR OF PUBLIC WORKS.—I expect so, Sir.

HON. MR. BELL.—I suppose it was merely a question of smoke nuisance in the neighbourhood. Could it not be removed to another district? It seems to me that incineration is a modern way of destroying refuse.

HON. MR. PATERSON.—Yes, it is, but it is intensely expensive. Shanghai is going in for it but it costs a lot of money. If you wish to install incinerators the only place I can suggest is near the Cement works, where there is so much smoke already that you would not notice the extra.

THE DIRECTOR OF PUBLIC WORKS.—The jetty and the barges are the recommendation of the Sanitary Board.

THE CHAIRMAN.—Pending the introduction of other and more modern sanitary methods this does provide a cheap way of getting rid of the refuse.

HON. SIR HENRY POLLOCK.—We are asked to vote for \$16,000 instead of the incinerators which cost \$600!

HON. MR. SHENTON.—Is there no other place at Shaukiwan?

HON. MR. PATERSON.—As far as Shaukiwan is concerned, the smell there is so terrific that this should not make any difference.

HON. SIR HENRY POLLOCK.—This refuse is not dumped there, but ultimately at Mataukok.

HON. MR. BELL.—Am I right in asking if this motion means that the Government is not going to conduct any further experimental work on incinerators?

THE CHAIRMAN.—Not necessarily. I am not prepared to go that far.

HON. MR. BELL.—It looks a rather retrograde step.

THE CHAIRMAN.—We have the new system that Mr. Shenton spoke of and inquiries will be made about it.

THE CHAIRMAN.—Will the Committee pass this vote?

HON. MR. SHENTON.—I would like this matter adjourned to the next meeting for further information.

THE CHAIRMAN.—I would like to know the lines on which you would like further information.

HON. MR. SHENTON.—I would like an adjournment for further inquiries as to whether the incinerators cannot be used in such a way that they would not be a nuisance.

THE CHAIRMAN.—The matter is adjourned until the next meeting.

Item No. 56:—Public Works Extraordinary, \$1,000.

HON. MR. SHENTON.—Is it the policy of Government to connect, as far as possible, all the Police Stations in the New Territories with the China Light?

THE CHAIRMAN.—Undoubtedly.

Item No. 60:—Bay View Police Hut to accommodate 10 bunks, \$460.

HON. MR. SHENTON.—Is that the Police Station near the Hong Kong Electric Company's place?

THE DIRECTOR OF PUBLIC WORKS.—Yes.

HON. MR. SHENTON.—And are the bunks for Chinese or Indian constables? Is it to be an outhouse of that station or what is the idea?

THE DIRECTOR OF PUBLIC WORKS.—This is similar to the place at Kowloon City and the huts are for additional police, some Chinese and some Indian. It is one of the usual types of huts.

HON. MR. SHENTON.—I would suggest that the station is hopelessly out of date. When is it proposed to replace it with a new station?

THE CHAIRMAN.—That is impossible to say.

HON. MR. SHENTON.—It has long since past its day.

All items with the exception of Nos. 50 and 51 were approved.
