

28th September, 1933.

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 O.C. BORRETT, C.B., C.M.G., C.B.E., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. D. W. TRATMAN, 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. M. J. BREEN).

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

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

HON. COMMANDER J. B. NEWILL, D.S.O., R.N., (Retired) (Harbour Master).

HON. MR. A. G. W. TICKLE, (Director of Public Works).

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

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

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

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

HON. MR. J. J. PATERSON.

HON. MR. T. N. CHAU.

MR. A. W. G. H. GRANTHAM, (Deputy Clerk of Councils).

ABSENT:—

HON. MR. J. P. BRAGA.

HON. MR. PAUL LAUDER.

MINUTES.

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

PAPERS.

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

Companies (Fees) Order (No. 1), 1933.

Companies (Fees) Order (No. 2), 1933.

Monday, 9th October, to be a general holiday.

Order under section 12 of the Rope Company's Tramway Ordinance, 1901, dated 1st September, 1933.

Regulations under section 44 (1) of the Asiatic Emigration Ordinance, 1915, and section 3 of the Boarding-house Ordinance, 1917, relating to fire precautions on licensed premises.

New Territories Castle Peak Christian Cemetery.

Regulations under the Public Places Regulation Ordinance, 1870, dated 13th September, 1933.

Companies (Forms) Order (No. 1), 1933.

Regulation under section 3 of the Post Office Ordinance, 1926, relating to Business Reply Envelope and Card System.

Chapel of the Precious Blood licensed for the celebration of marriage.

Report of the Director of Public Works for the year 1932.

Report to the Director of Colonial Audit on the Audit of the Accounts of Hong Kong, 1932.

Abstract showing the Differences between the Approved Estimates of Expenditure for 1933 and the Estimates of Expenditure for 1934.

Divorce Rules dated 31st August, 1933.

Plan of City Development.

He said: With these papers will be found the plan of the Government House and City development.

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. 8 of August 31, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

THE BUDGET.

THE COLONIAL SECRETARY:—Sir, I rise by Your Excellency's command to move the first reading of a Bill intituled "An Ordinance to apply a sum not exceeding \$27,029,235 to the Public Service of the year 1934."

The Budget for the present year was described by the Colonial Secretary as "colourless." The Budget I am now submitting does not, I fear, contain any large amount of colour either. This will probably come as an unpleasant surprise to many in this Colony. I do not refer to those who have built high hopes—hopes as high as reduction in taxation—on the monthly financial statements issued by the Treasurer. These statements have to be reviewed in the light of our experience of the movements of the revenue and expenditure over a whole year. Our income is largest in the first half of the year, our expenditure in the second half. But apart from the somewhat misleading figure of \$16,000,000 which these fluctuations have caused to appear as surplus in the statement for May, this Council may have some difficulty in appreciating the grounds for the Government's attitude of restraint when it is seen that the estimated surplus of assets over liabilities at the end of 1933, is now put at over \$13 millions instead of the \$10,600,000 odd anticipated in the Estimates for 1933. But the fact is that our revised estimate of Revenue for 1933—\$33,027,000 contains two abnormal items; first a sum of 18 lakhs in death duties from Lord Inchcape's estate and secondly a sum of \$1,250,000 accruing from the sale of a portion of the City Hall site, to which is to be added a sum of \$4,000 representing the sale price of the demolished buildings. This sale as Honourable Members are aware constitutes the first stage in a new development scheme embracing all the Government property lying between Queen's Road and Upper Albert Road on the North and South and Garden Road and Ice House Street on the East and West. A tentative lay-out for this scheme is shewn on the plan which is among the papers I have just laid on the table. It is a scheme of the first magnitude involving *inter alia* the removal of the present Government House and the erection of a new Government House at Magazine Gap. I shall deal later with the reasons for this particular step in the scheme. For the moment I am only concerned with the Government's views for its finance which are, subject to the observations of Honourable Members, that it is desirable to treat the scheme as a separate and

self-contained financial unit holding on the credit side the \$1,254,000 I have just mentioned and the proceeds of the future sales of the Beaconsfield Arcade and Government House sites while on the debit side will appear the cost of forming new sites and roads and of building the new Government House, new City Hall, new Government offices and similar outgoings. This, however, is a somewhat unusual procedure in respect of schemes financed out of revenue and before it can be definitely adopted it will be necessary to obtain the special sanction of the Secretary of State. For the present therefore, the item of \$1,254,000 is being retained as ordinary revenue for 1933 and the first item of expenditure, \$100,000 for the preparation of the new site for Government House, is shewn as a separate Head (No. 35) of expenditure for 1934. Nevertheless, we must be prepared for the transfer of the credit to a special account, and when that has been done and the Inchoate estate duty deducted it will be seen that our ordinary revenue for 1933 cannot be set higher than about \$30,000,000 as against an original estimate of \$34,000,000, and that the maintenance of our surplus balances at the same level as at the opening of the year is due to our revised estimate of expenditure for 1933 being \$32,564,261 as against an original estimate of \$35,199,247. The main factor in this saving is the reduced cost of our sterling commitments, including officers' salaries, arising from the difference between the current exchange rate and the rate (\$1=1s. 2d.) adopted in framing the estimates. The difference in exchange has also of course a depressing effect on certain items of revenue which have been placed on a sterling basis, but this is a very limited reduction in no way comparable to the reduction in expenditure arising from the same cause. Another source of anticipated saving lies in the sum of \$500,000 set down in the Estimates as the final payment by the Colony in respect of the removal and reprovisioning of the Naval Arsenal and Kellet Island. The reprovisioning is taking longer than was anticipated and it is considered equitable that, having financed the work to the extent of three quarters without any return, the Colony should retain the final quarter in its balances until it can be given possession of the old site.

A third item of saving which may be mentioned here lies in the adjustment of Military contribution the original estimate of 1933 being \$5,832,271 and the revised estimate \$5,694,559. Part of this reduction is due to over payment in respect of 1932 and part to certain concessions in respect of revenue exempted from contribution of which I shall say more at a later stage.

The main factor in the falling off of our ordinary revenue lies of course in the general depression from which the world at large has been suffering for some years past and which is now hitting the Colony in earnest. The import duties on liquor and tobacco for the first half of 1933 have been only \$1,883,876 as against an estimating figure for the same period of \$ 2 , 9 5 0 , 0 0 0 . S t a m p d u t i e s a r e s i m i l a r l y

\$1,111,731 as against \$1,300,000. Opium revenue for the half year stands at \$643,030, instead of \$1,250,000, but only a very small part of this fall is attributable to the decreased means of the addicts. The bulk of the loss is attributable to the new arrangement instituted on the recommendation of the Bangkok Conference by which this Government's Monopoly draws its supplies of prepared opium from the factory of the Straits Settlements Monopoly. The Hong Kong addict does not like the Singapore brand. The grounds of his dislike are somewhat obscure at any rate for the moment and are being further explored; what is clear is that he will not buy the opium that the Hong Kong Government offers him. If this state of affairs indicated a genuine step towards the liberation of the addict from his addiction, it would not only not be a subject for regret; it would be a matter for positive congratulation. The Hong Kong Government abides by its declaration that considerations of revenue shall not stand in the way of its co-operation in the obligations of His Majesty's Government accepted at the Hague and later confirmed at Geneva and Bangkok to suppress the smoking of opium in its territory. Unfortunately, there is abundant evidence that the distaste of the Hong Kong addict for the Singapore brand has merely swelled the ranks of the smokers and the profits of the purveyors of illicit opium. Shortly after the new arrangement came into force the Superintendent of Imports and Exports instituted an intensive campaign against opium divans which are not only illegal in themselves but invariably supply their customers with illicit opium. The results more than fulfilled our worst fears. During the first three months of the campaign no less than 632 divans were discovered and raided, while 661 persons were convicted for keeping or assisting in keeping divans. 4,044 persons were found smoking in divans but were not placed before the Courts as the number of prisoners on the more serious charge was already as much and more than our Gaol could contain. In every case illicit opium was being smoked.

The only head of revenue which we can view with any satisfaction is that of the Kowloon Canton Railway which for the first half of the current year has amounted to nearly eight lakhs as against the estimate of nearly thirteen lakhs for the whole year.

That, therefore, is the revenue position for 1933. For 1934 we should not be justified in assuming that the forces which have been depressing our revenue in 1933 will relax their pressure and our estimate of revenue for 1934 is accordingly set at \$31,731,625, a figure which can hardly be called over-pessimistic when it is remembered that, as I have just said, our revenue of 1933 apart from windfalls cannot be expected to go much above \$30,000,000. On the contrary we may have tended to optimism in some of our items. Import duty on liquors and tobacco are set at \$1,000,000 and \$2,800,000 respectively; opium revenue at \$1,300,000 whereas the revised estimate of receipts for 1933 under these items only amounts

to \$900,000, \$2,600,000 and \$1,200,000. As regards the less speculative items of increase for 1934, I may mention \$25,000 on motor spirit where the reduced price should send up consumption; \$35,000 from the new Ferry franchise under Licences and Internal Revenue and a further sum of \$23,750 under Miscellaneous Receipts (Royalties); \$240,000 under the same head in respect of the new Land Transport franchises; \$600,000 increased water revenue; and \$200,000 increase in Assesed Taxes, commonly known as Rates. The last item is inserted with less confidence than the others as although a good deal of new building is still going on there is reason to think we may be overbuilt and such a position though it makes for public health by spreading population brings in its train empty houses and flats on which rates have to be refunded.

I now turn to the expenditure for the coming year, and before going into details feel bound to say a further word on a point of general structure which occupied a prominent place in the Colonial Secretary's speech when he introduced the Budget for the present year, namely the allocation of what I may call general staff, i.e. Cadet Officers and Clerical Officers, to individual departments. The drawbacks of this arrangement were very clearly set out by Mr. Hallifax but I wish by a concrete instance from the 1934 Estimates to show to this Council how obfuscation rather than clarification results from it. The Personal Emoluments Vote for the Treasury has for 1934 to bear:—

- (i) The salary for the year of the substantive Treasurer who is on leave and will remain on leave till the spring of 1934.
- (ii) The salary of my Honourable friend the Acting Treasurer.
- (iii) The salary of two Class II Cadets who are at the moment filling the posts of Assistant Treasurer and Assistant Estate Duty Commissioner either of whom (or both for that matter) may have to be transferred for duty elsewhere when the leave programme for 1934 is finally settled, other Cadets on quite different salaries taking their places.
- (iv) The salary of a third Class II Cadet, formerly Assistant Estate Duty Commissioner but now on leave, whose destination on return from leave cannot be determined at present.

Lest we be accused of lack of foresight in our programme of leaves and appointments, I must remind Honourable Members that in small cadres like the Cadets and the European Clerical Staff a single unforeseen casualty may upset a whole range of positions.

Coming now to the Departments, it will be observed that a new item "Unpassed Cadets in training" has been entered under the Colonial Secretary's Office. This, as was explained at the introduction of the Budget for 1933, is to meet the cost of the new arrangement by which recruits for the Colonial Administrative Service undergo a year's preliminary training at home. As regards the provision of two such allowances against anticipated requirements, I may inform the Council that the Government has just been notified that one of its junior Passed Cadets, now on leave, is medically unfit for further service in Hong Kong. I have also to announce with deep regret, both official and personal, that my Honourable friend the Secretary for Chinese Affairs has applied for and received His Excellency's permission to retire from the Service next year.

Audit Department.

Under the Audit Department an increase of one Class III Senior Clerical and Accounting Staff post is considered essential. New forms of revenue and expenditure have been steadily added to the accounts over which that department must maintain a survey and it is no longer possible for the work to be done with any margin of safety without an increase of staff. For some years to come the Auditor will have in addition to his ordinary responsibilities to carry a special and heavy burden in the shape of the Accounts and Stores of the Shing Mun Gorge Dam.

Post Office.

The postal facilities available in New Kowloon and other parts of the New Territory are behind the times and to remedy this provision has been made for five more postal clerks and eleven more postmen. For the same reason a further vote for new pillar and letter boxes appears under "Special Expenditure." In addition funds are provided under Public Works Extraordinary, New Kowloon, for two new Postal Kiosks to be erected at Sham Shui Po and Kowloon Tong respectively. The Post Office also claims another important item under Public Works Extraordinary Kowloon, namely a new Post Office at Kowloon Point. I need hardly remind the Council that complaints from the public of the inadequacy of the present Kowloon Post Office have not been few. At the same time complaints from various Government Departments that their office accommodation is quite inadequate for their expanded and expanding activities have been equally insistent. Government therefore proposes as soon as funds will permit to erect—probably on the lot of Crown Land of which the present Kowloon Post Office occupies one corner—a block of office buildings seven or eight stories high which will hold not only an enlarged Post Office and Fire Station but a sub-treasury, a branch of the Medical Department and several other sub-departments. As this

scheme could not be started without first removing the present Post Office and the need for a larger Post Office is pressing it is proposed next year to erect on the corner site lying between the Children's Playground and Nathan Road a temporary Post Office building at a cost of \$30,000 as shewn on page 102 of the Estimates.

Imports and Exports Department.

For some time past it has become increasingly evident that smugglers are taking advantage of the absence of any regular preventive service along the land frontier and that as a result not only is the population of the New Territories evading its share of taxation but there is a steady infiltration of illicit goods, especially tobacco and opium, into the urban areas. It is accordingly proposed to engage eleven additional Chinese Revenue Officers and to station them in the New Territories under the European Revenue Officer in charge of the New Territories who at present works his district from Hong Kong but will in future live near Fan Ling. A sum of \$1,560 to cover the rental of the necessary quarters is inserted under "Other Charges" for this Department.

Harbour Department and Air Services.

Certain additions to the staff of the Government Marine Surveyor's sub-department are rendered necessary by the forthcoming application to the Colony of the new Safety and Load line Conventions. The extent of these increases has been discussed locally with the Shipping Committee of the Chamber of Commerce and subsequently by the Harbour Master with the Board of Trade. The verdict of the Board is that to fulfil the obligations which these Conventions will impose a minimum increase of one Ship Surveyor and two Engineer Surveyors is necessary. One of the latter posts will be supplied by filling the vacancy which arose on the retirement at the end of last year of the former head of this sub-department. The other two will be new appointments and will like the first be on the permanent establishment, the Board being satisfied that the Conventions will involve a permanent increase of work of a volume calling for at least this increase of staff. Whether a further increase is necessary to maintain the status of Hong Kong as a first class port of survey the Board is not prepared to say at present, but recommends that the question be further studied six months after the application of the Conventions to Hong Kong has taken place. These increases in work and staff will of course be reflected in the fees received for surveys, but the amount receivable in this respect cannot be gauged with any accuracy until the surveys begin, and the increase of \$5,000 under this item is therefore a mere guess.

As regards other sub-heads of the Harbour Department Vote it will be noted that "Other Charges" show a reduction on last year's estimate of over \$60,000. Further it has been decided that the sum of \$50,000 provided for an Infectious Cases Launch under Special Expenditure can be saved by a change in transport arrangements which I shall explain in dealing with the Prisons Department.

Air Services.

Under Air Services provision is made for the staff that will be necessary for the proper operation of our aerodrome as a Commercial Airport. When regular air services to and from Hong Kong will come into existence I am unfortunately not yet in a position to say. China is not a party to the International Air Convention and the question of granting rights of transit and landing rights in their Country to non-Chinese air lines is still unsettled. While traffic with or over China will not constitute the whole of the trade we may hope to see at our airport, it will occupy a very large place at any rate in the early stages. Until, therefore, the matter of landing rights has been arranged commercial air services to and from Kai Tak must hang fire. It may seem premature in these circumstances to engage an Assistant Superintendent for the aerodrome but the Superintendent is due for leave next year and even with the traffic now existing or in sight it is impossible to leave the aerodrome without a trained officer in charge. As regards traffic in sight, Honourable Members will notice that the subsidy to the Flying Club again appears under "Other Charges" for this sub-department and I am glad to be able to inform them that there is every reason to expect that the Club will be restored to life in the near future. After considerable persuasion the Air Ministry has withdrawn its objections to the establishment of a Flying School at Kai Tak and the Government has agreed to allow the Far East Aviation Company the use of the aerodrome for this purpose for an experimental period of two years and to pay it a subsidy not exceeding the \$30,000 now to be voted and a similar sum for the second year in return for the free training of a certain number of Volunteers from the Defence Corps and the provision of cheap flying to the Club. I need hardly point out that apart from spreading air-mindedness among the residents of this Colony the establishment of the School will provide a valuable opportunity of exhibiting the capacities of the British aeroplane.

Legal Departments.

The only item calling for comment under the Legal Departments, is the provision of an additional Crown Solicitor. As Honourable Members will be aware the staff of the Crown Solicitor's Office, the Land Registry, the Court Registry and the Official Receiver's Office is to a c e r t a i n e x t e n t i n t e r c h a n g e a b l e

but even so it is not possible to keep these officers manned and allow for regular home-leave without overworking those left behind. The work of the Legal Departments, like that of all other Government departments, has greatly increased in recent years and the minimum senior staff necessary for the adequate discharge of their present duties is—Crown Solicitor and one Assistant, Land Officer and one Assistant, Registrar and one Assistant, and the Official Receiver; total seven officers. At present the authorised establishment is eight only and it will be obvious that a regular rota of leave requires at least two men to be absent every year. This year three have been due for and have taken leave and the position has only been made tenable by the fact that a member of the Senior Clerical and Accounting Staff, who has recently qualified as a solicitor, has been available to act as Assistant Land Officer. It is now proposed to make this appointment permanent and for convenience the post will be shown as an additional Crown Solicitor. The salary scale provided is the same as that now drawn by the officer in question as a member of the Senior Clerical and Accounting Staff.

Police Department.

There is a total increase in the European Contingent of 1 Sub-Inspector, 3 Sergeants, and 2 Lance-Sergeants, in the Indian Contingent of 1 Lance-Sergeant and 14 Constables, and in the Cantonese Contingent of 3 Sub-Inspectors, 1 Lance-Sergeant, 19 Constables and 1 Female Searcher. The allocation of these posts to the different branches of the Force is given in the explanatory foot-notes, and does not I think call for any special comment. Our Police Force must grow with the times. I would however invite the attention of Honourable Members to the new grade of Sub-Inspector in the Cantonese Contingent. It is hoped to recruit for these posts young men of good education who will, after a few years probationary training, be competent to take their place in the commissioned ranks. Hitherto recruitment has only been of men, who, however efficient they may be in other respects, are not the type that makes Assistant Superintendents. It is proposed next year to make three appointments only. If these give indications that the scheme is likely to be a success the number will be increased in the following year.

There is a net reduction in "Other Charges" of \$23,000.

The greater part of Special Expenditure is in the nature of replacement. The question of the revision of Police Regulations has already been before Finance Committee as item 52 in Finance Message No. 7 of 29th July last. Under Public Works Extraordinary it will be observed that a start is at last to be made on the long delayed Upper Levels Police Station.

Prisons Department.

Last year Mr. Hallifax expressed the hope that three more European Warders and ten temporary Indian Guards would have been retrenched by the end of the current year. If allowance is made for the additional temporary block at Lai Chi Kok Gaol requiring a staff of one European Warder, four Assistant Indian Warders and two temporary Indian Guards, which was approved by Finance Committee on 3rd August last, this promised reduction will have been made. The only other matter calling for comment under this head is the change in the transport arrangements with Lai Chi Kok. At present prisoners are conveyed between Lai Chi Kok and the Island by a Prisons Department Launch. Next year it is proposed instead to transport the prisoners by motor van using the vehicular ferry. It will be necessary to purchase an additional van for \$4,000, and to provide for its running expenses which will be greater than those of the existing van as the distance to travel will be very much greater. The sub-heads affected are 21 and 22 under "Other Charges" and 25 under Special Expenditure. The Prisons Department Launch will be converted into an infectious cases launch which will save building the new launch for which \$50,000 has been provided in the current year's Estimates under Head 10, Harbour Department. Apart from this considerable saving in capital cost the annually recurrent charges of motor van and ferry transport will be considerably less than those for launch transport.

Provision is also made for a second linotype machine. The amount of printing done by the Gaol for departments continues to increase. The two small printing machines are replacements of existing machines worn out.

Medical Department.

It is a matter of great regret that the Medical Department's schemes have been among the worst sufferers from the pruning process which the Government in the interests of financial caution has felt bound to apply to its expenditure. The regret is the greater in that these cuts cannot but be a heavy disappointment to the Director of Medical and Sanitary Services who has been and is devoting so much effort to bring the Medical and Health services up to the best modern standards.

As Honourable Members are aware we have been obliged to shelve again the provision of a really modern Health Centre; the Dispensary Launch has had to share the same fate. Among minor sacrifices I may mention that the proposals for a Government Ophthalmic Surgeon and Dental Surgeon have been revived only to be cut out again and that an additional Sister for Public Health work and a staff of four Chinese Health Nurses to make a start with health visiting have had to be foregone. Nevertheless, the

would be unjust to say that the cupboard is more bare for the Medical than for other Departments. For despite the considerable saving represented by an exchange rate of 1s. 3d. to the dollar as against 1s. 2d., the Department's total charges for 1934 are a lakh and a half higher than for 1933. In the matter for Public Works also the department cannot be said to have been starved. Apart from the new Civil Hospital, the accommodation of Kowloon Hospital has been very materially enlarged and \$70,000 towards the building of a new out-patients department is down for next year.

As regards increases in personnel, in the clerical staff there is an increase of seven posts, which are required for the Births and Deaths Registration, which is now enforced in the New Territories; the Administrative staff, the work of which has considerably increased as a result of the steady expansion of the Department, and the Kowloon Hospital. The Radiology branch is strengthened by the addition of one new post of Radiographer, and a sum of \$10,000 has been inserted under Special Expenditure for X-Ray apparatus; part of this is for new machines and part for replacements. The Nursing Staff shows a considerable increase which is required for the new blocks of the Kowloon Hospital. School Hygiene and Maternity and Child Welfare also show slight increases. Finally, Honourable Members will notice on the last page a new sub-heading Tsan Yuk Maternity Hospital. This hospital which was first opened in 1922 by the Chinese Public Dispensaries Committee, has proved such a success that it was growing beyond the resources of the Committee who have therefore offered it to Government. The offer was accepted with the approval of the Secretary of State and the hospital will in future be run by Government though not without some regret at the disappearance of so shining an example of voluntary effort, in which a very devoted part was played by my Honourable friend the second Chinese Unofficial member of this Council. (Applause).

Sanitary Department.

The continued growth of Kowloon makes it necessary to carve a new Health District out of two existing districts. This entails the appointment of an additional 2nd Class Sanitary Inspector, one Class VIB Interpreter and four Foremen which, however, in no way prejudices the scheme for replacing European by Asiatic Inspectors. The latter are still under training and not yet ready to take their place in the field. The additional Motor Drivers, Steersmen and Bargemen are required for the new lorries and lighters provided for under Special Expenditure. There is a net increase in "Other Charges" of some \$5,000. As regards the motor hearse provided under Special Expenditure I should explain that one of the main functions of this vehicle will be the collection of dumped bodies which unfortunately continue to be all too

numerous. It is not anticipated when due weight has been given to the saving on the time and labour involved in the present handcart system that the new method will be appreciably more costly. Under Public Works, although it has not been possible to provide for all the new buildings which the growth of the urban areas makes desirable, the Department has a fair share of the cupboard's contents. Four of the eight items under Buildings in Hong Kong are for this department, the most important being a starting vote for the reconstruction of that long standing nuisance, Wanchai Market. Two more markets and a new latrine are also provided in Kowloon.

Education Department.

The staffs of the Ellis Kadoorie School for Indians, and Belilios Public School are strengthened by the addition of one University Trained Master for the former and one University Trained Mistress for the latter. Provision is made for two University Trained Masters for the Junior Technical School, for which there are also three subheads totalling \$5,984 under Special Expenditure.

There are now three full time Physical Training Mistresses. To reap the full benefit of their work it is necessary to purchase more gymnastic gear and \$4,500 has accordingly been inserted under Sub-head 28.

Kowloon-Canton Railway.

Under this head I may draw attention to the following points: The Clerical Services are shewn under the different sub-departments instead of being grouped together at the end. There is a net reduction of one Junior Clerical Service clerk. With the retirement of one of the two European Traffic Inspectors the vacant post was filled by a Chinese and the salary changed from sterling to dollar. The considerable and gratifying increase in passenger traffic necessitates the appointment of a third Inspector who will also be Chinese. The responsibilities attaching to the terminal railway station at Kowloon are so much greater than those of any of the other stations that it has been decided to raise the salary scale of the Kowloon Station Master.

Most of the items under Special Expenditure are sufficiently explained by the foot-notes. Goods traffic at Yaumati has increased, necessitating an extension to the present yard. The Station buildings at Sheung Shui are in a bad way and must be re-conditioned. A new permanent structure is very desirable but must be postponed till better times. The sub-head "new bodywork for 4 coaches" has appeared regularly for the last few years. The provision now made will complete the programme. In all 22

coaches will have been rebuilt. At present we have not a sufficient number of second class coaches to meet the traffic needs and we are losing revenue thereby. It is proposed to purchase two next year. The six coaches which are without lighting equipment are not used as much as they should be, because of the difficulty of combining them with other coaches. This is uneconomical and it is proposed next year to equip them properly.

Miscellaneous Services.

Under this Head the only item to which I need refer is sub-head 26, Broadcasting, which shows an increase of \$12,600. It is hoped that next year it may be possible to have simultaneous transmission of European and Chinese programmes. This will necessitate the engagement of more announcers both European and Chinese and other expenses. Whether this dual programme is to be a permanent feature or not depends on the support given to it, particularly by the Chinese community. The only test by which it is possible to judge the popularity or otherwise of broadcasting is by the number of radio receiving licences taken out. At present the number of licences held by Europeans is 1,571 and those held by non-Europeans, of whom 95% are Chinese, is 1,311.

Charitable Services.

The attention of the Government has recently been drawn to the widespread and increasing distress which the bad times have brought upon officers of the Mercantile Marine. His Excellency accordingly appointed a Committee under the chairmanship of the Attorney General to investigate the facts and make recommendations for the future. Among the recommendations of this Committee is the creation of a permanent committee to deal with deserving cases and the appropriation annually of an adequate sum for that purpose which has been fixed provisionally at the \$20,000 shewn as sub-head 17 of this head. I feel sure that Honourable Members will agree that in a port like Hong Kong such a step is fully justified.

Defence.

It will be observed that the scheme for a Royal Naval Volunteer Reserve, rejected in 1929, has been revived. As already announced in the Press, considerable enthusiasm for this scheme is being shewn by the sea-minded section of the community and being advised in the light of closer examination that competition with the land corps need not assume serious proportions, the Government has felt justified in bringing the scheme before the Council afresh. I may add that if the Council shares the Government's views it is hoped to introduce the necessary legislation at a very early date so as to enable those on the waiting list to start

work and training this year, in which case a Supplementary Vote for the necessary expenditure will be requested. The only other point that calls for mention under this section is the revision of the salary scale of the Quartermaster of the land corps. It will be recalled that a few years ago a personal allowance of £50 per annum was granted to the present holder of this post. It is now felt that the responsibilities of the post itself call for higher emoluments and it is accordingly proposed that the salary scale shall be continued beyond the £470, which was the former maximum, to £600. The present holder will enter the scale at a point which will cover his personal allowance which therefore disappears from the Estimates.

In connection with the other section, Military Contribution, it gives me great pleasure to be able to announce that after prolonged negotiation with the War Office, the Secretary of State for the Colonies has secured for the Colony very material increases in the items of revenue exempt from contribution. I need not enter here upon the details of these exemptions which are to a certain extent retrospective and will reduce the expenditure for the current year. They have been embodied in a draft amending Ordinance which is now before the Secretary of State and will when approved by him be introduced into this Council in the usual way. In addition to relieving the annual expenditure, the concessions should also release a certain portion of the liability under this head which appears as a Suspense Account in the financial statement.

Pensions.

There have recently been a number of retirements among the more senior members of the Service and more are marked to occur in the near future. The Pensions Ordinance, 1932, moreover, has introduced for this Colony the system, in force in many other Colonies, by which an officer can commute a portion of his pension for a cash gratuity. For the time being therefore an increase in the vote is necessary.

Public Works Department.

Under Personal Emoluments the only two items that stand out are the increase in the number of Architects by two and a similar increase in the number of Overseers. This matter has already been before and approved by the Finance Committee. As explained at the time, the posts are of a temporary nature and designed to cope with the large programme of Public Works Extraordinary. I might remind you that it was one of the recommendations of the Retrenchment Commission, that for Public Work of more than ordinary magnitude special temporary staff should be engaged; this it is now proposed to do and has been done on a much larger scale

in the case of the Shing Mun Gorge Dam. To cope with the greater number of meters and meter accounts it has been found necessary to create 3 more posts of meter readers and to increase the clerical staff of the Water Works Office by five posts. The proposed new Crown Leases Ordinance has been abandoned and the staff which would have been required for its working is deleted. As a result of the decision that the Colony is to retain and operate its commercial wireless services, it will now be necessary to appoint four wireless engineers, to replace the four officers lent by the Imperial and International Communications Company. The change over is shewn under B—Wireless on p. 94. There is also a net increase of 14 in Wireless Technicians and Mechanicians. It is not proposed to fill all these posts immediately, but hitherto our difficulty has been to keep good men after we have trained them. By the new system of classes, which may have to be modified in the light of experience, it is hoped that this difficulty will be overcome.

The amount for Harbour Surveying under Special Expenditure has been reduced to \$15,000, as this is all that will be required next year. The survey is proceeding satisfactorily and it is hoped to complete it by the end of 1935.

Public Works Extraordinary.

I have dealt with a number of items of Public Work Extraordinary under the departments on whose behalf the works are being undertaken and as regards most of the others the explanations given in the memorandum of the Director will, I think, suffice. I will, however, add a few words of further explanation regarding two items. The first is No. 32 of the Director's memorandum— Telephone Cable to Shaukiwan. It may be thought that if Shaukiwan has waited all this time for a connection to the Government system it could continue to wait till finances improve. But that is not the true position which is that Government has had the loan of certain Military lines and they are now required for their original purpose. The other is No. 84, work on a new Polo ground. In these hard times polo has inevitably lost support while the need of the Navy for more playing fields has been steadily growing. Obviously the most suitable site for the Navy was the Polo ground and after careful consideration the Polo Club offered to forego the remainder of their present five year term and to accept on the usual short lease a site in a less accessible area. The site lies in the valley just to the East of the site of old Kowloon Tong village. Government will contribute the \$18,000 shewn in the Estimates for certain permanent works such as levelling and stream diversion, and the Navy will furnish the rest amounting to \$40,000. The ground is expected to be ready about the end of next year and for the coming winter the Club has very generously consented to the continued use at certain times of their present ground. Honourable Members who have looked at Happy Valley at the end of the football season will realize the havoc that will be wrought on the Club's carefully tended turf.

Lastly I come to the new head—Government House and City development. I have already explained the proposals for financing this scheme but I still have to give the promised explanation regarding the new Government House. There are two main reasons for the abandonment of the present house and site, the first being that apart from the ballroom, the structure of the present house is worn out and large sums are being expended to keep it in repair, the accommodation, it may be added, being hopelessly inadequate. The second reason is that with the growth of motor traffic on the hilly roads which surround it, the house has become intolerably noisy. Another factor in the case is the development scheme on the plan before you. Even if it were desirable to leave the present site of Government House untouched, the scheme involves new buildings which must detract considerably from such amenities as the site still enjoys. Then we have the problem of Mountain Lodge. No one, I think, will deny that it is very inaccessible and therefore inconvenient according to modern ideas of communication. Moreover, despite the provision of central heating the house cannot be described as pleasant to live in in the months when it should be a real relief to the Governor and his family from the stuffiness of the lower levels. The new site, therefore, needs to be lower than Mountain Lodge and higher than the present site—also quieter. All these considerations are met by the Magazine Gap site and any misgivings as to accessibility should be removed by item 24 of the memorandum on Public Works Extraordinary, \$60,000 for widening Magazine Gap Road.

That is all I have to say on the details of expenditure with the exception of Loan Works. I will now sum up the results. The estimated totals are—expenditure \$33,442,695, revenue \$31,731,625, leaving a deficit of \$1,711,070. The present year is expected to close with a surplus of assets over liabilities of \$13,309,801 including the million and a quarter from the City Hall site. The end of 1934 should therefore see a reduced surplus \$11,598,731, or, deducting the million and a quarter just mentioned, under ten and a half millions. This is an increase on the limit set last year but things have not been going well for the trade of the Colony and we have large commitments to face, \$2,300,000 more for the new Civil Hospital, \$410,000 for Senior Officers quarters, \$335,000 for the Shaukiwan Road, \$482,000 for the Central British School, not to mention the final half million for the Naval Yard. All these, unless the revenue rises again, will have to be met from our reserves. There are of course credits to come in respect of the site of the present Civil Hospital and the Naval Yard, but the amounts and the dates of realization are very speculative and the Government does not consider a surplus of ten and a half millions to be more than a safe margin.

As regards Loan Work I do not think I need add anything to the explanation given at the end of the memorandum on Public Works. There is however, one item which does not appear there

and which may call for expenditure next year and that is the Vehicular Ferry. Considerable difficulty has been experienced in berthing these large new vessels with the speed necessary for a rapid and regular service. Certain additions to the piers have been recommended by the Port Development Engineers, especially at the Hong Kong side, but before embarking on this fresh expenditure, estimated at a lakh or a lakh and a quarter, Government has thought it advisable to seek an independent opinion and the case is about to be laid before Mr. O.A.G. St. J. Kneller, Superintending Civil Engineer, H.M. Dockyard, who with the approval of the Commodore has kindly consented to place his experience of these matters at our disposal.

It remains for me to express to Mr. Grantham and his clerical assistants my very deep gratitude for the ungrudging energy with which they have attacked and overcome the many and wearisome difficulties of this budget. I fear their labours have not been lightened by the fact that they had to work for one who is learning the A.B.C. of budgets for the first time. (Applause).

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

DANGEROUS GOODS AMENDMENT ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend further the Dangerous Goods Ordinance, 1873." He said: This amending Ordinance will give to authorised Fire Brigade Officers powers of search for dangerous goods hitherto possessed only by authorised police officers. It will also provide penalties for breaches of the principal Ordinance, of regulations made thereunder and of conditions of licences issued thereunder.

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 repeals and in effect re-enacts section 11 of the principal Ordinance, but extends the power of search therein contained to officers of the Fire Brigade acting under the authority of the Inspector General of Police, it having been found necessary to transfer certain duties of inspection to such officers.

2. The principal Ordinance as first enacted contained a power to make bye-laws for regulating the landing of dangerous goods and the mooring of ships on which such goods were carried. This power was later amended, and finally replaced (in the Dangerous Goods Amendment Ordinance, 1922) by the power to make regulations which appears in the present section 5 (1) of the principal Ordinance. The section (section 7) however, governing penalties for breach of the regulations, retains substantially the form in which it was originally enacted, and provides for a penalty only in cases where goods are illegally moved, stored, shipped, landed, etc. Consequently no penalty is recoverable for a breach of regulations made, or of conditions of a licence issued, under section 5 (1) unless the breach also falls within section 7.

3. Section 3 of this Ordinance provides for a penalty for breach of the principal Ordinance, a regulation or condition of a licence in all cases where such provision has not already been made.

INDUSTRIAL AND REFORMATORY SCHOOLS AMENDMENT ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Industrial and Reformatory Schools Ordinance, 1932." He said: The amendments which will be effected by this Ordinance are fully explained in the Memorandum of Objects and Reasons.

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 repeals the definition of "youthful Offender" in section 2 of the principal Ordinance and re-enacts it with the substitution of the word "offender" for the word "person." Section 2 also defines "child" and "young person" as they are referred to in sections 3 and 31 of the principal Ordinance.

2. This amendment is made in consequence of suggestions made by the Secretary of State in his despatch of the 29th April, 1933, intimating that His Majesty will not be advised to exercise his power of disallowance in respect of Ordinance No. 6 of 1932.

3. The amendment is intended to make it clear that the children who are dealt with under section 17 of the Juvenile Offenders Ordinance, No. 1 of 1932, who are not charged with any offence and cannot therefore be regarded as offenders, are excluded from the definition of "youthful offender" in the Industrial and Reformatory Schools Ordinance, No.6 of 1932.

4. Section 3 amends 3 of the principal Ordinance so as to include young persons as well as children.

5. Section 4 substitutes a redrafted sub-section for sub-section 6 (1) of the principal Ordinance so as to provide, as in the case of section 48 of the Children Act, 1908, (8 Ed. 7. c. 67), that the relinquishment of the certificate given to a certified industrial school may be made, in the case of a deceased sole manager, by his executors or administrators.

6. Section 5 substitutes a redrafted sub-section for section 8 (3) of the principal Ordinance which makes a distinction between the orders of the Governor relating to youthful offenders detained under section 7 in certified industrial schools on the withdrawal or relinquishment of the certificates and the orders relating to other children committed to such schools.

7. Section 6 deletes the word "renew," from section 17 (4) of the principal Ordinance which empowered a court making an order of detention to "renew, vary or revoke" it. The Secretary of State in his despatch of the 29th April, 1933, suggested that if an offender is sentenced to a definite term of detention he should be released at the end of that term unless during the detention he has committed an offence for which he can be given a further term.

8. Section 7 corrects a misprint in section 19 (2) of the principal Ordinance.

9. Section 8 deletes the word "detained" from section 31 (1) of the principal Ordinance as the section applies to children committed to certified industrial schools under section 17 of Ordinance No. 1 of 1932 as well as to youthful offenders under Ordinance No. 6 of 1932 and the word "detained" is considered inapplicable to the former. Section 8 also adds the words "or young person" after the word "child" wherever that word occurs in section 31 (1).

10. Section 9 brings this amending Ordinance into force at the same time as the principal Ordinance which it amends. Such coming into force will be on a date fixed by Proclamation under section 38 of Ordinance No. 6 of 1932.

MONEY-LENDERS AMENDMENT ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the law with respect to transactions with money-lenders." He said: By section 371 of the Code of Civil Procedure judgments for money may be enforced both by imprisonment of the judgment debtor and by the attachment and sale of his property. Further provisions for the

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judgments for money by imprisonment are to be found in sections 438 to 449 of the Code. All these sections are derived from the old Hong Kong Code of Civil Procedure of 1873 and have been retained because the geographical situation of the Colony makes it so easy for absconding traders to disappear into that mysterious region known as "Canton-more-far." But the people who have the misfortune to get into the clutches of registered professional moneylenders do not as a rule belong to a class who find it possible to escape: and there is every reason to believe that the menace of imprisonment and the consequential loss of employment and the means of livelihood is used by money-lenders as a weapon of extortion. Although the Money-lenders Ordinance, 1911, allows the Court to re-open money-lending transactions to some extent, the Court has not felt itself able, hitherto, to prevent the operation of the provisions of the Code relating to imprisonment, which is the object of the present Bill.

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

Objects and Reasons.

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

The object of this Ordinance is to put an end to the application to moneylending transactions of the provisions of the Code of Civil Procedure relating to execution of judgments for money by imprisonment.

JUVENILE OFFENDERS AMENDMENT ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Juvenile Offenders Ordinance, 1932." He said: The effect of this Ordinance is explained in the Memorandum of Objects and Reasons to which I have nothing to add.

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 repeals the penultimate paragraph of section 17 (1) of the principal Ordinance and re-enacts it with the substitution in the first bracket of the words "including a Certified Industrial School as defined by the Industrial and Reformatory Schools Ordinance, 1932" for the words "including an Industrial or Reformatory School."

2. The object of the amendment is to ensure that persons dealt with under section 17 (1) of Ordinance No. 1 of 1932 are not sent to Reformatory Schools but, where necessary, to Certified Industrial Schools, as defined by Ordinance No. 6 of 1932, in order to prevent the attachment of any unnecessary stigma to the children or young persons who are dealt with under section 17 of Ordinance No. 1 of 1932.

3. Section 3 brings this amending Ordinance into force at the same time as the principal Ordinance, which it amends. Such coming into force will be on a date fixed by Proclamation under section 27 of Ordinance No. 1 of 1932.

BANKRUPTCY AND MAGISTRATES AMENDMENT ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the law relating to the jurisdiction of Magistrates in Bankruptcy Offences." He said: The Object of this Ordinance is to restore to the summary jurisdiction of the Magistrates all offences under the Bankruptcy Ordinances.

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 9th paragraph of the Magistrates Ordinance No. 3 of 1890 as amended by section 26 of Ordinance No. 23 of 1927 excluded from summary jurisdiction any offence against any provision of the laws relating to bankrupts other than the offence of obtaining credit under false pretences or by means of any other fraud under section 82 (5) (a) of the Bankruptcy Ordinance, No. 7 of 1891.

2. By the Larceny Amendment Ordinance No. 8 of 1931 paragraph (a) of section 82 (5) of the Bankruptcy Ordinance, 1891, was repealed and transferred to the Larceny Ordinance No. 5 of 1865 as section 78A thereof.

3. By section 146 and the Third Schedule of the Bankruptcy Ordinance, No. 10 of 1931, paragraph 9 of the Magistrates Ordinance 1890 (as amended in 1927) was repealed, and section 144 of the Bankruptcy Ordinance, No. 10 of 1931, provided that any offence under it or under the 1891 Ordinance might be dealt with summarily by a Magistrate under the Magistrates Ordinance, 1890.

4. The Magistrates Ordinance 1890 was repealed and replaced by the Magistrates Ordinance, No. 41 of 1932, but through an oversight paragraph 9 of the Third Schedule was re-enacted instead of being omitted.

5. Paragraph 2 of this amending Ordinance deletes from section 144 of Ordinance No. 10 of 1931 the reference to the Magistrates Ordinance, 1890 which has been repealed.

6. Paragraph 3 of this amending Ordinance repeals paragraph 9 in the Third Schedule to Ordinance No. 41 of 1932.

7. The effect of these amendments is to carry out the intention of section 144 of the Bankruptcy Ordinance, 1931, which was to enable Magistrates to exercise their summary jurisdiction in Bankruptcy offences.

MERCANTILE MARINE ASSISTANCE FUND ORDINANCE, 1933.

The ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance for the establishment and administration of a Mercantile Marine Assistance Fund in Hong Kong." He said: The position of the Colony as a World-Port requires the residence here of a certain number of members of the Mercantile Marine, temporarily out of employment, but available to take vacancies caused by illness and death. The object of this Ordinance is to establish a fund for the assistance of such persons, if in need, and also to make provision for the repatriation of those whose presence is not required and who cannot conveniently be dealt with under the Distressed Seamen Regulations of the Board of Trade.

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 object of this Ordinance is to establish in the Colony a Mercantile Marine Assistance Fund to be administered by a Committee financed by the revenues of the Colony.

2. Similar Funds have been established in Singapore and Penang, under Straits Settlements Ordinance No. 125, s. 417 (as amended by No. 28 of 1926); but there the financing is done by debiting the expenses of the Fund against a particular section of the revenue, the fees paid in respect of Sunday Cargo Working exemptions. In Calcutta a proportion of the Sunday working fees is allocated to the Seamen's Welfare Committee there. In England

similar service is performed by the Mercantile Marine Masters and Officers Relief Fund which receives contributions from the National Relief Fund, King George's Fund and other sources.

ADJOURNMENT.

HON. SIR HENRY POLLOCK:—With regard to the question of adjournment, may I ask, on behalf of the Unofficial Members, for an adjournment for a fortnight to enable them to consider the Budget. I would also like to ask, on behalf of the Unofficial Members, with reference to the Legal Department, whether they can be shown the report which it is understood has been made to the Government with regard to the sufficiency of the staff of the Legal Department?

H.E. THE GOVERNOR: I am not prepared to give a reply to the second question until I have seen the papers again. Council stands adjourned until October 12.

FINANCE COMMITTEE.

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

Votes totalling \$168,900 contained in Message No. 9 from H.E. the Governor were considered.

Item 78. Public Works Extraordinary:—New Territories. Government Bungalow at Fanling.—\$35,000.

THE COLONIAL SECRETARY: With regard to Item No. 78, I would ask the Press to note that this is not a vote for increase of cost but an increased expenditure during the financial year owing to work proceeding more rapidly than was anticipated.

All the votes were approved.
