

12th September, 1935.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT (SIR THOMAS SOUTHORN, K.B.E., C.M.G.).

HIS EXCELLENCY THE OFFICER COMMANDING THE TROOPS (LIEUTENANT-GENERAL O. C. BORRETT, C.B., C.M.G., C.B.E., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. N. L. SMITH, *Acting*).

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

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. E. H. WILLIAMS, *Acting*).

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

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

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

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

HON. MR. M. J. BREEN, (Postmaster General).

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

HON. SIR WILLIAM SHENTON, KT.

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

HON. MR. J. P. BRAGA, O.B.E.

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

HON. MR. T. N. CHAU.

HON. MR. J. J. PATERSON.

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

ABSENT:—

HON. MR. W. H. BELL.

MINUTES.

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

PAPERS.

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

Amendment to regulation 2 in Schedule B to Buildings Ordinance, 1935.

Order under section 4 (a) of the Importation and Exportation Ordinance, 1915.

Order for removal of all graves in portion of Section A in New Kowloon Cemetery No. 4 (Sai Yu Shek Cemetery).

Order for removal of all graves in portion of Section A in New Kowloon Cemetery No. 3 (Cheung Sha Wan Cemetery).

Order for removal of all graves in portions of the Tung Wah Hospital Cemetery at Kai Lung Wan.

Order for removal of all graves in portions of Sections A, B and C in Chai Wan Cemetery.

Order for removal of all graves in portions of Sections B and C in Mount Caroline Cemetery.

Order for removal of all graves in portions of Section A and Trenches in Kai Lung Wan East Cemetery.

Order for removal of all graves in portions of Sections B and C in Kowloon Cemetery No. 2 (Ho Man Tin Cemetery).

Order under the Public Revenue Protection Ordinance.

Administration Report, 1934:—

Part I.—General Administration:—

Audit Office.

Report on the Construction of the First Section of the Shing Mun Valley Waterworks Scheme (Sessional Paper No. 6 of 1935).

Abstract showing the Differences between the Approved Estimates of Expenditure for 1935 and the Estimates of Expenditure for 1936 (Sessional Paper No. 7 of 1935).

Report on the Possibilities of a Co-operative System in Hong Kong (Sessional Paper No. 5 of 1935).

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid upon the table the report of the Finance Committee, No. 13 of September 12th, 1935, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

THE BUDGET.

THE COLONIAL SECRETARY.—I rise by Your Excellency's command to move the first reading of a Bill intituled "An Ordinance to apply a sum not exceeding \$23,840,416 to the Public Service of the year 1936."

I can, I am sure, count upon the indulgence of Hon. Members in my task of submitting this my first Budget in the unfortunate circumstances of which this Council is only too well aware.

When Your Excellency moved the first reading of the Budget for 1935 you referred to the very serious depression in trade from which the Colony was at that time suffering. That was a year ago, but unfortunately there are to-day few, if any, signs of recovery, and that the position has not improved during the past twelve months is very clearly brought out by a comparison between the original and the revised estimates of revenue for the current year. The original estimate was \$30,585,650, the revised estimate is \$28,328,034, a short-fall of over \$2 million; and though this is more than offset by the savings of some \$4 million on expenditure, the revised estimate of which is \$28,481,000 as against the original estimate of \$32,556,102, it must not be overlooked that a considerable part of this saving is caused by the fact that, whereas the estimates were framed on a ¼d dollar, exchange has been in the neighbourhood of 2/- for the greater part of the year. The figures which I have just given show that it was expected that it would be necessary to draw on our surplus balances to the extent of \$1,970,452 during the present year, and that we have revised that figure to \$152,966, which will leave us with a surplus balance at the end of this year of \$12,095,789. As Hon. Members are aware it is the policy of this Government so to frame its annual Budgets as to maintain its surplus balances at a figure of about \$10 million, and to consider that any amount in excess of that figure is available for non-recurrent expenditure. In particular the programme of Public Works for each year is made to depend upon this figure, being more amenable to annual adjustment than most of the other services of Government. With this in view it will be seen that we may

anticipate starting 1936 with an available credit of slightly over \$2 million; and were it to be expected Revenue in 1936 will reach even the reduced total of the revised estimate for the current year the position would be not unsatisfactory. Unfortunately, however, it is anticipated that on the existing basis of taxation the Revenue can hardly fail to be a million and a half dollars behind the 1935 revised figure.

I will refer later to the question of additional taxation, but would only say at this point that the 1935 scale of taxes is continued unaltered in the Estimates now before the Council, except that it has been decided to forego rather more than half a million dollars of Revenue by reducing the charges for excess water, as these have been represented as pressing too hardly on the general public.

On this understanding the Budgetary problem resolves itself largely into a question of curtailing the expenses of Government. The first curtailment to be considered is that of Public Works Extraordinary as being the largest single Head of Expenditure apart from Military Contribution. But here it is impossible suddenly to close down works now in hand, and at the moment, quite apart from Loan Works, there are a number of large schemes in process of completion, particularly the Queen Mary Hospital, the King's Road at Causeway Bay, the Central British School, the Kowloon Magistracy and the Wanchai Market. It is not proposed that any major works will be begun in 1936 and the programme of lesser works is considerably smaller than usual.

Apart from Public Work Extraordinary, expenditure can be reduced by economies in Social Services, in Recurrent Public Works and in the cost of general administration. Hon. Members will not, I think, desire any drastic cut in the Colony's Social Services, but so far as possible no new obligations in this direction will be assumed next year. On Public Works Recurrent the Estimates now before you show a reduction of nearly 10% on the 1935 approved figures which in themselves were considerably lower than those for 1934. As regards general administration the pruning has been severe as will be seen from the frequent occurrence of the footnote "Considered sufficient" in the various "Other Charges" votes. "Special Expenditure" subheads also have been drastically reduced and show a total saving of more than a quarter of a million dollars. Retrenchment of staffs beyond what has already been accomplished in recent years has been considered, and while posts have not been abolished vacancies which have occurred or are expected to occur will not be filled if it is considered in any way possible to leave them unfilled without undue loss of efficiency. The effect of this, however, can only be gradual and could not greatly affect the present Budget.

As a result of all these economies the gap between Revenue and Expenditure has been considerably reduced but with the dollar rate taken at $\frac{1}{8}$ d, which seems a prudent figure, there will still be a

deficit, after allowing for the surplus balances as mentioned, of about \$830,000. The exact figures are Revenue \$26,671,845 plus Surplus Balances (in excess of ten million dollars) \$2,095,789—total \$28,767,634; Expenditure \$29,598,148.

Such a position might, on a consideration merely of the Budget figures, reasonably give some cause for disquietude. But before we need resign ourselves to the prospect of an unbalanced Budget I would submit the following points. In the first place there is the exchange rate of the dollar, a perennially uncertain factor in the framing of successive Estimates. The total amount of expenditure which depends directly on the dollar exchange is, in the Estimates now before you, £750,322, representing sterling salaries, passages, purchases from Crown Agents, pensions, etc. I give the figure in sterling for the purpose of clarity.

At the rate of 1/8d to the dollar, the figure adopted for the Estimates now before us, this represents a total of \$9,003,864. If the dollar remains at its present level of about 2/- there will be sufficient savings on this alone to turn the budgetted deficit into a substantial surplus. Actually, as can be easily calculated, a balanced Budget may be anticipated if the dollar rate averages about 1/10½d during 1936.

Secondly, the Government has recently received the Secretary of State's authority to transfer to the general revenue in case of need a sum of \$500,000 from the funds of the 1925 Trade Loan. This, I may say, will still leave sufficient assets in that fund to meet all possible future liabilities. In spite of such approval this transaction has not been included in the Estimates now before the Council as it is thought prudent to retain this half a million dollars as a sort of nest-egg to be used in case of a serious fall in the rate of the dollar or a serious decline in revenue. It should, moreover, be borne in mind that this sum is not only a nest-egg but in the nature of a windfall (if the metaphors may be so mixed); that is to say that no considerable further sums from the same source can be counted upon for future Budgets.

But apart from these considerations it is I think justifiable on an occasion like this to take a longer view than the twelve months of 1936. I have already mentioned some of the major Public Works to the completion of which we are at the moment committed. Most of these will be completed during 1936 and all, so far as can be foreseen, before the end of 1937. The Colony has no doubt many other desirable works which should be undertaken; but if the present depression is to last beyond the next two years it will clearly be necessary to postpone, when the time comes, the inception of any such large-scale undertakings until the outlook is clearer.

From a slightly different point of view, and still taking a long view, it is also justifiable to bear in mind that the Colony will within

the next few years have at its disposal, mostly as a consequence of the Public Works mentioned; certain sites of a very high potential value. I refer in particular to the Arsenal Yard, to part of the Victoria Gaol site, to part of the Government Civil Hospital site and to the site of the present Central British School.

In spite of all this, however, the Government would be failing in its duty if it did not contemplate in advance the steps that will have to be taken in 1936 if there should either be a sharp drop in the dollar rate or a serious decline in revenue, or possibly both. As I have said, no additional taxation has been imposed in the existing circumstances; but it is as well that a warning should now be given that this may be necessary if the state of the public finances in 1936 should show serious deterioration. It is also desirable that a warning should be given that a temporary levy on all Government salaries, both dollar and sterling, may be necessary before the end of 1936 in the circumstances referred to, and that the Secretary of State has already given his sanction to action on these lines. It is unnecessary at the moment to go into the details of proposals which will only be required in the event of a contingency which we hope will not arise.

I pass on now to a more detailed examination of the printed Estimates before us. The lucid memorandum of my Hon. friend the Colonial Treasurer not only sets out the financial position of the Colony but also relieves me of much of the duty of explaining in detail the various increases and decreases (mostly the latter) in the various heads of revenue. The increase in "Medical Examination of Emigrants" under Head 4 on page 8 is a gratifying sign of improved trade conditions in Malaya in which our shipping interests no doubt share. The Railway after several years of prosperity now shows a decrease in spite of every endeavour on the part of its Manager. Nearly half of the decrease, however, is to be attributed to the fact that the three express locomotives ordered for the Chinese section and at present run by the British Section are due to be handed over to the Chinese Section in May 1936. The Chinese Section will then cease to pay the British Section for running the engines but there will be a countervailing saving to this Section in running expenses. "Markets" show a gratifying increase of \$50,000. The increases and decreases in Royalties paid by public utility companies roughly cancel out. Land sales are estimated to fall by one half.

Turning now to the "Abstract of Differences", a copy of which is in the hands of every Hon. Member, it will be seen that "New Posts" amount to a lakh and a half. A brief analysis as to how this total is reached will, I think, reveal that it is not so formidable as it might appear. The Police Department accounts for nearly one half, and the greater part of these Police increases have already been approved by Finance Committee but now appear in the Estimates for the first time. They are offset to the extent of \$10,500 by

"Abolition of Posts". The Education Department accounts for \$14,000, and practically all of this is for the new Trade School, a scheme which has, I am sure, the support of the whole Council. The next biggest is the Medical Department with \$13,000. Just half of this is accounted for by the staff of the Fumigating and Disinfecting Bureau having been taken over by Government and the new post of Rat Searcher, both of which have already received the approval of Finance Committee and of the Secretary of State. The crews of the Fumigating craft are shown under the Harbour Department, and explain the increase in that Department. The \$11,000 for the Public Works Department, which is all but balanced by the \$10,500 for "Abolition of Posts", falls under three heads, electrical and wireless, storage of sand, and diving. As regards the first the electrical work expands as there are more Government buildings to look after, and next year will see the completion of the new Central British School, the new Kowloon Magistracy and the new Upper Levels Police Station, and in 1937 the Queen Mary Hospital. The reasons for the storage and sale of sand by Government were explained by Your Excellency when you introduced the Budget last year. The new posts of two storemen and four coolies are required for the sand bins which have been erected. As regards diving there is the second cross harbour pipe now to be looked after, and it is considered cheaper to employ an extra Chinese diver than to hire one from outside which has recently been the practice. For the Sanitary Department there is \$8,160, which is made up by the provision of five new posts of Asiatic Sanitary Inspectors, a scheme which has as its aim the replacement of European Inspectors; and fifteen Latrine Attendants, who were previously paid for out of an "Other Charges" sub-head, so that the latter are only technically "new posts." There is \$7,785 for "new posts" for the Treasury, accounted for by the new rating method, strongly advocated by the Chinese community, of assessment by floors instead of whole houses, and by the temporary engagement of an officer to act for another on leave. The institution next year of an Aviation Meteorological Service is responsible for the \$6,000 for "new posts" under the Observatory, as well as for part of the "new posts" of the Post Office (B) Wireless and the Public Works Department. The remainder of the new posts are comparatively unimportant, and I will deal with them when I come to the particular departments concerned.

Head 1—H.E. The Governor.

A reduction has been made on four out of the five sub-heads of "Other Charges."

Head 2—C.S.O. and Legislature.

The Secretary of State was requested to select one candidate for the Cadet Service consequent on Mr. Lloyd's death. Since then we have learnt that we are losing another Cadet Officer on transfer

to another Colony, but it is not proposed to recruit any one in his place. Footnotes (4) and (5) make it clear I think that the Cadet Staff of the Secretariat does not consist of nine officers, but of five only.

Head 4—Treasury.

I have already explained the reasons for the increases in the staff of this department. The addressograph equipment under Special Expenditure is required for additional plates, etc. for addresses, and a cabinet in which to store them.

Head 6—District Office, North.

The rating of the New Territories will entail the keeping and posting of registers and an additional clerk will be required for this work. He is shown under the three Class VIB Clerks.

Head 8—Post Office and Wireless.

(A) Post Office.

Two new postal kiosks, similar to that at Kowloon City which has been so successful, are to be erected next year at Hunghom and Sai Wan Ho. Better postal deliveries are also to be given to Kowloon City, Shou Son Hill and Stanley. This means small increases in the numbers of Class VI Postal Clerks and third class Postmen, and on sub-heads 3 "Cleansing Materials," and 5, "Incidental expenses."

(B) Wireless.

Provision is made for two new posts of Class V Telegraphists who will be required in connection with the Aviation Meteorological Service, which is to be inaugurated next year. I will say more about this when I am dealing with the Royal Observatory. The Assistant Accountant was appointed in 1932 and the post was left on a temporary basis pending a decision as to the fate of the Colony's wireless services. As these seem likely to continue to be operated by Government for some years to come it is considered only fair to the officer concerned to put him on the permanent establishment. He has performed his duties most efficiently, and is at present acting for the Chief Accountant of the Post Office who is away on leave. If and when the wireless services are transferred to commercial enterprise the officer would be available for general service on the accounting side of the Senior Clerical and Accounting Staff, vacancies in which occur from time to time. The Class I Radio-postman and the three coolies are rendered necessary by the general expansion in the work of this Sub-department.

Head 9—Imports & Exports Department.

There is an increase of one European Revenue Officer for this department. He is rendered necessary principally on account of

opening, on the instructions of the Secretary of State, of six more Government Opium shops. There are at present seven such shops which are looked after by a Revenue Officer whose real work is along the waterfront. This is not a satisfactory arrangement and will be an impossible one with the opening of six more shops.

There is a reduction on twelve sub-heads of "Other Charges" and an increase on one only, number 22, which is the opium shops.

Head 10—Harbour Department and Air Services.

(A) Harbour Department.

The only changes in Personal Emoluments are the crews for the craft of the Disinfecting and Fumigating Service, which as Hon. Members are aware is now operated by Government. These are shown on page 30 under "Launches". There is also an addition of two Carpenters on page 32 for the slipway at Yaumati. The question of this slipway was gone into very thoroughly as a result of the report of the Retrenchment Commission and Government is quite satisfied that it is an economical proposition. Also for this slipway is included under "Special Expenditure" a sum of \$1,200 for a jib crane. This is required for the more expeditious handling of the stores which are dealt with there.

Under "Other Charges" there is a net reduction of \$81,370.

Under "Special Expenditure" sub-heads 28 and 29 are to turn to economical use an old launch and an old boiler which have been condemned as unfit for their original purposes. The remainder of the Sub-heads are for replacements.

(B) Air Services.

The Annual Subsidy to the Volunteers has been transferred to Head 27 Hong Kong Volunteer Defence Corps. No provision has been made for the subsidy to Commercial Aviation, as the position is not yet sufficiently definite to justify the inclusion of any figure in the Estimates. Should, however, an Air Service be commenced next year Council will be asked to vote whatever sum is considered justified. Provision has been made for one new post of Class VIB Clerk, as the work at the Aerodrome increases steadily.

Head 11—Royal Observatory.

The increase in this department is accounted for by the decision of Government, at the urgent request of the Air Ministry, to institute next year an Aviation Meteorological Service, which at present is lacking in Hong Kong, and Mr. Jeffries, the Director of Royal Observatory, who is at present on leave in the United Kingdom,

has been instructed to discuss the matter with the Director of the Meteorological Office of the Air Ministry, and with the Astronomer Royal. Meanwhile provision has been made in the Estimates for one more Professional Assistant, (who must be a man fully trained at home), as the existing staff of the Observatory is mainly concerned with reports for shipping which are quite different from those required for aviation, and is numerically insufficient to operate an aviation meteorological service in addition. It will also be necessary to purchase a machine for the reproduction of synoptic maps, sub-head 11 of "Special Expenditure" and to make provision for more hydrogen for pilot balloons, sub-head 5 of "Other Charges".

As regards the wireless side of this service—that is to say the transmission and reception of weather reports between this aerodrome and neighbouring ones and also with aircraft in flight—there is already a short-wave transmitter, which is being used at the moment by the Broadcasting Committee, but which will be returned to the Wireless Station at Kai Tak. The Staff to run this, two Class V Telegraphists and one Class V Technician are shown under Head 8 (B) Post Office, Wireless, and Head 32 Public Works Department, respectively. Provision is also made under "Special Expenditure" of the latter Head to purchase three Morse instruments. It is not known definitely when Hong Kong will be linked up with Imperial Airways or other air lines, but it is hoped that it will be before the end of next year. Meanwhile it is necessary to set up in advance an organisation that will be able regularly to provide pilots with the weather reports that they will require.

Head 12—Fire Brigade.

The Fire Brigade has this year had the number of motor vehicles under its charge increased by three, and this calls for an increase of one in the number of motor drivers. An attendant is also required for the ambulance stationed at Taipo. Under "Special Expenditure", Sub-head 13, provision is made for the conversion of more Ball Hydrants to Pedestal Hydrants, and for a new motor fire engine to replace one which has been condemned and is totally unserviceable. There is at present no Fire Hydrant Service in the Post Office building: this will be installed next year at a cost of \$3,100, sub-head 15. All these three items are essential to keep the fire fighting services and equipment of the Colony up to their present standard of efficiency.

Head 13—Supreme Court.

The temporary Bailiff on page 38 is already in existence and is being paid out of savings. He is now shown in the Estimates. So long as the depression with its attendant bankruptcies is with us he will continue to be necessary.

Head 18—Magistracy, Hong Kong.

The number of Cadet Officers, namely three, shown under this head actually gives a true statement as to the number who are, and will next year be, working in the department. This is a somewhat rare occurrence, for more often than not departmental estimates are swollen by the inclusion of officers who are on leave and who will not on return be attached to the department concerned. In the 1935 Estimates, for instance, the Hong Kong Magistracy was debited with five Cadet Officers.

Head 19—Magistracy, Kowloon.

In anticipation of the new Magistracy opening next June one more Class VIB Clerk has been included, and the sub-head "Electric fans and light" increased from \$400 to \$600.

Head 20—Police Force.

There is a considerable number of new posts shown in the Estimates of the Police Force, most of which have already been approved by the Finance Committee of this Council. Of those which have not been approved one new Probationer takes the place of one promoted to be Assistant Superintendent of Police: it is three years after first appointment before a Probationer is ready to take over the full responsibilities of a commissioned Police Officer, and three of such officers will have reached the age of 55 by 1938. One Class VIB Clerk is required for the New Upper Levels Police Station which will be opened next year and one for Yaumati Police Station, one European Sub Inspector for Shamshui Police Station in connection with C.I.D. work, one European Sergeant for the New Upper Levels Station for Charge Room duty and one European Sergeant to replace one Lance Sergeant at Mongkok for C.I.D. duty. Both Shamshui and Mongkok districts have expanded considerably in size, if not in population, and the former now includes the Tsun Wan and Shing Mun districts which are growing industrially. Two European Lance Sergeants are for the border Station at Ta Ku Ling which it is proposed to rebuild next year. The present building is an old Chinese house and is far too small. Of the twenty-seven new posts for Indian Police Constables, twenty-four are to replace special Guards at the Border Stations and three are for the Mongkok District. Six Cantonese Constables are needed for Shamshui District, three for Kowloon City District and one for the New Kowloon Magistracy which will be open next year. Two more Special Guards are required to guard the Gunpowder Depot on Green Island. One Coolie is required for the New Upper Levels Police Station. There is a reduction of one Sergeant and nine constables in the Wei Hai Wei Contingent and twenty-two Special Guards.

Under "Other Charges" there is a reduction on thirteen sub-heads, an increase on seven and no change on twelve, with a net reduction of \$1,320. Under "Special Expenditure" the Revolvers, and Thompson Guns are replacements; the Rifles are required to bring the armament of the Police Force up to strength, and the Anti-Gas Equipment is to furnish part of the Police Force with respirators. All countries in the world to-day are taking precautions against Gas Attack and Hong Kong must follow suit. In this connection I would state that it is proposed to hold a "dummy run" Gas Attack later in the year, similar to the "dummy" Air Raid Attack which was held last November. Provision is also made under the Medical and Sanitary Departments and two Volunteer Forces for anti-gas equipment. The Inspector General of Police is satisfied that the Safety First Campaign last year was a success, but considers that it is necessary to repeat it at intervals. It is therefore proposed to have another this year, and again next year.

Head 21—Prisons Department.

The continued growth in the prison population of the Colony is reflected in the net increase in "Other Charges" under this Head. Sufficient has I think been said on this subject on more than one previous occasion, so that there is no need for me to go into it again to-day. It is not a satisfactory position, but this Colony must carry out its international obligations as regards opium. Another aspect of this policy is shown in the very much reduced revenue which we expect to get from sales of Government opium next year. There is no change in the establishment of prisons staff.

Head 22—Medical Department.

In the earlier part of my speech when dealing with new posts generally I referred to those required for the Disinfecting and Fumigating Bureau and the Rat Searcher. In addition to those there are the following:—On page 56 one Class VIB Clerk who is required by the continually growing work of Births and Deaths Registration, and an Office Attendant for the head office; on page 57 an extra coolie for the Central Medical Store, and an Assistant Matron for the Government Civil Hospital with a corresponding reduction of one Nursing Sister. The Matron of the Civil Hospital occupies a responsible position and needs an Assistant to help her; the net increase in cost is not large. One other Nursing Sister is replaced by two Midwives on a dollar salary; they appear on the next page. On this same page, 58, there is one new post of Probationer Dresser. The work of the Venereal Diseases branch continues to grow, and it is necessary to provide for two more Staff Dressers, page 59. The Maternity and Child Welfare branch, also on page 59, claims two more Nurses. This is a branch of medical work with which Government has the utmost sympathy, and it is only the extreme necessity for not undertaking any more

liabilities than we are definitely committed to that prevents a considerably larger increase in the staff, and also in the accommodation, for welfare work.

No provision, apart from one sew amah, on page 62, who will be needed in advance in connection with making up the linen, has been made for the extra staff that will be required for the new Queen Mary Hospital, as the Hospital will not be ready until 1937. Nor has the medical equipment for this Hospital been included in these Estimates apart from a sum of \$35,000, sub-head 60, for disinfecters and sterilisers which must be installed before the building is completed, and the linen which has to be made up.

The "Other Charges" Votes have been pruned so far as is consistent with the proper maintenance of existing Government medical and hospital services. They show a net reduction of \$38,559.

Head 23—Sanitary Department.

The number of second-class European Sanitary Inspectors is reduced by one. As Hon. Members are aware it is Government's policy gradually to replace European by Asiatic Sanitary Inspectors as vacancies occur among the former. Provision is made for ten Asiatic Inspectors; five Probationers and five fully qualified. At present there are actually only five Asiatic Inspectors all of whom are qualified. A considerable number of posts of Bargemen, Scavenging Coolies, Meat Porters, etc., have been abolished. These appear on page 68. Twenty-three out of the thirty-eight Sub-heads of "Other Charges" show a reduction.

Head 24—Botanical & Forestry Department.

The only alteration to which I would draw the attention of Hon. Members under this Head is the creation of eight new posts of gardeners. Six of these are required for the extensive grounds of the new Central British School, and two are required for Chatham Road. As regards the latter it is proposed to make into an ornamental garden the untidy strip between Middle Road and the Kowloon Football Club. Work on the first section, which is about 300 yards long, is already in hand and these two gardeners are to look after it. I am unable to give any undertaking as to when Government will be able to find funds to proceed with the remaining two sections of this eminently desirable improvement.

Head 25—Education Department.

The principal feature of the Education Department's Estimates is the new Trade School, which formed the subject of Sessional Paper No. 6 of 1934. The staff appears on page 74, and "Other Charges" and "Special Expenditure" on page 71. In addition the

salary of the Principal, who will continue to be Head Master of the Junior Technical School, is shown at the bottom of page 72. It is hoped to open the School on or about 1st October, 1936, and Mr. White, the Principal, will help to select the British staff and to purchase the equipment when he is on leave next year.

Apart from the Trade School there are no other points that call for particular mention. The Junior Technical School requires two more University trained masters. Under "Other Charges", "Capitation Grants" (Sub-head 23) have been increased by \$10,000.

Head 26—Kowloon-Canton Railway.

Under the Personal Emoluments of this Department there is one new post of Class VIB Clerk on page 79. He is required for statistical work. It will be noticed that a number of posts under E-3 "Running Expenses" and E-4 "Maintenance and Equipment" are to be abolished at the end of April. This arises from the fact that, as I said just now, on 1st May the Chinese Section will have completed its payments to us for the three express locomotives, which will then be handed over to it. Altogether there will be a reduction of 33% in running crews. Certain allowances will also be reduced.

Under "Other Charges" there is a net reduction of \$115,078, the greater part of which is accounted for by the transfer of the three locomotives to the Chinese Section. I would invite the attention of Hon. Members to Sub-head 25 "Sleepers" which is reduced by \$8,500. The stock of concrete sleepers has now been used up and in future only wooden sleepers will be used. These latter are considerably cheaper and are generally more satisfactory. In order to enable alternative and competitive species to New South Wales hardwoods to be used it is proposed to erect a small open tank creosoting plant at a cost of \$1,500; provision for this has been made under "Special Expenditure", Sub-head 39.

Sub-head 31, Tunnels, is increased from \$150 to \$1,000. It is proposed next year to water-proof Beacon Hill Tunnel; in its present state the rails become wet and greasy, which makes it difficult for trains to take the gradient.

The sub-heads "Double Wire Signalling at Yaumati Station" and "The Conversion of Taipo Market Station into a Crossing Station" under "Special Expenditure" will facilitate more expeditious crossing of trains and thus improve punctuality; at the same time there will be an increase in safety. When this work is completed it will be possible to dispense with the services of four porters. Altogether there will be an annual saving of 11.4% on the total capital outlay of \$7,300 on these two sub-heads.

Beacon Hill Tunnel should be re-railed every seven years as a matter of safety. By 1936 it will be eight years since the last re-railing, sub-head 36.

The Chinese Section is already providing fans in its third class coaches; we must follow suit, and it is proposed to spread the expenditure over three years. The first year's programme is included under Sub-head 40.

It has been found that the boilers of the four "B" Class locomotives require extensive repairs, which can only be undertaken at home, but until such time as a spare boiler is available this cannot be done. One will therefore be purchased next year.

Head 27—Defence.

(A) Volunteer Defence Corps.

Provision is made for an Armourer Staff Sergeant. Hitherto the Police or the Military Authorities have lent an officer periodically to inspect the arms of the Volunteers. But this was never a very satisfactory arrangement, and with the increase in the armament of the Corps is becoming unworkable, as rifles and machine guns require constant expert attention if they are not to deteriorate. This permanent Non-Commissioned Officer will also act as Orderly Room Sergeant and will assist the Adjutant in dealing with correspondence, which is continually growing. As a slight offset the post of Class III Clerk in the Junior Clerical Service will be abolished. The two Special Guards are required for the protection of the valuable stocks which are stored at Volunteer Headquarters.

(B) Hong Kong Naval Volunteer Force.

This is still a comparatively new institution and, as far as "Other Charges" are concerned, the estimates must be somewhat in the nature of a guess as we have not the expenditure of previous years to go upon. There is a net increase in the total vote of \$1,000.

Head 28—Miscellaneous Services.

The higher rate of exchange makes a reduction in the cost in dollars of the Colony's contributions to various institutes at home. A new local grant appears for the Hong Kong Travel Association. For this a local committee, as will be recollected, recommended an annual grant of \$25,000 for three years and this amount was in fact voted specially in June, 1935. At the suggestion of the Secretary of State this figure has been reduced to \$15,000 in the present Estimates but the Government will be prepared to ask the Secretary of State to sanction a supplementary vote if the public

response to the appeal for funds justifies such a course. This is clearly a case where without public support it would not be justifiable to expend large sums from the public funds, and it is the present intention of the Government, when the scheme is further advanced, to make its contribution on a dollar for dollar basis as was recommended by the Committee mentioned.

The number of broadcasting licences continues to grow, and the Broadcasting Committee intends to increase the number of days per week of dual transmissions. To enable this to be done as well as to engage more announcers and artistes, Government has agreed to pay a larger subsidy. Hon. Members are doubtless aware that this sub-head also includes the payment of £600 per annum which Government makes to Reuters for their news service.

The number of Chinese employees in Government Service qualifying for larger New Year bonuses has increased, necessitating an additional \$5,000 for sub-head 30. The increase in rent allowances for European Senior and Subordinate Officers is caused by the higher rate of exchange. Whereas in other cases of sterling payments by Government there is a saving in dollars as the exchange rate rises, in the case of rent allowances the reverse is true, on account of the fact that the difference between the rent which the officer pays and 6% of his salary grows bigger as the dollar rises. The increase in rent allowances for Asiatic Sub-ordinate Officers is caused by the greater number of officers qualifying, by length of service, for the allowance. Rent of public telephones is up by \$1,000 on account of extra lines and payment for Government lists in the directory. The two stationery votes together show a reduction \$35,000, whilst transport of Government Servants is reduced by \$25,000.

Head 29—Charitable Services.

The reduction in the amount shown for the Aberdeen Industrial School does not mean that Government has altered its policy of supporting the School, but the grant is based on the number of boys sent by the Magistrates, the Police and the Secretary for Chinese Affairs to the School, and it is anticipated that the full quota will not be taken up next year. The contribution to the Benevolent Society is increased by \$1,000, an increase which I am sure needs no justification in the eyes of anyone who knows anything of the work done by that Society. It had been hoped to have made a start next year with a home for lepers, as recommended by the Committee which reported in Sessional Paper No. 1 of 1935, and negotiations had already been commenced between Government and the Sisters of the Immaculate Conception, who run the Home at Sheklung, with a view to their opening one at Hong Kong. But as it would have involved Government in an initial expenditure of \$50,000 on buildings alone for only twenty inmates, it did not seem that the scheme was one which should be embarked upon in the

midst of a depression. It has therefore been decided not to proceed with the home until times have improved. The grant to the Asylum has been raised from \$2,500 to \$4,000 to cover the estimated cost of maintenance of lepers sent from Hong Kong. The two sub-heads "Passages and Relief of Destitutes" and "Mercantile Marine Assistance Fund" have been reduced in the light of expenditure during 1934 and in the first half of this year. The reduction on these votes does not in any way imply a less liberal administration of these funds.

Head 32—Public Works Department.

So long as we have a heavy programme of Public Works Extraordinary on our hands it is not possible to make any effective reduction in staff in the Public Works Department, but as I have already said, it is clear that as things now are we shall not be able to embark on any new large works. Consequently as the works at present in course of construction are completed the staffs engaged on them will be redundant. In order to ensure that the Colony will not be saddled with superfluous staff when this state of affairs is reached, officers will not be placed on the permanent establishment on completion of their existing agreements, as is the usual course, but, if still required, they will be retained on a temporary basis only until the needs of the future are more clearly known. So far as the Estimates now before Hon. Members are concerned there is practically no change in personal emoluments, and what there is I have already dealt with earlier in my speech.

Twelve out of the twenty-one sub-heads of "Other Charges" show a reduction. In the case of No. 16 "Upkeep of Motor and Steam Rollers", a reduction is only possible if the light Diesel Roller, sub-head 22 of "Special Expenditure", is purchased, as this light roller, which is much cheaper to operate than an ordinary roller, will be used for work on which it is unnecessary to use a heavy roller, which has been the practice hitherto. Sub-head 17 "Upkeep of Quarry Plants" shows an increase of \$5,000; but this is nominal, for the vote now includes \$5,000 which was previously included in "Special Expenditure". With the establishment next year of an Aviation Meteorological Service there will be a new wireless transmitter to operate at Kai Tak, consequently the vote "Repairs, Stores and Current" under Radio Telegraph Branch must be increased by \$3,000. The largest item under Special Expenditure is the short wave telephone transmitter, \$72,000, which arises out of the recommendation of the Economic Commission, that Hong Kong should improve its short wave broadcasting transmissions, mainly with the idea of making the Colony better known. But in any case the inauguration next year of the Aviation Meteorological Service will deprive the Broadcasting Committee of one of its transmitters, for it has, as I explained, been using one that was originally purchased for aviation purposes.

The two lorries to be replaced, sub-head 23, are more than ten years old, and have reached the stage where the repair bill is so heavy that it is uneconomical to continue them in service.

Head 33—Public Works Recurrent.

There is a reduction on the Head of \$143,100, and there was a reduction in the 1935 Estimates, as compared with the 1934 Estimates, of \$78,750; in other words the provision for 1936 is \$221,850 less than it was for 1934. This means of course that there must be a falling off in the high standard at which Government buildings, roads, bridges, piers, etc., have been maintained in the past. But in these times we must cut our coat according to our cloth, provided that we do not allow things to reach such a state of disrepair as would lay up trouble for ourselves in the future.

Head 34—Public Works Extraordinary.

I have already explained that we have heavy commitments under this head, but that beyond those commitments the programme is comparatively small. The memorandum by my Hon. friend the Director of Public Works gives particulars as to the work to be done on each of the items next year. Although it is hoped to spend 16 lakhs on the Queen Mary Hospital, there will still remain about half a million dollars' worth of work to be done in 1937. The Upper Levels Police Station, Wanchai Market, Trade School, Causeway Bay and Quarry Bay Road, Kowloon Magistracy, and new Central British School are all expected to be completed next year.

Loan Works.

With the exception of the Jubilee Reservoir all the Loan Works that we have on hand at present will be completed by the end of 1936. As regards the Jubilee Reservoir the Resident Engineer reports as follows:—

"The progress on the Shing Mun Dam during the year has been satisfactory. It has, in fact, been better than the forecasts made last year. During the dry weather at the latter end of 1934 and the beginning of 1935, the upstream part of the foundations was completed, and during the year and until quite recently, work has been concentrated upon building up the front part of the dam to the same level as the downstream part which was brought up during the wet season of 1934. The thrust block, that is the concrete portion of the dam, is now completely built up to level 530 with the rockfill only slightly below this level. It was announced last year that the estimated expenditure for 1934 was \$2,020,000 and that that for 1935 would be \$2,400,000, and that it was hoped to bring the dam up to level 530. Actually the dam is at 530 now, a good three months in advance of the estimated time, while

the actual expenditure to date is less by about \$100,000 than the estimate for building the dam to this level. The total expenditure for 1934 and 1935 will be about \$150,000 more than the figures given last year, but the progress will be correspondingly advanced. Up to the present about 100,000 cubic yards of concrete and 225,000 cubic yards of rockfill have been placed in the dam—more than half the total, and it is expected now that if the present rate of progress can be maintained the thrust block will be finished entirely in July or August, 1936, and the rockfill, Overflow and Valve Shaft, etc. by the Spring of 1937. Towards the end of 1934 a start was made on the construction of the Pineapple Pass dam. This work has also gone well during the year. The core trench, 73 feet deep, has been concreted up to the ground level and the embankment itself is to level 565 with pitching on the water face to 540. This work should be finished by the end of 1936. The labour force increased to over 2,000 during the year and further camp accommodation was provided. Anti-malarial, sanitary and medical services were well maintained throughout the year. The health of the workmen and European staff has been good. In reply to a question by the Hon. Sir William Shenton it was stated last year that it was hoped that water would be available from Shing Mun during 1936; and it is satisfactory to note that the forecast is likely to prove correct. During the latter part of August the Diversion Tunnel which was used to carry floods round the Dam, was closed, and on September 2, His Excellency the Officer Administering the Government gave the signal to close the Sluice Valve, thus causing the Shing Mun lake to begin to fill. It now only depends upon the rainfall as to whether full use can be made of the dam so far built.

A quantity of 500 million gallons of water can now safely be stored, a quantity which would go far towards meeting the deficiency which would ordinarily occur in the dry weather. The estimated expenditure for 1936 is \$1,800,000 with which it is hoped to complete or to bring near to completion the thrust block, Pineapple Pass dam, the dam at "Low Gap", the lining of the over-flow tunnel, and the spillway".

Government House and City Development Scheme.

Although there will still be eight and a half lakhs in hand at the end of 1935 it is not proposed to proceed with this Scheme until better times. The work that has been done so far, namely the construction of the approach road to the new Government House site, will not be wasted, and the acquisition of Inland Lot 564 will enable Government to proceed with this section of the Scheme as soon as it is decided to do so.

That, Sir, brings me to an end of my presentation of the 1936 Estimates. I have already apologised for any shortcomings in that presentation due to my own inexperience. That it has been

possible at all in the circumstances is, as Hon. Members will readily understand, due very largely to the painstaking and accurate work of Mr. Grantham whom I venture on behalf of the Council to congratulate on his recent selection for a higher post elsewhere. If Hong Kong's Estimates are less lucid in future years I am sure that Bermuda's will be models for the Colonial Empire.

Times are hard in Hong Kong as in other parts of the world; and if our constant attempts at economies and our constant search for more revenue may appear disheartening I would suggest that the remedy is not only that courage which has brought the Colony to its present state through periodical times of depression, but also that long view of the Colony's future which can visualise an era far beyond the twelve months of 1936.

Sir, I beg to move the first reading of a Bill intituled "An Ordinance to apply a sum not exceeding \$23,840,416 to the Public Service of the year 1936."

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

MEDICAL REGISTRATION ORDINANCE, 1935.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to consolidate and amend the law regulating the registration of practitioners in medicine and surgery". He said: This is an amending and consolidating Bill, the effect of which is 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. This Ordinance consolidates and amends the Medical Registration Ordinances and Regulations.
2. A Table of Correspondence showing the source of each provision and the extent to which it has been varied is added.
3. The principal change is the division of the register into two parts. Part I will include those who have hitherto been entitled to registration under section 12 of Ordinance No. 1 of 1884 as well as the professors of Medicine of the University of Hongkong, who under section 19 of that Ordinance (as amended by No. 20 of 1927, s. 11) were not required to register but were "deemed to be" registered. Part II will include persons authorised by the Governor

to sign medical certificates whose names were published annually in a list in the *Gazette* under section 9 (2) of Ordinance No. 1 of 1884.

4. One effect of the above change in the register will be to make the persons in Part II of the register "medical practitioners" and as such liable to take out and pay the fees for annual certificates to practise under section 21 (1) of the Stamp Ordinance, No. 8 of 1921. Persons whose whole time is at the disposal of the Crown, professors of the Faculty of Medicine of the University of Hongkong, and persons exempted by the Governor in Council on the ground that their whole time is at the disposal of some charitable institution, do not have to take out such certificates to practise as they are exempted under section 21 (3) of Ordinance No. 8 of 1921, as amended by No. 26 of 1929 and this new Ordinance does not affect that exemption.

5. Another effect of requiring registration in the case of practitioners, who were not required to register under Ordinance No. 1 of 1884, is that it is made clear that these persons are brought under the jurisdiction of the Medical Board, which after due inquiry, in case of conviction or infamous conduct in any professional respect, may censure a registered practitioner or direct that his name be struck off the register.

DEPORTATION OF ALIENS ORDINANCE, 1935.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to consolidate and amend the law relating to the deportation of undesirable aliens".

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

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

Upon Council resuming,

THE ATTORNEY GENERAL reported that the Bill had passed through Committee without amendment, and moved the third reading.

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

ADJOURNMENT.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT.—Council stands adjourned until Thursday, 3rd October.