

22nd April, 1936.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR ANDREW CALDECOTT, Kt., C.M.G., C.B.E.

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR GENERAL A. W. BARTHOLOMEW, C.B., C.M.G., C.B.E., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. R. A. C. NORTH, *Acting*).

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

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. W. J. CARRIE, *Acting*).

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

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

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

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

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

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

HON. MR. J. J. PATERSON.

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. W. H. BELL.

HON. MR. M. K. LO.

HON. MR. S. H. DODWELL.

MR. D. M. MACDOUGALL (Deputy Clerk of Councils).

MINUTES.

The Minutes of the previous meetings were read and confirmed.

NEW MEMBERS.

The Hon. Mr. W. J. Carrie (Secretary for Chinese Affairs) and the Hon. Mr. S. H. Dodwell took the Oath of Allegiance and assumed their seats as members of the Council.

TRIBUTE TO SIR WILLIAM SHENTON.

H.E. THE GOVERNOR.—Since our last session the Colony has lost one of its most familiar and important public figures and this Council one of its ablest and most indefatigable members. There is no need for me to rehearse to-day a full statement of Sir William Shenton's service to Hong Kong; it would indeed take too long, and the many reported speeches of those who entertained him prior to his departure have provided a verbal monument which I could not hope to excel of his public service and of the universal esteem and wide affection in which he was held. I do, however, desire to pay here in this Chamber, where we miss him so greatly this afternoon, a just tribute of official gratitude for all that he has done for the Administration as a member of both Councils. I personally have enjoyed his advice and co-operation for lamentably too short a time, but not so short that I cannot appreciate and deplore the full magnitude of the loss which we have sustained in his departure. He was a man of whom to ask was to receive, if your demand was for public service: indeed, if he felt that his help was needed, he did not wait to be asked. We have lost in fact that great and rare thing, a public friend. I ask your permission, gentlemen, to direct the Clerk of Council to send to Sir William Shenton a copy of these proceedings and an expression of our earnest wishes for the health and happiness of himself and his family in their deeply regretted retirement from this Colony.

HON. SIR HENRY POLLOCK.—Your Excellency, as Senior Unofficial Member of this Council I may say that I am quite sure that all my Unofficial colleagues will desire to be associated with the remarks you have just made regarding Sir William Shenton.

HON. MR. S. W. TS'O.—As Senior Chinese Member of the Council I have much pleasure in associating myself with the expression of appreciation of the services rendered by Sir William Shenton to the Colony. Sir William Shenton has done a great deal in bringing about the association of the Chinese community and European community in Hong Kong, and I have much pleasure in endorsing every word which has fallen from Your Excellency. (Applause.)

PAPERS.

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

Amendment made by the Governor in Council under section 25 (4) of the Merchant Shipping Ordinance, 1899, Ordinance No. 10 of 1899, to Table M in the Schedule to that Ordinance, dated 14th March, 1936.

Declaration made by the Governor in Council under section 6 of the New Territories Regulation Ordinance, 1910, Ordinance No. 34 of 1910, relating to the Tsun Wan Market, dated 16th March, 1936.

Rules made by the Governor in Council under section 6 of the New Territories Regulation Ordinance, 1910, Ordinance No. 34 of 1910, regarding Tsun Wan Market, dated 16th March, 1936.

Addition to Regulation 30 of the Post Office Regulations made by the Governor in Council under section 3 of the Post Office Ordinance, 1926, Ordinance No. 7 of 1926, relating to rates for letters and postcards by the Imperial Airways via Penang Service, dated 18th March, 1936.

Additional by-law made by the Urban Council under section 5 of the Public Health (Food) Ordinance, 1935, Ordinance No. 13 of 1935, to the by-laws under the heading "Markets" and sub-heading "Market Stalls" set forth in the Schedule to that Ordinance, dated 7th January, 1936.

Amendment made by the Urban Council under section 4 (xv) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, to the by-laws under the heading "Scavenging" contained in Schedule A to that Ordinance, dated 7th January, 1936.

Additional by-law made by the Urban Council under sections 2 and 4 of the Hawkers Ordinance, 1935, Ordinance No. 22 of 1935, to the by-laws under the heading "A.—General and Licensing" set forth in the Schedule to that Ordinance, dated 7th January, 1936.

Amendment to the Air Navigation Directions (Hong Kong), 1932, relating to Landing, Alighting and Housing Fees for flying machines at Kai Tak Airport.

Amendment made by the Governor in Council under section 15 of the Wild Birds Ordinance, 1922, Ordinance No. 15 of 1922, to the Regulations in the Schedule to that Ordinance, dated 12th March, 1936.

Notice to Airmen No. 1 of 1936 relating to housing fees.

Notice to Airmen No. 2 of 1936 relating to landing or alighting fees.

Order made by the Governor in Council under section 3 (1) (a) of the Opium Ordinance, 1932, Ordinance No. 7 of 1932, relating to the price of Grade 2 opium, dated 21st March, 1936.

Notification made by the Governor in Council under section 6A (2) (a) of the New Territories Regulation Ordinance, 1910, Ordinance No. 34 of 1910, relating to the Tao Fong Shan Christian Cemetery, dated 7th April, 1936.

Amendment to the Watchmen Regulations made by the Governor in Council under section 3 of the Watchmen Ordinance, 1928, Ordinance No. 6 of 1928, dated 8th April, 1936.

Amendment to the Regulations of the Hong Kong Naval Volunteer Force made by the Governor in Council under section 10 of the Naval Volunteer Ordinance, 1933, Ordinance No. 30 of 1933, dated 14th April, 1936.

Proclamation No. 2—Sittings of the Police Court (Kowloon Magistracy) to be held in the building at King's Park, Gascoigne Road.

Sessional Papers, 1936:—

No. 1.—Jurors List for 1936.

Administration Reports, 1935:—

Part II.—Law and Order:

Report of the Registrar of the Supreme Court, Official Trustee, Official Administrator and Registrar of Companies.

Report on the New Territories: District Office North.

QUESTIONS.

HON. MR. M. K. LO asked:—

(a) How many graduates of the Hong Kong University are at present employed in the Hong Kong Government and what are their salaries?

(b) Have representations been made to Government by the University authorities or other bodies as to the salaries which

graduates of the University expect to receive from the Government of Hong Kong?

(c) What are the facts and materials on which the statement that "University trained Chinese expect salaries equal to those drawn by European Officers" is based?

THE COLONIAL SECRETARY replied:—

(a) The number of University Graduates employed in the Government Service is:

Public Works Department:—

One Assistant Engineer	\$3,800—\$5,600
Two Apprentice Engineers \$1,800

Medical Department:—

One Health Officer	\$5,700—\$8,400
Eighteen Medical Officers	\$4,500—\$7,500
Six House Surgeons, etc. 2,400 per annum

Education Department:—

One Head Master	£ 500—£ 950
Fifty-two University Trained Masters ...	\$1,800—\$6,000
Four University Trained Mistresses	\$1,320—\$3,000

Railway:—

One Assistant Engineer	\$4,000—\$6,000
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(b) No.

(c) The statement has since been reviewed and found to rest on undue generalisation. His Excellency therefore authorises me, very gladly in view of his comments on it at the last session, to announce its withdrawal.

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. 2 dated 19th March, 1936, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

LIQUOR DUTIES RESOLUTION.

THE COLONIAL TREASURER.—I rise to move the following resolution:—

Resolved pursuant to section 39 of the Liquors Ordinance, 1931, Ordinance No. 36 of 1931, that the Liquors Duties Resolution of the 28th March, 1935, published in the *Gazette* by Notification No. 255 of the 29th March, 1935, be rescinded and that on and after the coming into operation of this Resolution the duties to be paid upon intoxicating or spirituous liquors imported into, or distilled, made or prepared in, the Colony shall be assessed in Hong Kong currency as in the following Table.

Table.

Part I.

EUROPEAN TYPE LIQUOR.

	<i>Per gallon</i>
On all liqueurs, and on all champagnes and other sparkling wines	\$13.00
On all brandy consigned from and grown or produced in the British Empire ...	5.00
On all other brandy and on gin, whisky and other spirituous liquors	10.00
On all port, sherry and madeira	6.00
On all other still wines	5.00
On cider and perry	0.80
On beer (as defined in the Ordinance, but exclusive of cider and perry) not exceeding 1055 degrees original gravity, that is to say the specific gravity of the worts before fermentation	0.80
with the addition of \$0.02 per gallon for every degree by which the original gravity of the worts for such beer exceeds 1055 degrees as measured by the "Bates" standard saccharometer.	
On all other beer (as defined in the Ordinance, but exclusive of cider and perry) whether in concentrated form, or as ale basis, or malt and hops concentrate, or otherwise	0.80
with the addition of \$0.02 per gallon for every degree by which the original gravity exceeds 1045 degrees as measured by the "Bates" standard saccharometer.	
On all intoxicating liquors above the strength of 20 degrees under proof, for every degree above such strength in addition to the appropriate duty as above	0.12

Part II.

CHINESE TYPE LIQUOR.

Per gallon

On all Chinese type spirits distilled in the Colony and containing not more than 25 per cent. of alcohol by weight	\$1.50
On all Chinese type spirits not distilled in the Colony and containing not more than 25 per cent. alcohol by weight	1.75
On all Chinese type spirits containing more than 25 per cent. alcohol by weight, for every one per cent. of additional alcoholic strength by weight	0.06

Part III.

JAPANESE TYPE LIQUOR.

Per gallon

On all sake containing not more than 25 (24) per cent. of alcohol by weight	\$1.50
For every one per cent. of additional alcoholic strength by weight	0.06

Part IV.

OTHER LIQUOR.

Per gallon

On all spirituous liquors other than intoxicating liquors, but including spirits of wine or arrack, containing not more than 25 per cent. of alcohol by weight	\$1.50
For every one per cent. of additional alcoholic strength by weight	0.06

Provided that it shall be lawful for the Superintendent of Imports and Exports, in his discretion, to assess the duty on any intoxicating liquor not specifically mentioned in Part I, II and III above at such rate as is provided in any such Part for the liquor which the said Superintendent shall deem to approximate most nearly to such intoxicating liquor; and Provided also that it shall be lawful for the said Superintendent, in his discretion, to assess the duty on any spirituous liquors, imported in a consignment of less than two gallons at one time, at \$10.00 per gallon.

These new duties came into force on Wednesday 1st April under the powers conferred on Your Excellency by the Public Revenue Protection Ordinance, 1927. A communique was issued to the press

the same day and it is not now necessary for me to repeat it, except perhaps to say that the "conventional dollar" of 1s. 8d. as the basis for computation of duty has been abolished and it is hoped that trade interests will welcome the elimination of a variable factor in its assessment. This much is certain that in the computation of drawbacks not only the public but the revenue department concerned will appreciate the reversion to a straight dollar tariff.

The question of extra revenue to be expected from the new liquor duties is one that cannot be answered as consumption is such a variable factor. Assuming as a basic figure the amount of duty paid during the first quarter that is on a total gallonage of 299,392, the increase per quarter would amount to \$24,781 or, say, \$100,000 for a full year.

There have been, however, very heavy withdrawals of European liquors during the first quarter, and it is not probable that such a figure will be realised this year.

I now move the first Resolution standing in my name.

THE COLONIAL SECRETARY seconded, and this was agreed to.

TOBACCO DUTIES RESOLUTION.

THE COLONIAL TREASURER.—I rise to move the following resolution:—

Resolved that the duties on tobacco set forth in the Resolution passed by the Legislative Council on the 16th March, 1933, under the provisions of section 7 of the Tobacco Ordinance, 1931, Ordinance No. 39 of 1931, and published by notification No. 166 in the *Gazette* of the 17th March, 1933, be varied and subject to the provisions of sub-section (2) of section 6 of the said Tobacco Ordinance, 1931, the duties payable—

1. upon all tobacco imported into the Colony after the coming into operation of this resolution, and
2. upon all dutiable tobacco already in the Colony at the coming into operation of this resolution shall be paid in Hong Kong currency as stated in the following Table per pound weight:

Table.

For the purpose of this Table tobacco shall be deemed to be of "Empire Origin" if it is proved to the satisfaction of the Superintendent of Imports and Exports to have been grown in and consigned from the British Empire, which for the purposes of this Table shall be deemed to be the United Kingdom, the Dominion of Canada, the Commonwealth of

Australia, the Dominion of New Zealand, the Union of South Africa, the Irish Free State, Newfoundland, India, Burmah and any British Colony, any territory under His Majesty's protection, the Mandated territories of Tanganyika, or Cameroons under British Mandate, or Togoland under British Mandate; and Tobacco shall be deemed to be of "Empire Manufacture" if it is proved to the satisfaction of the Superintendent of Imports and Exports to have been substantially manufactured in and consigned from the British Empire, as defined above: Provided that no tobacco shall be deemed to be substantially manufactured within the British Empire unless, in the opinion of the Superintendent of Imports and Exports, at least one quarter of its value is the result of labour within such Empire.

Scale of Tobacco Duties.

*Per pound
weight.*

A.—On unmanufactured tobacco:

(1) If Unstripped:

- | | | |
|-----|---|--------|
| (a) | containing 10 pounds or more of moisture per 100 pounds weight thereof: | |
| | (i) if of Empire Origin | \$0.90 |
| | (ii) other tobacco | 1.10 |
| (b) | containing less than 10 pounds of moisture per 100 pounds weight: | |
| | (i) if of Empire Origin | \$1.00 |
| | (ii) other tobacco | 1.20 |

(2) If Stripped:

- | | | |
|-----|---|--------|
| (a) | containing 10 pounds or more of moisture per 100 pounds weight thereof: | |
| | (i) if of Empire Origin | \$1.05 |
| | (ii) other tobacco | 1.25 |
| (b) | containing less than 10 pounds of moisture per 100 pounds weight thereof: | |
| | (i) if of Empire Origin | \$1.15 |
| | (ii) other tobacco | 1.35 |

B.—On manufactured tobacco:

(1) Cigars:	
<i>(i)</i> if of Empire Origin and manufacture	\$2.00
<i>(ii)</i> if of Empire manufacture only	2.30
<i>(iii)</i> other cigars	2.60
(2) Cigarettes:	
<i>(i)</i> if of Empire Origin and manufacture	\$1.40
<i>(ii)</i> if of Empire manufacture only	1.60
<i>(iii)</i> other cigarettes	1.80
(3) Other manufactured tobacco including snuff and cigar cuttings:	
<i>(i)</i> if of Empire Origin and manufacture	\$1.40
<i>(ii)</i> if of Empire manufacture only	1.60
<i>(iii)</i> on Chinese prepared tobacco	1.40
<i>(iv)</i> on other varieties	1.80

Since His Excellency's Order was made it has been found necessary to make a small amendment to the Tobacco duties as at present fixed. The rate for Chinese Prepared Tobacco is too low at the present figure of \$1.20 per pound for if a factory imports raw leaf and pays the duty of \$1.10 per lb. it cannot produce prepared tobacco at a price which enables it to compete with similar prepared tobacco imported from China at \$1.20 per lb. The reason for this is that the preparation process of certain types involves a slight loss in weight of tobacco. It is, therefore, necessary to raise the figure for Chinese prepared tobacco to \$1.40 per lb.

Owing to particularly heavy withdrawals during February and March the first quarter this year cannot be taken as any criterion and tobacco duties in the near future are bound to show large diminution in the actual weight of tobacco on which duty is paid.

Taking, however, the first quarter of 1935 the total amount of duties which would have been paid had the factor been 1.26 would have been \$902,617. Had the factor been 1.29 (which it would be now had not the conventional dollar been abolished) \$924,108 would have been paid, whereas at the present rates \$1,142,913 would accrue. It is not considered that the proposed amendment to which I have already referred will make much difference. Possibly an extra \$7,000.

At a rough estimate after payment of drawbacks, it is possible that \$2,500,000 may be expected from all Tobacco between April 1st and December 31st 1936.

I now move the Resolution standing in my name as amended by substituting the figure \$1.40 for the figure \$1.20 in paragraph B (3) *iii* of the Scale.

THE COLONIAL SECRETARY seconded, and this was agreed to.

URBAN COUNCIL BY-LAWS.

THE ATTORNEY GENERAL.—I rise to move:—

1. That the By-law made by the Urban Council under section 3 of the Public Health (Sanitation) Ordinance, 1935, on the 18th day of February, 1936, be approved.
2. That the amendment to the Cattle, Swine, etc., by-laws made by the Urban Council under section 4 of the Public Health (Sanitation) Ordinance, 1935, on the 17th day of March, 1936, be approved.
3. That the amendment to the Market by-laws made by the Urban Council under section 5 of the Public Health (Food) Ordinance, 1935, on the 31st day of March, 1936, be approved.
4. That the amendment to the Conservancy by-laws made by the Urban Council under section 4 (xvi) of the Public Health (Sanitation) Ordinance, 1935, on the 31st day of March, 1936, be approved.

The newly formed Urban Council has power under various Ordinances to make by-laws, but under each of these ordinances the approval of the Legislative Council to the draft is necessary.

The first by-law declares that the trades of chromium plating and wood oil extraction are declared to be offensive trades. I am told that chromium plating gives off fumes which cause dermatitis when coming into contact with open cuts and sores. Wood oil gives out a very offensive smell in its preparation.

The second by-law provides that annual licences, expiring on the 30th September of the year in which they are granted, for the keeping of swine, and annual licences, expiring on the 31st December of the year in which they are granted, for the keeping of cattle, sheep and goats may be issued.

The object of that is to give different dates for the expiry of the licences in order to prevent congestion in the licensing department.

The third by-law deals with market stalls and provides that by-law 41 is amended by the insertion of the words, "other than meat exposed for sale in accordance with permission granted under by-law 40," after the word "mark," in the third line.

The present by-law 41 provides for the seizure by the Food Officer of fresh meat exposed for sale which does not bear the official slaughterhouse mark. By-law 40 provides for permission to sell unsalted flesh which has been imported from Shanghai, Japan, Canada and Australia. This meat does not bear our official slaughterhouse marks so it is necessary to insert these extra words in By-law 41.

The fourth by-law sets out the portions of Kowloon and including New Kowloon in which the Urban Council will arrange for the removal of excreta from houses which are not fitted with water closets.

THE COLONIAL SECRETARY seconded, and this was agreed to.

BUILDINGS AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Buildings Ordinance, 1935." He said: The object of this Bill is to make better provision of the inspection of lifts and hoists.

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

Objects and Reasons.

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

This Ordinance adds a new sub-section to section 44 of the principal Ordinance with a view to the protection of the public by providing for adequate attention to lifts and hoists. The new sub-section (5) added to that section is mainly based on the provisions of section 8 (a) and (c) of the Code of Practice for the Installation of Lifts and Escalators drafted by the Lifts and Escalators Installation Panel appointed in 1931 by the late Advisory Council for the Building Industry to review such legislation as affected the installation of lifts and escalators in buildings and to report on the need for the revision thereof and the form such revision should take. The said Code of Practice was issued by the Buildings Industries National Council in 1935 and was transmitted to this Colony by the Secretary of State by his Circular Note No. 2 of the 9th September, 1935.

COUNTERFEIT CURRENCY (CONVENTION) ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to enable effect to be given to an International Convention for the Suppression of Counterfeiting Currency,

signed on behalf of His late Majesty at Geneva on the 20th day of April, 1929, to apply to foreign coin certain enactments relating to British Coin, to assimilate the penalties for importing and exporting counterfeit coin and to amend certain enactments relating to forgery, coinage and extradition." He said: Attached to the Bill is a long memorandum of objects and reasons and a table showing the provisions of the Convention and the manner in which this Bill will give effect to them.

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, like that of the Counterfeit Currency (Convention) Act, 1935, (hereinafter called the Act of 1935), on which it is based, is stated in the long title, and it is necessary in order that His Majesty's Government in the United Kingdom may accede on behalf of this Colony under Article 24 of the International Convention for the Suppression of Counterfeiting Currency, 1929.

2. Section 1 of the Ordinance is based on section 6 (1) of the Act of 1935. It is usual in the enactments of this Colony to place the Short title at the commencement instead of at the end. The remaining sub-sections of section 6 of the Act have not been adapted as they are considered unnecessary in their application to this Colony.

3. Similarly it has not been considered necessary to adapt section 1 of the Act of 1935 which places currency notes (defined as including any notes, by whatever name called, which are legal tender in the country in which they are issued) issued by or on behalf of the Government of any country outside the United Kingdom on the same footing as bank notes under the Forgery Ordinance, 1922. In this Colony currency notes have already been placed on the same footing as bank notes for the purposes of the Forgery Ordinance, No. 11 of 1922, by the Forgery Amendment Ordinance, No. 11 of 1924, which defined currency notes as including any note issued as currency by or under the authority of the government of any part of His Majesty's dominions, or any protectorate, or of any foreign state, or of any part or colony or dependency of any foreign state. This local definition is even more comprehensive than that given in the Act of 1935, and it avoids the necessity of requiring proof that any particular currency note issued by a regional authority is legal tender in the country in which it is issued. The one-dollar currency notes issued in this Colony under Ordinance No. 42 of 1935 are legal tender for the payment of any amount.

4. Section 2 of the Ordinance adds a new sub-section to section 15 of Ordinance No. 11 of 1922, as amended by section 7 of Ordinance No. 11 of 1924, to the same effect as section 2 of the Act of 1935. In order to adapt the language of the Act to that of the local enactment currency notes are expressly mentioned after bank-notes, a magistrate is substituted for a justice of the peace and the Treasurer is substituted for the Secretary of State. Compare section 25 (2) of Ordinance No. 7 of 1865 where the Treasurer is referred to in coinage cases.

5. Section 3 (1) of the Ordinance repeals sections 15 to 20 of the Ordinance No. 7 of 1865 and the heading thereto, these sections correspond to sections 18 to 23 of the Coinage Offences Act, 1861, which are repealed by the first part of section 3 (1) of the Act of 1935. By section 26 (1) of Ordinance No. 31 of 1911 reference to any series of sections is held to be inclusive of the sections mentioned.

6. Section 3 (2) makes amendments in the provisions of Ordinance No. 7 of 1865, corresponding, *mutatis mutandis*, with those made in the Coinage Offences Act, 1861, by the last part of section 3 (1) and Part I of the Schedule to the Act of 1935.

The Colony has no enactment corresponding to sections 2 and 3 of the Counterfeit Medal Act, 1883, or section 2 of the Revenue Act, 1889, dealt with in Parts II and III of the Schedule to the Act of 1935.

7. Section 3 (3) is an adaptation of section 3 (2) of the Act of 1935 and provides a penalty of imprisonment for fourteen years for importing counterfeit gold or silver coin or for exporting counterfeit current coin. Hitherto the former has been a felony punishable with life imprisonment and the latter a misdemeanor punishable with imprisonment for two years. The importation of counterfeit current copper coin is already a felony punishable with seven years imprisonment under sub-section (4) of section 13 of Ordinance No. 7 of 1865, enacted by section 3 of the Coinage Offences Amendment Ordinance, 1936, as amended by paragraph (m) of section 3 (2) of this Ordinance. Penal servitude in this Colony was abolished in 1887 since when it has been usual to substitute a corresponding term of imprisonment which (under section 9 of Ordinance No. 30 of 1911) means imprisonment with hard labour.

8. Section 3 (4) makes the offence of exporting counterfeit current coin a felony instead of a misdemeanor. This seems desirable in view of the raising of the maximum penalty to fourteen years imprisonment.

9. Section 3 (5) adds a section to Ordinance No. 7 of 1865 on the lines of section 4 of the Coinage Offences Act, 1861, as amended by the Act of 1935.

10. Section 4 makes certain additions to Ordinance No. 5 of 1875 so as to make it clear that references in that Ordinance to the Extradition Act, 1870, cover the crimes and offences added to the First Schedule to that Act by subsequent Acts including the Act of 1935.

MIDWIVES AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Midwives Ordinance, 1910." He said: This Bill which was passed by the Urban Council will come into force on 1st January next year. The Bill requires that all people practising midwifery in the Colony shall be duly registered and *wan p'o* will have to go out of business on that date.

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. Sub-section (1) of section 2 of the principal Ordinance, No. 22 of 1910, provides that every woman who not being certified under the Ordinance takes or uses any name, title, addition or description implying that she is certified under the Ordinance or is a person specially qualified to carry on the work of a midwife, or is recognised by law as a midwife, is liable to a fine.

2. Sub-section (2) of section 2 provides that every woman who habitually and for gain attends women in child-birth otherwise than under the direction of a medical practitioner, unless she is certified, is liable to a fine.

3. An amending Ordinance, No. 12 of 1926, added a new sub-section (3) providing that sub-sections (1) and (2) shall not apply to any Chinese woman who uses the title *wan p'o* only.

4. Clause 2 of this Bill, when enacted, will repeal that added sub-section.

5. Section 13 of the principal Ordinance provides that the whole Ordinance, the object of which, stated in the long title, was to secure the better training of midwives and to regulate their practice, should not apply to Chinese unless they take or use the name or title of midwife in English, or any name, title, addition or description in whatever language implying that they are certified or are persons specifically qualified to practice midwifery, or are recognised by law as midwives, or have studied modern or European midwifery.

6. Section 8 of the amending Ordinance, 1926, added a proviso to the effect that the name, title, addition or description of *wan p'o*

in the Chinese language shall not be deemed to be a name, title, addition or description with the implications indicated in section 13 of the principal Ordinance.

7. Clause 3 of this Bill, when enacted, will repeal section 13 of the principal Ordinance and its proviso.

8. The number of trained and certified midwives in the Colony in 1910 was negligible. But now there are 400 qualified midwives in private practice in addition to 16 hospitals with maternity blocks. These are considered capable of dealing with all births in the Colony especially as the number of qualified midwives is steadily increasing, 50 having been added to the roll in 1935.

9. Moreover, whereas in 1910 the fees charged by trained midwives were probably too high for the poorer classes to afford, growing competition has brought these fees practically to the level charged by the untrained *wan p'os*. In addition there are now 18 hospitals and 16 Government midwives offering free maternity treatment.

10. In these circumstances the Midwives Board have asked for the repeal of the provisions which permit *wan p'os* to continue to practise. The District Watch Committee, whilst not objecting to amendment, have suggested that a period of notice should be given to the women whose livelihood will be affected. Consequently clause 4 of the Bill postpones its commencement until the 1st January, 1937.

ASYLUMS ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to consolidate and amend the law relating to the establishment of asylums for the detention, custody and care of persons of unsound mind, and others." He said: The effect of this Bill is set out 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 the law relating to asylums and the detention, custody and care of persons of unsound mind, and others, as contained in the Asylums Ordinance, No. 6 of 1906, and two amending Ordinances, No. 11 of 1927 and No. 1 of 1935, repealed by this Ordinance.

2. Section 15 (2) of Ordinance No. 6 of 1906 as enacted by section 2 of Ordinance No. 1 of 1935 is amended by the deletion

of the words "or likely to become of unsound mind" and the addition of a proviso to that subsection.

This amendment, which is incorporated in section 15 (2) of this Ordinance, is made on the instructions of the Secretary of State for the Colonies in his despatch No. 205 of 29th May, 1935, to the Officer Administering the Government of Hong Kong.

3. A Table of Correspondence is attached showing the nature of the consolidation and the amendments.

SUMMARY OFFENCES AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Summary Offences Ordinance, 1932."

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.

STONECUTTERS ISLAND AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Stonecutters Island Ordinance, 1889."

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.

COMPANIES AMENDMENT ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend further the Companies Ordinance, 1932."

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.

DEPORTATION (BRITISH SUBJECTS) ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to regulate the Deportation of undesirable British subjects."

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.

**HONGKONG GOVERNMENT SERVICE (LEVY ON SALARIES)
ORDINANCE, 1936.**

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to make provision for a levy on the salaries of public officers in the Hong Kong Government Service."

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

HON. SIR HENRY POLLOCK.—Your Excellency, I concur in the terms of this Bill, which has become necessary owing to an

unfortunate series of events which have culminated in an unbalanced Budget for 1936.

It should be borne in mind that, in many commercial firms, heavy cuts in salaries, and in many cases termination of employment altogether, have been the order of the day during the past five financially difficult years.

In addition to the measures of economy which were suggested at the last Meeting of this Council, the Unofficial Members suggest for Your Excellency's consideration that further substantial economies might be effected:—

(1) By reducing the salaries of some Posts in the Service upon new appointments to those Posts being made, and by reducing the number of Officers and of sterling-paid Clerks in some Departments, and by substituting dollar employees for sterling-paid employees.

(2) By reducing the rent-allowance privileges of Government Servants and also by increasing the percentage of salary chargeable in respect of housing accommodation, in cases where such accommodation is provided.

(3) By a thorough investigation into acting, leave-pay, conveyance and other allowances made to Government Servants.

(4) By inaugurating a system of medical attendance on Government Servants by private practitioners, upon a contract basis, instead of by Government Doctors; thus reducing the number of Government Doctors required and effecting a saving on their salaries, allowances, leave-pay, passages and pensions. In this connection our contention is that much of the work now done by Government Doctors could equally well be performed by private practitioners attending at the Government Hospitals and by their also attending on Government Servants in their own homes. Thus a great saving in public expenditure could be effected. We regard this suggestion (4) as being of pressing importance, having regard to the necessity, next year, of providing for the staffing of the new Queen Mary Hospital.

Accordingly we suggest that the Government do now appoint a small Commission or Committee, upon which there should be Unofficial representation, to enquire into and report on the matters included in the above paragraphs (1) to (4).

In conclusion we desire to add that we regard the present depression as being of a temporary nature. In Great Britain and elsewhere there are signs of reviving trade and prosperity, which must enure to the benefit of this Colony.

In the past Hong Kong has weathered many serious economic storms, and she will win through now as she has won through so often in times gone by. (Applause).

HON. MR. S. W. TS'O.—As Senior Chinese member I desire to associate myself with the views expressed by Sir Henry Pollock.

HON. MR. M. K. LO.—Your Excellency, I beg leave to make a few observations on the Bill which is now before this Council.

I would like to commence by recording my personal sense of satisfaction that Government has decided to seek legislative sanction for its proposals embodied in the Bill, as this procedure affords a convenient opportunity of expressing our views on a matter which involves important questions of principle.

It is not, I know, sought to justify the levy on the ground that the salaries of the whole staff are too high to the extent of the percentages by which it is sought to have them reduced; if this were so, the general reduction should not be a merely temporary arrangement: it should be made permanent. According to the statement of the Hon. the Attorney General in introducing the Bill before this Council, the levy is being invoked in order to reduce the expenditure side of the Budget, and so to balance the Budget for 1936.

In times of violent fluctuations in the cost of living caused by the vagaries of Exchange or other factors, periodic adjustments of salaries in relation to such disturbing factors may be reasonable and necessary. For instance, I believe I am right in saying that in England the basic pre-war salary rates are adjusted every six months if the price index moves as much as five points up or down.

But I consider that it would be a dangerous disturbance of the fundamental principle of security on which the Civil Service is based to subject Civil servants' salaries to variations depending on the income and expenditure of the Colonial Exchequer, unaccompanied by circumstances affecting the financial stability of the Colony. I have no doubt that, confronted with such circumstances, and taken into the confidence of the Government, the Civil servants would readily and voluntarily respond to any reasonable appeal to make sacrifices in the interests of the Colony.

Civil servants cannot, in my view, be regarded in the same light as employees of a commercial firm. The Civil Service is not a concern making a profit measurable in money, or dependent upon the satisfaction of consumers in a competitive market. It is not doing work which can be measured exactly in terms of any similar work outside. It can offer none of the "glittering prizes" which at least were formerly obtainable in the industrial or commercial world. Its chief attraction lies in its being a "sheltered service", with a guaranteed income, an assured permanence in employment unaffected by the varying ups-and-downs of commercial prosperity and depression. Its history, its prestige, and, indeed, its very existence, rest on the sure foundation of security. This foundation should not therefore be lightly shaken.

I am aware that England could be cited as a precedent for calling upon the Civil Service to make sacrifices for the common weal, but the circumstances which existed in England at the time were different to those obtaining in the Colony. England had no surplus balance; on the contrary, she had a colossal National Debt; the whole credit of England, and therefore of the British Empire, was at stake, and whatever steps had to be taken to save the situation were justified by the paramount consideration of preserving the existence of the State.

In my submission, therefore, the proposed levy, merely as a temporary measure to balance our Budget is, under existing circumstances, hardly justified. On the other hand, I do consider that some permanent reduction in the salary bill which the Colony is now called upon to bear is essential.

Only recently I had occasion to urge that our Civil Service was too large and that in many instances the salaries were too high, and I see no reason to recede from this position. And I cannot resist the conclusion that the time has come when the whole question of Civil Service Salaries, with its complicated and sometimes individual concessions and privileges, such as the provision of free quarters, medical attendance, fuel allowance, etc., should be reviewed by another Commission. In this way, it may be possible that the prevailing Governmental salaries may be brought into a closer approximation to prevailing wages paid by the better private employers for comparable work. Judged by the above standard, and having regard to the Colony's capacity to pay in relation to a Revenue which, however variable in its items of receipts dependent on the degree of the Colony's prosperity, has at least the certain characteristics that large proceeds from undeveloped land sales can no longer be relied upon, and that the hitherto fabulous income from sale of opium must surely and inevitably reach a vanishing point, I have no doubt, and I repeat, that the present salaries are in many instances excessive. And, on the assumption that this view is sound, I submit that a temporary levy is not a solution to the salary question.

I suggest that pending a revision—and irrespective of whether a revision takes place or not—there should be a permanent reduction of a small percentage—say five per cent.—on all salaries above the suggested minimum under the levy scheme. Based on Exchange at 1s. 8d. the total salaries as set out in the 1936 Estimates amount to some eleven and a half million dollars. I gather that if the average rate of the dollar for 1936 works out at 1s. 3d. there will be an increase in the cost of the Colony's Sterling commitments (including Sterling salaries), of three million dollars. I do not know how much of this increase is attributable to salaries alone. But for the purpose of my argument I assume that the increase attributable to salaries comes to one and a half million dollars. The total figure for salaries expressed in dollars, and based at Exchange of 1s. 3d., therefore, comes to about thirteen million dollars. Five per cent. on this sum comes to \$650,000.

The only objection to this scheme is the obvious injustice to those whose salaries are not excessive. But such injustice, which is of course intensified in the proposed temporary levy, is unavoidable until the salaries have been revised. It may be urged that the proposed levy is designed to aid our straitened finances to the extent of some \$1,140,000 odd this year, and that therefore a mild proposal for benefitting revenue to the extent of only about six and a half lakhs must be impracticable by reason of its very mildness. But I venture to point out that, as I understand it, the levy proposals were enunciated on the basis that 1936 would commence with a deficit of one million dollars, and that the surpluses at the end of 1936 would be reduced to just over eight million dollars. Since 1935 happily ended, not with a deficit of \$1,000,000 but with a credit balance of nearly \$140,000 (the exact figure being \$138,913.27), the absence of any contribution from salary cuts would not upset the financial *status quo* as envisaged by the author of the levy proposals.

My proposal has at least the merit of being an attempt, however feeble, to deal seriously with this problem, and from the point of view of the public it has this attraction, namely, that during the temporary period of the Government's proposed levy, whatever it may be—one, two or even three years—the surplus could be resorted to, equally as a temporary measure, for the purpose of making up the difference between the amount which the Government levy would have produced, and that saved under my scheme, and thereafter the annual five per cent. reduction could be earmarked for repaying, and building up, the surpluses.

From the point of view of the Civil Servants, it cannot be seriously suggested that a permanent reduction of such a small percentage involves any substantial hardship; on the contrary I do not see why the Civil Servants should not gladly accept this sacrifice as their contribution to the solution of a very important and complicated problem.

Frankly, I do not like the proposed levy, for the reasons I have endeavoured to set out, but unless and until Government can place before us some other acceptable solution of the salary question, I feel that I cannot do otherwise than to vote for this Bill.

I need hardly add that the views I have ventured to express are entirely my own, for which none of my unofficial colleagues is responsible. (Applause).

THE COLONIAL SECRETARY.—With Your Excellency's permission I should like to comment briefly on some of the points raised by Honourable Members who have spoken on this Bill.

The Honourable the Senior Unofficial Member has suggested four measures which he considers would effect considerable economies.

Regarding the first of these, very far reaching proposals for a revision of salary scales have within the past few days been received from the Secretary of State for the Colonies. These proposals will require careful study and the Government is not yet in a position to make a pronouncement on the subject.

The decision of Government to substitute wherever possible dollar-paid for sterling-paid officers has already been announced and I have nothing to add to the statements already made in this Council.

The Colonial Treasurer is carrying out an investigation of rent and other allowances paid to Government services. These allowances were carefully considered in 1931 and some reductions were made on that occasion, but it is felt that it may be possible to effect further economies in this direction. It is however worth mentioning in this connection that the proposals of the Secretary of State to which I have referred, include the provision of free quarters even to Senior Officers. Such matters as acting and leave pay are in general governed by Colonial Regulations common to the whole Colonial Service and any proposal to introduce modifications which would place Hong Kong officers at a disadvantage compared with those serving in other Colonies would not, I feel, be readily accepted by the Colonial Office, at a time when every effort is being made to secure the unification of conditions of employment in the Colonial Service.

The proposal to transfer to private medical practitioners, on a contract basis, the attendance on Government Servants at present performed by one part time Medical Officer in Hong Kong and one in Kowloon, apart from other considerations, does not appeal to the Government on grounds of economy. The number of officers to be covered runs into thousands; and, even at an annual rate far below that commonly charged for such a service, the cost must greatly exceed the cost to Government of the Medical Officers who are now employed on this work. Moreover, the position with regard to these Medical Officers was very fully explained by the Director of Medical and Sanitary Services in his speech before this Council on March 19. They perform many other duties besides attending Government servants, and the Government is satisfied that no reduction in personnel could be achieved by the change.

I pass over the question of the staffing of Government Hospitals, and the proposal to appoint a Commission or Committee to investigate the matters dealt with in the speech of the Honourable the Senior Unofficial Member, as I understand that Your Excellency intends to address the Council on these subjects. I have only one more observation to make: much as the Government regret the necessity for this Bill it is better, in their opinion, to meet the emergency with measures admittedly temporary than to attempt to set up what we hope will be a lasting system without giving most careful consideration to every aspect of the matter. (Applause).

H.E. THE GOVERNOR.—There are a few points on which I wish to supplement the remarks made by my honourable colleague the Colonial Secretary. The first is the suggestion that much of the work done by Government doctors at the Government Hospitals could equally well be performed by private practitioners. I wish to make it clear beyond the possibility of misunderstanding that in recording my inability to support that suggestion I am passing no reflection whatever on the ability and skill of the private practitioners in Hong Kong which, I have every reason to believe, will stand comparison with that of the medical profession in any other part of the Empire. I am opposed to the suggestion because I regard it as an essential factor in Colonial Medical Administration that Government Hospitals should be manned by officers and employees of the Crown: that there must be no room given for any division of responsibility and that in matters of discipline and conduct there must be direct Governmental control, the control of a master over his servant. If there are those who consider that I am wrong in this matter they have of course their right of address to the Secretary of State for the Colonies, but I cannot myself consent to the appointment of a local Commission to examine and report on a plan which in my opinion and in that of my honourable colleague, the Director of Medical and Sanitary Services, is fundamentally wrong in principle. The staffing and equipment of the new Queen Mary Hospital presents, I fully admit, a serious problem and there is no harm in my saying now that I have asked the D.M.S.S. to consider the closing down of the Victoria Hospital simultaneously with the opening of the Queen Mary. As soon as details of this scheme are ready I shall of course lay them before my Executive Council.

And this brings me to the question as to whether a small Commission or Committee should be appointed to look into the problem of salary scales and rent allowances. I have had a long and wide experience of Commissions and Committees and, when there is delving to be done, evidence to be taken and data to be compiled they can render invaluable service. But when a judgment has to be formed on data already known I feel that the appointment of a commission or a Committee would be in the nature of an encroachment upon the functions of the Executive Council. I have very recently received from the Secretary of State a definite salary scheme, already adopted in the African Colonies, for consideration as to its suitability for adoption here and the composition of my Executive Council, official and unofficial, renders it a body thoroughly competent in my opinion to frame a preliminary judgment. I say "preliminary" because I shall naturally consult also the members of Finance Committee in due course on so important a matter. I may remark in passing that the African scales of salaries are in some cases appreciably below our own current ones. I have already taken steps for a review of rent and other allowances and it will be necessary in considering the Secretary of State's despatch to examine all forms of personal remuneration comprehensively and correlatively. I share the Honourable Mr. Lo's dislike of temporary

levies but he could hardly expect an incoming Governor (even now I have been here only just over four months) to precipitate a substantive reduction of salaries which were fixed as the result of a Public Commission only seven years ago. I remember saying in answer to the Address of Welcome that greeted me on arrival here that I should take time to learn my job and I am finding it an even harder lesson than I then contemplated. I regret therefore that I must refuse to be hurried on important matters and the proper remuneration of the public service is a very important matter. Mr. Lo claims that his proposal for a permanent cut of 5 per cent. has at least the merit of being an attempt to deal seriously with the problem. I can assure him that the measure now before this Council reflects no lack of seriousness on the part of myself or my advisers. It is admittedly a piece of temporising because the occasion imperatively called for a reduction of the anticipated deficit on our current budget. I do not predicate perfection of this Bill; I do not deceive myself into fancying that it will cause no hardship; but I do believe that it is a reasonable temporisation and one that will not cause hardship which is incommensurate with the deprivations and losses in which economic conditions have involved people in every walk of life outside the Government Service.

In this belief I ask members to vote for the Bill and to allow the question of permanent alterations and adjustments to be considered with due care and without haste in the light of the communication regarding African rates of pay that has just been received from the Secretary of State. (Applause).

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.

TELECOMMUNICATION ORDINANCE, 1936.

THE ATTORNEY GENERAL moved the third reading of a Bill intituled "An Ordinance to amend and consolidate the law relating to Telecommunication." He said: At the last meeting of this Council the Telecommunication Bill was amended in Clauses 3 and 42. As required by the Standing Orders of this Council the amended Bill was published in the *Government Gazette*. I now move the third reading.

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

ADJOURNMENT.

H.E. THE GOVERNOR.—Council stands adjourned *sine die*.

FINANCE COMMITTEE.

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

Votes totalling \$48,876.80, being \$2,502 under Estimates 1935, and \$46,374.80 under Estimates 1936, were considered.

All the votes were approved.
