

*7th October, 1936.*

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**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, C.M.G.).

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. 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. M. K. LO.

HON. MR. S. H. DODWELL.

HON. MR. M. T. JOHNSON.

HON. MR. A. W. HUGHES.

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

**MINUTES.**

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

**PAPERS.**

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

Amendments to the Police Pensions Regulations made by the Governor in Council under section 9 (1) of the Police Force Ordinance, 1932, Ordinance No. 37 of 1932, dated 21st July, 1936.

Regulations made by the Governor in Council under the Pleasure Grounds and Bathing Places Regulation Ordinance, 1936, Ordinance No. 29 of 1936, dated 10th September, 1936.

Order made by the Governor in Council under section 4 (*a*) of the Importation and Exportation Ordinance, 1915, Ordinance No. 32 of 1915, prohibiting the export of arms and war materials to Spain, dated 9th September, 1936.

Amendment to Pension Regulations A and B made by the Governor in Council under section 3 (1) of the Pensions Ordinance, 1932, Ordinance No. 21 of 1932, dated 9th September, 1936.

Resolution made and passed by the Legislative Council under section 39 of the Liquors Ordinance, 1931, Ordinance No. 36 of 1931, on 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, for the removal of all graves in those portions of Sections B and C in Mount Caroline Cemetery in which bodies were buried during the year 1928 and in that portion of Section A in which bodies were buried during 1929, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, for the removal of all graves in those portions of Sections B and C in Kowloon Cemetery No. 2 (Ho Man Tin Cemetery) in which bodies were buried during the year 1927, and in Section A and Trenches in which bodies were buried during the year 1929, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, for the removal of all graves in that portion of Section

A in New Kowloon Cemetery No. 3 (Cheung Sha Wan Cemetery) in which bodies were buried in the year 1929, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, for the removal of all graves in those portions of Shum Wan Cemetery, Aberdeen, which are shown shaded blue on a plan deposited in the office of the Urban Council in this Colony, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935 Ordinance No. 15 of 1935, for the removal of all graves in those portions of Section A and Trenches in Kai Lung Wan East Cemetery in which bodies were buried during the year 1929, in that portion of Section C in which bodies were buried during the year 1928, and in that portion of the Chiu Chow Section in which bodies were buried during the year 1927, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935 Ordinance No. 15 of 1935, for the removal of all graves in that portion of Section A in Chai Wan Cemetery in which bodies were buried during the year 1929, and in those portions of Sections B and C in which bodies were buried during the year 1928, dated 9th September, 1936.

Order made by the Governor under section 75 (8) of the Public Health (Sanitation) Ordinance, 1935, Ordinance No. 15 of 1935, for the removal of all graves in the Tung Wah Hospital Cemetery at Kai Lung Wan in which bodies were buried during the year 1927, dated 9th September, 1936.

Regulation made by the Governor in Council under section 4 of the Factories and Workshops Ordinance 1932, Ordinance No. 27 of 1932, prohibiting the employment of females on underground work in any mine, dated 20th September, 1936.

Amendments made by the Governor in Council under section 32 of the Telecommunication Ordinance, 1936, Ordinance No. 18 of 1936, and section 9 of the Interpretation Ordinance, 1911, Ordinance No. 18 of 1936, to come into operation on the Regulations in the Schedule to that Ordinance, dated 22nd September, 1936.

Amendments made by the Governor in Council under sections 30 and 32 of the Telecommunication Ordinance, 1936, Ordinance No. 18 of 1936, and section 9 of the Interpretation Ordinance, 1911, Ordinance No. 31 of 1911, to the Radiocommunication Regulations in the Schedule to that Ordinance, dated 22nd September, 1936.

Proclamation No. 3.—Telecommunication Ordinance, 1936, Ordinance No. 31 of 1911, to the Radiocommunication 1st October, 1936.

Administration Reports, 1935:—

Part III.—Public Health:—

Report of the Director of Medical and Sanitary Services.

### **MOTIONS.**

THE ATTORNEY GENERAL.—I rise to move that the by-law under the heading "Dangerous and Offensive Trades" made by the Urban Council under section 3 of the Public Health (Sanitation) Ordinance 1935, on the 18th day of August, 1936, be approved. This new by-law adds the crushing and breaking of manganese ore to the list of offensive trades. I am told that this ore is crushed in connection with the manufacture of dry batteries for torches and sends out a powder which causes irritation to the eyes and throat.

THE COLONIAL SECRETARY seconded, and this was agreed to.

### **COINAGE OFFENCES (NO. 2) AMENDMENT ORDINANCE, 1936.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend further the Coinage Offences Ordinance, 1865." He said: This is explained in the memorandum of objects and reasons. The purpose of the Bill is to raise the penalties in certain cases under the Coinage Offences Ordinance. The cases are those which are serious enough to go to the Sessions. The penalties the Magistrates can award are not affected.

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. By section 8 of Ordinance No. 7 of 1865, as amended by section 3 (2) (h) of Ordinance No. 20 of 1936, uttering false or counterfeit coin resembling or apparently intended to resemble or pass for current gold or silver coin, knowing the same to be false or counterfeit is punishable with imprisonment for any term not exceeding one year, and by section 9 such uttering when attended by certain circumstances of aggravation is punishable with imprisonment for any term not exceeding two years.

2. By section 10 of Ordinance No. 7 of 1865 as amended by section 3 (2) (j) of Ordinance No. 20 of 1936, every person who has in his custody or possession three or more pieces of false or counterfeit

coin resembling or apparently intended to resemble or pass for any current gold or silver coin, knowing the same to be false or counterfeit, and with intent to utter or put off the same or any of them is liable to imprisonment for any term not exceeding three years.

3. By section 12 of Ordinance No. 7 of 1865, as amended by section 3 (2) (k) of Ordinance No. 20 of 1936, uttering false coin as or for current gold or silver coin with intent to defraud is punishable with imprisonment for any term not exceeding one year.

4. By section 14 of Ordinance No. 7 of 1865, as amended by section 3 (2) (n) of Ordinance No. 20 of 1936, the uttering of any false or counterfeit coin intended to resemble or pass for current copper coin, knowing the same to be false or counterfeit, as well as the possession with intent to utter of three or more of such coins, knowing the same to be false or counterfeit, is punishable with imprisonment for any term not exceeding one year.

5. The effect of this Bill will be to raise the penalty under sections 8, 12 and 14 of the principal Ordinance to the same maximum as that provided in section 10 thereof and to raise the penalty under section 9 from two years to four years.

6. Counterfeiters in the Colony seem to concentrate their energies on the production of spurious ten cent pieces.

7. The older issues of genuine ten cent pieces, as specified in the Third Schedule to the Hongkong (Coinage) Order, 1895, were silver coins. The new issue under Proclamation No. 4 of the 9th November, 1935, is of cupro-nickel.

8. For the purposes of Ordinance No. 7 1865, as amended by section 3 (2) (a) of Ordinance No. 20 of 1936, the older issues are classed as silver coin and the new issue is classed as copper coin, with the result that the penalty varies with the issue of ten cent pieces which is counterfeited.

9. The object of this Bill is to correct that anomaly and to render offenders against sections 8, 9, 12 and 14 of the principal Ordinance liable to heavier penalties. It is felt that such heavier penalties are necessary and it is hoped that they will serve as a deterrent.

### **CURRENCY AMENDMENT ORDINANCE, 1936.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Currency Ordinance, 1935." He said: This makes two small amendments to the principal Ordinance the object of which is to remove doubts.

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. Clause 2 of this Bill makes an addition to section 5 (5) of the Currency Ordinance, 1935, hereinafter called the principal Ordinance, making it clear that any security which a note issuing bank was previously required by Ordinance or Charter to be held in silver or bullion against its Hong Kong notes, whether issued before or after the commencement of the principal Ordinance, may be held, as from such commencement, in certificates of indebtedness.

2. Clause 3 adds a new sub-section to section 6 of the principal Ordinance making it clearer what expenses may properly be charged to the Exchange Fund, and also adds words to the proviso to section 6 (3), to be renumbered as section 6 (4), making it clearer that that proviso is not to be interpreted so as to limit the amount of the certificates of indebtedness to be issued by the Treasurer.

### **STAMP DUTIES MANAGEMENT AMENDMENT ORDINANCE, 1936.**

THE ATTORNEY GENERAL moved the first reading of a Bill intituled "An Ordinance to amend the Stamp Duties Management Ordinance, 1911." He said: The purpose of this Bill is explained in the Memorandum attached.

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

### **Objects and Reasons.**

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

1. Clause 2 of this Bill repeals two sub-sections of section 3 of the principal Ordinance, No. 35 of 1911, which provide for the giving of security by bond or otherwise in the sum of one thousand dollars by licensed dealers in unused stamps, and substitutes a sub-section making the licences subject to such conditions as the Collector of Stamp Revenue may see fit to impose.

2. Clause 3 of the Bill makes the contravention of any condition of the licence a summary offence.

3. It is intended to license certain shop-keepers, in Saiwanho, Mongkok, Hunghom and other places where it is inconvenient to establish post-offices, for the sale on their premises of postage stamps at their face value and without commission. As it is intended that the licensees will carry only small stocks, which are to be issued to them, with adequate safeguards, on written requisition against cash payment, it is considered that the security required by section 3 (3) of the principal Ordinance, as it stands at present, is unnecessary.

### THE BUDGET.

THE COLONIAL SECRETARY moved the second reading of a Bill intituled "An Ordinance to apply a sum not exceeding Twenty-five million five hundred and eight thousand two hundred and sixty-nine Dollars to the Public Service of the year 1937."

THE COLONIAL TREASURER seconded.

HON. MR. J. J. PATERSON.—Sir,—Since Sir Henry Pollock made his Budget speech last year, Your Excellency has arrived in this Colony and the Unofficial Members wish that your advent could have coincided with a greater measure of prosperity in the Colony you have to govern, a wish Your Excellency probably shares. It remains for the Unofficial Members to assure you of their understanding of the difficulties all those who may be charged with the administration of this Colony must be faced with to-day and to wish Your Excellency and Lady Caldecott a very hearty welcome.

We join with the Colonial Secretary in expressing our gratitude to Messrs. Tratman and Breen for all they have done for Hong Kong and with him we wish them every happiness in the future. We congratulate Mr. N. L. Smith and ourselves on his promotion and reappointment to this Colony. In the absence of Sir Henry Pollock I have been asked by my colleagues to make some general observations on the budget for 1937 and on events leading up to it. It's usual to congratulate the Colonial Secretary on the excellent manner in which he has presented his Budget; on this occasion we can do so with more fervour than usual, the memorandum he has had prepared together with those of the Colonial Treasurer and D.P.W. are admirable. We wonder, though, whether the formula adopted for the Public Works Department, where items of expenditure are discussed across the table, could not be extended to other spending departments.

Perhaps I may be forgiven if at the outset I refer to exchange. Since Sir Henry Pollock spoke last year we have seen the rate slide steadily to its present level, one at which we are very closely allied to the Standard Dollar and which most of us consider the proper thing to be. But because of this descent, Government's immediate finances have suffered. Perhaps I am being blatantly hindwise when I say that to some extent this loss might have been avoided.

Government was in an invidious position, it must have known to about what level the Hong Kong dollar was headed. The Unofficials knew nothing, they did, however, ask that, so far as was possible, sterling commitments (salaries excepted) be covered and they remark rather sadly now that it was Unofficial money. Or at least it originally was the property of the taxpayers of Hong Kong.

But I believe the fault to lie deeper than in these recent years. Government has always argued that its policy was never to fix, that whether one settled or did not settle the years would strike a balance.

And so they would if nobody had fixed the dollar, but had the other plan been adopted always to settle, Government could in the past have known exactly at any given time what its commitments were and expressed them in the coin of the Colony. More recently, the taxpayer would have been saved a lot, perhaps more correctly in the light of the present Budget, the motorist and the Civil Servant.

The Retrenchment Commission dealt with the settling of exchange in paragraph 5 of its Report on the Treasury. Government cannot say it wasn't told!

Which brings me to the salary cut. While I remark rather sadly that such blisters are no new things among the Unofficial community, this in no way dampens the enthusiasm with which the ninety and nine welcome the sinner into the fold, especially as those of the mercantile community who can look to benefit from Provident Fund or similar scheme appreciate that if the details given recently in a local paper of the "Widows and Orphans" be true, or anywhere near true, then, and not forgetting pensions, widows and orphans are in possession of a very bad bargain, one that would make an insurance man shudder.

As the cat is now out of the bag, may we ask Government to issue a statement showing how this Fund has operated in the past and how it is proposed to carry it on in the future, for I can assure you, Sir, that if in the sober world of business, so far removed from High Olympus, any employer of a large staff tried to drive so hard a bargain, he could never hope to keep his people contented.

As an illustration I think I'm correct in saying that a bachelor, though he may have subscribed to the Pool all his life, yet only gets back half his subscription on retirement or his estate that half on death. Or, more accurately, his estate does not benefit. I do not see why Benedicks should be penalised.

Perhaps the answer is this, that this Fund was started by private enterprise when such things were by no means common and when modern and more or less established procedure had not been laid down. Had management of the monies been left to the beneficiaries, no doubt the rules would have been brought up to date, but Government sequestered the proceeds, despite Unofficial protest and rude people say used them to build the Kowloon-Canton Railway.

The Unofficial Members fully realise that in starting this hare they may be adding to the expenses of this Colony if that portion of the balances required cannot be earmarked to this end, but, in common fairness, they feel they must emphasise and ask for the correction of an abuse. That this may not be easy, we admit, but at least the beneficiaries of a subscriber from now on should in every case get out the money put in, with reasonable interest.

Liability for this Fund is not shown in the Colony's accounts, though the Directors of public and private companies are forced very

properly to declare the "true and correct view of the state of the Company's affairs," including contingent liabilities, and Government might well remember the parable of the mote and the beam.

It must be remembered, however, that a great number in this community have no pension and no Provident Fund; any provision they can make must be by their own efforts, not easy in these days.

Letters have appeared in the Press which seem to suggest that Hong Kong is in process of cutting European Staff to below those levels usual in other Crown Colonies. I think I'm correct in saying that, so far from this being the case, Government merely is in process of coming on to parity with them, and has quite a long way to go yet.

There is little to say about the general Budget, a very good one under the circumstances, we think, though some of the Officials may not see eye to eye with us. Motorists have to face increased taxation, but they have been and are being given greater facilities. Nothing in what's been said higher up must be construed as detracting from our gratitude for Civil Service sacrifices.

HON. MR. J. P. BRAGA.—Your Excellency,—I propose to direct my remarks on a few subjects more as a matter of policy than in criticism of the Budget proposals. We are passing through admittedly depressed times calling for sympathy and co-operative efforts in an earnest endeavour to provide a solution to real difficulties. I cannot recall past programmes of Public Works Extraordinary of major importance appearing without a single item, as is the case for 1937. The only item of consequence is scheduled under "Loan Works" for the commencement of a new Central Market. This being the case, attention is necessarily drawn to the question of the general staff of the Public Works Department. It may appear anomalous, however, that, without any large-scale public works, the Budget should be burdened with architects' salaries alone amounting to \$157,209 in 1937.

While inviting your Excellency's attention to what strikes me as more or less an unsatisfactory position, I would like to offer a suggestion. The eleven architects are technical officers with acquired experience who are not easily replaceable, and for that reason full advantage should be taken of their available professional services at the present time in making preparations and plans for the future construction of major public works when funds eventually become available, such as the Post Office and Government offices in Kowloon. Both these are referred to in the report of the Director of Public Works for 1935. An important extension of the Kowloon Hospital, viz., the maternity wards for Chinese patients, should not be further delayed.

I am making no reflection on the holder of the office designated as "Inspector of Furniture" on page 97 of the draft Estimates; but it seems open to question if it is really necessary that an officer such as

described should be paid a sterling salary equivalent to \$8,560 next year. If in the discharge of his duties no special technical qualifications are called for, then in the interest of economy the present post is one that should be transferred to the dollar grade as soon as possible.

I still regard the Roads Maintenance Vote as wholly insufficient. To neglect roads so that they fall into a state of such serious disrepair as can be pointed out in Kowloon and the New Territories during the current year, is a policy that works out much more expensively in the long run. On this subject I would like to state that the Kowloon Residents' Association has requested me publicly to bring this question to the notice of your Excellency and this Council.

I would like to go even further and state that Government should immediately take in hand what I might describe as essential road works. In this connection, I would urge the completion of the road from Argyle Street to Tam Kung Road. It only requires the widening and surfacing of the path from the approach road to the new Central British School to the Riding School—a length of about 300 or 400 yards—to provide the logical connection by road between Kowloon Tong, Mongkok, Kowloon Hospital, etc., on the one hand, and Hunghom and Tokwawan on the other. Does it not appear strange that the Kowloon Hospital cannot be reached from anywhere at Tokwawan by car without having to travel the circuitous road round to Kowloon City?

Another path which should be similarly treated is the one running parallel with the railway between Waterloo Road and King's Park, thereby providing a through motor road from Waterloo Road to Gascoigne Road, and considerably shortening the distance from Kowloon Tong and Homuntin to King's Park and Chatham Road.

I submit that the cost of these two very necessary improvements would be inconsiderable and would be fully justified. The saving of time which would be effected to and from the Star Ferry wharf would be of great benefit.

Government is to be commended for having widened the junction of Waterloo Road and Argyle Street. This used to be a danger spot for traffic, but where Waterloo Road should be at its widest (viz., at its junction with Nathan Road) it is actually at its narrowest. The dangerous bend at this point should be eliminated and thus make more room for the daily growing traffic flowing into Nathan Road.

These are outstanding road works not involving a great deal of money calling for immediate attention in Kowloon. I shall now deal with road requirements in the New Territories.

Thanks, I feel, are due for the construction of a new motor road through splendidly wooded country full of wild bird life from upper Shatin Road leading to the Shing Mun Valley.

With the completion of Tsun Wan Market, this district is gradually assuming the air of a growing township. The motor highway in the vicinity of the village is now much too narrow for the daily increasing traffic, and when it is remembered that the open ground by the roadside is utilised by the enterprising owners of the pine-apple plantations as an open market for retailing the luscious fruit with the harvesting of the midsummer crop, the roads office of the Public Works Department might usefully consider the provision of a very necessary road improvement in this district. In particular, I trust Government will immediately widen the dangerous bend in the road just before Tsun Wan is reached.

Again, there are still several sharp hairpin bends near the Kowloon Reservoir which are a positive danger to traffic. The Roads Engineer probably finds his limitations in the indispensable provision of funds. The restriction need not be carried to the point of continuing a condition that is considered unsafe for speedy wheeled traffic. The bridge at the Reservoir and another in Shatin Valley at Tai Wai village just before reaching the railroad tracks, both require to be replaced. They are too narrow for two cars to pass abreast and, furthermore, were not designed, I am sure, to take the heavy loads now carried over them daily. Shatin village road is also capable of widening. The motorist, especially in view of the higher taxation on petrol and motor car licences, has a right to expect that these matters should receive prompt attention.

Without great expense also certain parts of the Castle Peak and Taiipo Roads could be widened to give more room for pedestrians and people carrying bulky loads where they might be clear of motor traffic. Trees at present along the road need not be removed, but could mark the boundary for motor traffic, and behind the trees an extra stretch could be added to the road for use by pedestrians only.

In speaking of trees, I feel that attention need only be drawn for the Botanical and Forestry Department to see that those up-rooted by the recent typhoon on the roads in the New Territories as well as in Kowloon will soon be replaced.

Some information might be usefully given on the question of the water supply to the Castle Peak district. Beyond the bare official statement that a small supply scheme was investigated in the Colony last year, some indication of the intention of the Government regarding the prosecution of this scheme should be forthcoming.

For the benefit of many residents in various parts of the Peninsula I should like to urge, for the serious consideration of the Medical and Sanitary Department, that market gardens situated in the immediate vicinity of residential places should be completely done away with. Complaints are constantly made that the gardeners are in the habit of freely using nightsoil as a fertiliser, and no number of warnings deters them from carrying on the nuisance, which is a serious menace to public health.

Much can be said regarding the unsatisfactory condition of the Homuntin Cemetery. It is a seriously debateable question whether the shutting down of this cemetery for more burials and its transfer out of a central residential area has not now become imperative. At any rate, the matter is one that should be looked into by the President of the Urban Council.

The health of the community should also be catered to by allocating more open spaces and playgrounds, especially in congested areas. This is notoriously lacking in the Homuntin district. Children in this locality can be seen in large numbers daily making use of the public roadways for games.

It has been truthfully said that we have the sea on almost every side of us and yet the majority of the citizens of this Colony are denied the amenities of its bathing beaches. It is the duty of the Government to make ample provision at least for the better health of its people, and a special point should be made to provide more public bathing beaches, especially on the Peninsula, with proper facilities for dressing, which should be made easily accessible to the residents of the Colony next summer. The minority class of the well-to-do can afford their well-appointed glorified pavilions and shacks. What about the majority of the middle class who are as little provided with an abundance of money and as badly off for a lot of time after office hours to indulge in this most popular form of healthful and beneficial recreation? Government may take a timely hint in earmarking definite large beach areas in Hebe Haven with the completion of the Customs Pass Road extension. A repetition of the reserves in Repulse Bay and Sheko must be avoided at all cost.

Speaking as a member of the Broadcasting Committee, I am aware of the big improvement that is about to take place when the new short-wave transmitter is installed, and the great benefit to shipping on the high seas and its publicity value to Hong Kong. It has long been felt that the Chinese licencees do not receive the maximum service from the Broadcasting Studio, through no fault of the latter. There is this to be said both for the Committee of the Studio and for the Government, that the apparent neglect of the Chinese may not be put down to discriminatory influences. In reality it is the mechanical deficiency that has to be made good. This deficiency, again, cannot be justly attributed to the technical staff. Physical needs have to be provided. In the first place by enlarging the accommodation, which is far too limited for the increasing demands on the technical side of the Studio equipment; and, in the second place, by a more powerful transmitter than Z.E.K., which is admittedly weak, provides at the moment.

I believe very strong arguments can be advanced for equipping the Studio with both increased accommodation and a more powerful apparatus. Figures have, I understand, been prepared that justify the expense that will have to be incurred in order to make better provision

to cater for Chinese licence holders, who can easily be increased, so it is estimated, by more than double the present number. If this estimate, which is calculated to be rather on the conservative than on the liberal side, is realised, the extra cost for the provision of the necessary equipment and its fitting up would be reimbursed in a few years' time, and the running expenses would easily be met out of the larger revenue derived from an increased number of licencees. The capital expenditure may, in the end, prove to be quite a remunerative investment.

Agriculture and the farming interests in the New Territories have not merited so much as passing notice from the Government spokesman. I had wished that a small ray of hope might have been shed as to the possibilities of the co-operative scheme on which the Government obtained the expert report from Mr. A. Strickland.

As in the past, small Chinese private enterprise has been left unaided. To mention the difficulties Chinese of small means have to encounter, I wish to relate the experiences of two Chinese poultry farmers in Kowloon City. Both started their businesses in a very humble way as permittees of small areas of Crown land. These men commenced business with a few chickens, and the flock of white leghorns increased until one of them could boast of over 800 birds. The typhoon of August 17 practically wiped out the stock in the case of the smaller of the two farms, and did considerable damage to the other. These are, I submit, typical instances where the co-operative scheme like that designed by Mr. Strickland could be made to benefit the farmers in Kowloon and the New Territories.

I take this opportunity of reiterating that, to my mind, the industrial and agricultural value of the New Territories to the Colony cannot be over-estimated. This, I fear, has been too long overlooked. The time has come when every means should be devised to make the Colony as self-sufficient as possible in the matter of its own food supplies. I believe it cannot be too strongly urged that Mr. Strickland's report be carefully examined and that definite steps be taken to exploit the agricultural resources of the New Territories.

During the past year the market villages of Tai Po and Yuen Long in the New Territories were delimited as urban areas. Residents of these districts are called upon to pay increased taxes accordingly. I know it for a fact that a sporting institution in one of these urban districts, whose membership is composed entirely of Chinese, has applied to a private firm for the use of their level open ground for the purposes of recreation and sport. The firm in question has generously allowed the use of the ground to the club members without payment of any rent. I submit that the higher rate of tax in urban areas should carry with it city amenities that the residents of those districts are entitled to expect, and the provision of recreation grounds within these areas in the New Territories is, therefore, a matter which should be cared for by the Government.

In conclusion, I commend these humble suggestions to your Excellency's sympathetic consideration. Although with the stress of financial problems weighing heavily upon the Government my requests on behalf of those for whom I have spoken may at first sight appear to be somewhat exacting, I feel confident that I shall not be asking in vain.

HON. MR. S. W. T'SO.—Your Excellency,—As Senior Chinese Member of Council, I desire on behalf of myself and my Chinese colleagues to voice our general agreement with the views expressed by the Honourable the Senior Unofficial Member of Council in his speech on the Budget. I wish also to congratulate the Honourable the Acting Colonial Secretary for the lucid manner in which he presented his first Budget. His memorandum on the estimates for 1937 and the memoranda prepared by the Colonial Treasurer and the Director of Public Works giving references to the increases and reductions in the estimates for 1937 are much appreciated. That the Budget for 1937 would show a large deficit was anticipated in view of the trade depression and the low value of the local dollar; and the policy of the Government to draw on the surplus balance to meet such deficits instead of imposing new taxes is economically sound.

The estimated deficit for the year 1936 of \$5,000,000 has by stricter economic measures been reduced to a little over \$1,000,000, and I hope that at the end of 1936 the position of the revenue in the Colony will be so improved that the anticipated Budget deficit of 3½ million dollars for the year 1937 will not be so large.

In view of the trade depression and the shrinkage in revenue, I hope that the Government will see their way to finance all constructional work of a large or permanent nature such as markets, roads, bridges, etc., which benefit the future generations as well as, if not more than the present, by loans instead of from revenue.

I find that the Government are getting very good revenue from the excess consumption of water and from meter rents. The system under which this charge is made causes a good deal of complaint from the Chinese community, particularly from the owners of tenement houses who allege that the amount charged for excess consumption is sometimes even more than the actual amount of rent received. I hope the Government will go thoroughly into the question and find means of settling the matter. However, my Chinese colleague the Hon. Mr. M. K. Lo will speak more fully on the subject.

I think it a pity that the Government have seen fit to reduce the capitation grant to Grant-in-aid schools. These schools are a great help to the Government in the cause of education in the Colony; but the proposed cut of 10% will be a real discouragement to them. Accordingly, I am sure it would give great satisfaction if, in the event of an improvement in the financial position of the Colony towards the end of the year, the Government would bear this point in mind and restore the cut.

I regret to see that the Government are going to impose increased taxes on motor cars next year. The public would like to know whether extra taxation will be imposed on buses, public vehicles in general and transport vehicles as well as on private motor cars.

I am glad to hear that the export trade in Hong Kong is increasing, which is no doubt due, to a certain extent, to our industrial concerns. Agricultural products can scarcely be produced in sufficient quantities to cover our own consumption, much less export. But there is a splendid opportunity for establishing manufacturing and industrial concerns and I hope the Government will do their best to give encouragement wherever possible to such enterprises.

The trade of Hong Kong is essentially connected with China and particularly with Canton. A cordial relationship and co-operation are most essential and beneficial to the people of both places. Perhaps to some minds the point is hackneyed, but, for my part, I do not think it can be stressed too much or too often. Accordingly it was with great pleasure that I heard of Your Excellency's friendly visit to Canton. I am sure that it helped greatly in cementing the cordial relationship between our cities, and on behalf of the Chinese community in this Colony, I wish to express our deep appreciation and gratification.

May I in conclusion mention that I am of the opinion that so long as we have large sterling commitments, it will be most difficult to balance our Budget on account of the low rate of our local dollar. Until we shall attain the stabilisation of international currencies, Hong Kong will always be faced with this problem, but with Your Excellency at the helm, I feel sure that our ship of state will be steered through this troublous sea of finance to a harbour of safety.

Finally I wish to say that the appointment of Mr. N. L. Smith to the Colonial Secretaryship has given great satisfaction to the Chinese Community. On their behalf and on behalf of my Chinese colleagues in Council, I offer him our heartiest congratulations.

HON. MR. M. K. LO.—Your Excellency,—A Budget showing a proposed expenditure of \$32,259,160, as against an estimated revenue from all sources (including a half million dollar windfall), of \$28,760,250, with a consequential deficit of \$3,498,910 (though it may be, and indeed is, the best possible under the circumstances), cannot of course expect a very cordial welcome. Nor is an analysis of some of its figures calculated to evoke any general enthusiasm. Of the items of expenditure, \$1,642,032 is Public Works Extraordinary; \$1,371,231 is interest payable on Public Loans; \$5,379,660 is payable for Military Contribution; and \$16,766,916 is for Personal Emoluments, Rent Allowances, Transport and Pensions; leaving a sum of merely \$7,099,323 for all other purposes. It is obvious that increased provision for Primary Education (to which I will refer later), an intensive campaign to rid the Colony of malaria, slum clearing, a leper asylum, and other urgent social projects, must await better times. In the

meantime the general public is naturally grateful that Government has managed to forego any substantial new taxation. But there is one item of expenditure on which I wish to say a few words, namely, that of Military Contribution.

Recently a friend of mine in England sent me a cutting from *The Times*, of July 29th, 1936, reporting an address given by Mr. S. M. Bruce, High Commissioner for Australia, at the Royal Empire Society's Summer School at Bristol on the previous day, in the course of which Mr. Bruce asked for greater contributions from the Dominions towards Empire Defence. He stated that in 1935, on the basis of population, Great Britain was contributing £2 10s. 6d. to Defence, Australia £1 1s. 10d., New Zealand 12s. 6d., South Africa 12s., and Canada 5s. 7d. He adds: "These figures were not fair since the question was one of equal interest to all. If the Dominions claimed complete liberty and freedom and equality of status, they should at the same time be prepared to shoulder the responsibilities that went with them".

According to the last Census, the population of the Colony came to just short of 850,000, which works out at over \$6.00 or 7s. 6d. (at 1/3d. to the dollar) per head, of a population in which dire poverty is widespread. This Colony is a Crown Colony; it does not enjoy "complete liberty and freedom and equality of status".

The question of Military Contribution has often been raised in the past. Your Excellency has already done so much in effecting permanent retrenchment in the interests of the Colony that I venture to appeal to you, Sir, once again, to look into this matter and obtain some reduction of the burden, which entails the payment by the Colony, for the years 1935 to 1937—years of acute trade depression—of the sum of \$14,510,504 for Military Contribution.

According to the Estimates for 1937, the import duty on motor spirit is to be raised from \$670,000 (approved Estimates for 1936) to \$750,000; licence fees for motor vehicles are to be increased from \$185,000 (approved Estimates for 1936) to \$232,000.

When the Hon. the Colonial Treasurer, on the 24th June, 1936, moved the resolution to increase the duty on light oils, he set out a rough estimate of the annual cost of maintaining the roads at a total of \$600,000, and the increase in the duty of light oils was justified on the grounds that such increase would be sufficient to meet the 1936 Bill for maintenance.

According to the Memorandum of the Hon. the Colonial Treasurer on the financial position for 1935, 1936 and 1937, the increases of motor vehicle licences are to be from 30 to 50 per cent., and will be effective from the 1st July, 1937, and it is estimated that this will produce a further sum of \$42,000.

I am not going to take up the time of this Council by lengthy arguments in favour of the motorists; they are fairly set out in the leading article of the "*South China Morning Post*" in its issue of June 25th, 1936. I cannot accept the validity of the argument that the cost of road maintenance should be wholly borne by vehicle-owners. But even if this argument were sound no case has, as I submit, been made out for the proposed increase in car licences.

I venture to think that the arguments of the Hon. the Colonial Treasurer on the 24th June, 1936, are somewhat vitiated by the omission of two important items constituting the credit side of the account, namely, the royalties payable by the Bus Companies which, of course, are responsible for much of the wear and tear of the roads on account of their heavy vehicles.

The total revenue contributable by what I may term "vehicle-owners", as far as I can make out, is as follows:—

Duty on motor spirit .....	\$ 750,000.00
Licences for motor cars .....	232,000.00
Licences for motor car drivers .....	45,000.00
Special licence fees for foreign vehicles .....	30,000.00
Licences for storage of motor spirit .....	3,000.00
Royalty payable by:—	
China Motor Bus Co., Ltd. ....	96,000.00
Kowloon Motor Bus Co., Ltd. ....	114,500.00
Licences for other vehicles .....	46,000.00
Licences for drivers of other vehicles .....	2,000.00
	\$1,318,500.00

I submit, Sir, as a matter of incidence, a contribution by vehicle-owners in the Colony of the sum of nearly one and a quarter million dollars (*i.e.* \$1,318,500 less contemplated increase), is more than adequate, and I accordingly submit that the proposed increase should be abandoned.

I propose now to make a few remarks on the subject of Education.

I was interested to note from the Hon. the Colonial Treasurer's Memorandum on Estimates for 1937 that, arising out of Mr. Burney's Report on "Education in Hong Kong", the Director of Education is arranging a Class 2 examination which will be directly financed by the Education Department, and that the Director is extending his arrangements for the provision of Physical Training and that, for this purpose, a number of Chinese Assistant Instructors are being trained

by a locally engaged Instructor and Supervisor. I would like to congratulate the Director on these steps.

In answer to certain questions by my Honourable friend Mr. J. P. Braga, the Hon. the Acting Colonial Secretary, on the 28th November, 1935, made the following statement in regard to Mr. Burney's Report:—"Although the Report in question has been laid on the table of this Council it is the opinion of the Government that the consideration of its detailed recommendations should in the first place be the concern of the Board of Education to which the Report has been referred."

In view of this remark I refer to Mr. Burney's Report with diffidence because, so far as I know, the Board of Education has not published any report of the result of its detailed consideration of this Report. But I share the view, which I know is held by many in the Colony, that there is something wrong with the educational policy of the Colony. A Government announcement as to its educational policy would have been welcome.

The insufficiency of the existing provision for Primary Education was commented upon by the Retrenchment Commission. (See paragraph 9, under the Heading "Education Department"). But I respectfully differ from the view therein expressed, that "too much is done for Secondary Education."

Mr. Burney also deplored the extremely poor quality of the Primary Education provided, but I do not understand from his Report that he considers that too much has been done for Secondary Education. It is true that out of the vote for the Education Department of over two million dollars, a very substantial part is devoted to Government Secondary Schools, and in subsidies for subsidised schools. And yet, to the average Chinese parent in the Colony the problem of giving his children a sound education is difficult, if not insoluble. There are, of course, numerous excellent Secondary Schools in the Colony, but for the most part they are run by religious bodies, and if the parent does not want his boy to be brought up in a religious atmosphere not his own, he is practically restricted to Government Secondary Schools, in which the teaching of Chinese is at best inadequate. And if the problem for a parent in such circumstances is difficult as regards his son, the difficulty is much more accentuated in the case of his daughter, for I believe I am right in saying that there is only one Government Secondary School for girls open to Chinese.

Of the total Education Vote of over two million dollars, the sum of just over \$1,600,000 is for Personal Emoluments. But the materials provided do not enable one to work out how much it costs to run each Government School, and the cost per capita of the boys in each Government School. I respectfully ask for a statement on the lines indicated above.

Mr. Burney, at page 16 of his Report, referred to the British Schools as follows:—"In 1914 the Director of Education wrote:—"The

Government realises the justice of making the ratepayers contribute as little as possible towards the cost of this special class of schools, and the fees are therefore put as high as the parents can afford.' It is open to doubt whether that is true now; in 1933 the fees were \$90 — *i.e.*, just about one seventh of the gross cost per head. \$90 means in sterling from about £4 10s. to about £9, according to the rate of exchange. There would not appear to be any hardship in making the parents contribute a rather higher proportion of the total cost, and this could be done either by increasing the fees or by reducing the staff, or both."

For boys whose average attendance in 1935 came to 230 a new school has just been opened, built at a cost of about half a million dollars, with playing grounds sufficient for two large football fields, tennis courts, and a pavilion. According to the Director's Report for 1935 the total enrolment in all schools, Government or otherwise, is as follows:—

In Vernacular Schools .....	58,394
In English Schools .....	17,086

I cannot readily call to mind any Vernacular School which possesses recreational grounds, and the recreational facilities for other English Schools are either non-existent, or utterly inadequate.

Considerations, such as the above, make so much more tragic the lament of the Director in his speech at the opening of the new Central British School, of the absence of recreational facilities for Queen's College. The Director said:—"I am ..... thinking ..... of a stronghold of young people, surrounded by a strip of green and enveloped in quietness, and above all, in the air, essentially a 'castle in the air', just such a place as Your Excellency has to-day thrown open to our British boys and girls. I ask no more and no less, for our premier Chinese school. ...."

I beg respectfully to associate myself with the Director in his hope, and his request.

I propose now to make a few observations on the question of Hong Kong property in relation to Rates and Excess Water Charges.

In the Report on the Economic Position of Hong Kong published in February, 1935, the Commissioners pointed out that in 1934 the rateable value stood at \$38,641,856, and that this figure, capitalised on the basis of 7 per cent. per annum, represented an investment in rateable property of no less than five hundred and fifty million dollars. After pointing out that the total value of the shares of local companies (other than financial institutions), listed by the Stock Exchange amounted to approximately one hundred and fifty million dollars (which, of course, consisted to an appreciable extent of investments in property), that the estimated total investment in Chinese factories or in Chinese

industry in the Colony amounted to about fifty million dollars, and that the total note issue amounted to about one hundred and sixty million dollars (of which a great part is held outside the Colony), the Commissioners observed:—"These comparative figures serve to make it abundantly clear that a very large portion, if not the bulk, of the wealth of the Colony, is represented by property. That this must be so is hardly surprising in a territory where there is little agriculture, almost a complete absence of any trace of mineral wealth, and where industry is still only in its infancy." (See page 8 of the Report).

The new rateable value for 1936 to 1937 is at the reduced figure of \$34,643,760, but even this figure, capitalised on the same basis, represents an investment of nearly five hundred million dollars. The importance of Hong Kong property as an asset, though no doubt generally inadequately appreciated, is obvious.

The Commissioners reported that property values were very depressed and that it was extremely difficult to negotiate the sale of any property. Four main causes for this state of affairs were suggested by the Commissioners, two of which were excessive charges for water (in the case of Chinese property), and rates.

As regards rates, which were some years ago raised from 13 per cent. to 17 per cent., in view of the present financial position of the Colony, I can only respectfully concur in the Commissioners' observation that:—"While it may not be possible to restore the old rate of taxation, we consider that in view of the severe depression in property it should be Government's aim to bring about some reduction at the earliest possible moment."

If no alleviation can at present be given in regard to rates I submit that something can, and should be, done in regard to excessive charges for water which, as the Commissioners remarked:—"may be fairly described as unreasonably high, and have had a serious effect in making such property unsaleable." In the Commissioners' view "clearly some relief here is overdue."

That the property market has not improved but has, on the contrary, deteriorated, is clearly shown by the Hon. the Colonial Treasurer's report on the Assessments for the year 1936 to 1937. In this report it can be seen that the rateable value in respect of 1934 to 1935 of just over thirty-eight and a half million dollars dropped, in respect of 1935 to 1936, to less than thirty-six and a half million dollars, and again dropped, in respect of 1936 to 1937, to just over thirty-four million dollars. As the Hon. the Colonial Treasurer observed, this is the third successive annual valuation showing a decrease and "there has been no instance of a decrease being shown in three successive annual valuations for the last fifty years."

I do not forget the recent reduction in the charges for excess water consumption and the discounts allowed for prompt payment. But these measures, which are gratefully appreciated, do not go to the

root of the problem which is merely this, that the landlord is under the liability to pay an unascertained and unascertainable amount for a supply over which he can exercise no effective, or any, control.

It may be recalled that one of the main grounds for the introduction of universal meterage was, not to obtain an increase in revenue out of a sheer necessity of life, but to prevent waste, and yet, as the Commissioners clearly showed, "the prevention of waste is mainly dependent upon the measure of physical control exercised by the Water Authority in any given year, and that the factor of prevention by economic pressure is not operative under our present system", and the Commissioners held that "it is difficult in the face of this evidence to regard our present system of water charges, based on a 'valuation' supply plus 'extras', as being either equitable in incidence or efficacious in prevention of waste".

The Hon. the Director of Public Works was kind enough to supply me with certain figures in respect of the period 1920 to 1935. The figures show expenditure for maintaining Water Works on the one hand (which comprises Public Works Recurrent and Salaries attributable to the Water Works), and, on the other hand, the net revenue derived for Water (which comprises water excess charges and the "water rates" (2 out of the 17 per cent. assessment).

From 1920 to 1935 the total expenditure for the whole period amounted to just over \$7,000,000, and the total revenue came to just over \$22,800,000, showing a net profit obtained by Government from Water of about \$15,800,000. The excess of revenue over expenditure for the period 1920 to 1927 comes to \$4,351,846.17, and for the period 1928 to 1935 comes to \$11,473,060.24.

I understand that the total capital expenditure for the Water Works of the Colony, up to the end of 1935, came to approximately \$28,600,000. But I submit that as regards expenditure incurred prior to 1927, it has been more than repaid from Water Revenue obtained. And, as far as I can make out, capital expended since 1927 is as follows:—

#### **Loan Works.**

Under 1927 Ordinance. 1st Section Shing Mun	
Valley Scheme .....	\$ 3,500,000.00
Under 1934 Ordinance. Revised Estimated Cost	
—Aberdeen Valley Water Scheme .....	2,555,702.78
Shing Mun: Balance of 1st Section and whole of 2nd Section .....	9,941,877.98
	\$15,997,580.76

Government has all along stated that it has no wish to make money out of water supplied to the inhabitants, and I submit that the only fair way of computing the cost of water supplied is to ascertain the

amount payable for interest on the amount of the new capital outlay, the amount payable for the annual reduction and repayment of the loan, and for the cost of maintenance. On this basis my figures are as follows:—

Total loan attributable to Water Works from 1927 to date—say	\$16,000,000.
Yearly reduction of $\frac{1}{25}$ th .....	\$ 640,000
Interest at $3\frac{1}{2}$ % .....	560,000
P.W.R. and Salaries, say .....	500,000
	<hr/>
	\$1,700,000
	<hr/>

According to the Draft Estimates the revenue from Rates is computed at \$5,600,000, representing 17 per cent. of the Assessment.  $\frac{2}{17}$ ths of this is in respect of water, amounting to \$658,824: the estimated revenue for water excess supply and meter rents for 1937 is \$1,775,000, making a total of \$2,433,824. (I am not clear as to whether the above revenue includes payments received by Government for water supplied to steamers at Hong Kong).

As any revenue for water exceeding \$1,700,000 constitutes an excessive charge, I submit that the excessive charge for water on the Budget figures comes to over \$700,000 for the current year.

Now that we have an assured supply from the Jubilee Reservoir I suggest that all excess water charges be abolished and that, in lieu thereof, an additional 3 per cent. on the Assessments be raised as a separate "Excess Water Tax". This tax will bring in just short of one million dollars this year, and as the abolition of excess water charges will have the effect of improving the property market, the rateable value of property in Hong Kong will rise, and the amount represented by the new tax will correspondingly increase. On the other hand, by the abolition of excess water charges, there will be a very heavy saving in personnel and administration in the P.W.D.

There should be no difficulty in checking wastage or excessive consumption, by water restriction if necessary, in particular districts, and the supply of water can be conserved sectionally, or by districts.

The idea of applying this new principle of water charges only to what may be termed "tenement house districts" has many attractions. But I realise that it would be difficult to work out the amount necessary to compensate the revenue for foregoing the excess water charges in these particular districts having regard to the difficulty of computing the amount collectable as excess water charges from the rest of the Colony.

It may be that my proposal may not be attractive to those who in practice have no excess water charges to pay, but I submit that all should cheerfully accept the burden of the new tax if, as I am persuaded, this is the only solution of an otherwise insoluble problem. I accordingly respectfully commend this proposal to the sympathetic consideration of Government.

The Island Bay Beach, with its undertow, is known to be extremely dangerous, and many fatal accidents have occurred. As it cannot be very expensive to provide for a rowing boat (say on Wednesday and Saturday afternoons, and Sundays, during the bathing season), with a man in charge to throw in a life buoy when needed, I suggest that this question should be considered by Government. I appreciate that Government gets a certain amount of revenue from the matsheds at Repulse Bay, whereas Government gets no revenue from bathers at Island Bay. But I submit such a small expenditure would be more than amply justified if even one life could be saved.

The maintenance of the happy and cordial relation between Hong Kong and Canton has often been referred to in this Council. It is unnecessary for me to dwell on this subject. But may I, Sir, be permitted to say that the Colony learned with pleasure and appreciation of the warm welcome accorded to Your Excellency and Lady Caldecott, on the occasion of your recent visit, by our hospitable neighbour, and that nothing could be more effective than such a visit, in view of Your Excellency's personality and Lady Caldecott's gracious charm, in cementing the friendship and promoting a spirit of mutual co-operation between these two places?

I regret the time I have already taken up. There are still a few other miscellaneous matters on which I desire some information, and, for the sake of brevity, I propose to set out the items in an interrogative form:—

1. On page 14 of the Hon. the Colonial Secretary's Memorandum there is a reference to centralisation of the reception of Press messages in the hands of Government. Will Government be good enough to make a statement, for the information of the public, as to the extent and effect of this centralisation, especially in relation to owners of radio sets?

2. In both the new Gaol and the Queen Mary Hospital "a highly qualified mechanic... having the qualifications of a University graduate in Engineering" will have to be appointed to take charge of the boiler installation. What is the necessity for such an elaborate boiler installation? I assume that these posts are open to graduates of the Hong Kong University, but I respectfully ask for confirmation on this point.

3. I understand that the Island is drawing a considerable supply of water from King's Jubilee Reservoir because, in spite of the fact that the Island reservoirs are full, the existing filtering capacity of

the Island is insufficient to cope with the demand. If this is so will Government consider the question of increasing the filtering capacity on the Island?

4. I understand that the carrying capacity of the aqueduct along the King's Jubilee tunnel is only half of the capacity of the tunnel, and that a pipe with a carrying capacity equal to the tunnel could replace the aqueduct at a reasonable cost. If this is so will Government consider the question of remedying this defect?

5. In view of the mass of legislation which has got on the Statute Book since 1923, will Government consider the question of bringing out a new edition of the Hong Kong Ordinances in the near future?

The Senior Unofficial Member has already expressed our appreciation of the Hon. the Colonial Secretary's speech and of the memoranda prepared by the Hon. the Colonial Treasurer and the Hon. the Director of Public Works. If in my remarks I have been somewhat critical, I certainly do not wish it to be understood that I am unappreciative of the way in which Government has faced the situation.

On the contrary I wish to say, if I may be permitted to do so, how much I have admired the courage, industry and statesmanship with which Your Excellency has grappled with the various problems, culminating in the Budget, since your arrival in Hong Kong. The decision to resort to surplus balances to meet the deficit rather than to new taxation, which may have a disastrous effect on industry is, as I have stated, very much appreciated. The result of the steps which Your Excellency has already taken, or has in contemplation, by way of effecting permanent retrenchment, can only of course become apparent with the lapse of time, but I venture to think that what you, Sir, have already done, merits, and will receive, the lasting gratitude of the community.

HON. MR. S. H. DODWELL.—Sir,—I have no hesitation in commencing my contribution to this annual field day of the Unofficial members with sincere congratulations to the Government on a Budget which, though it fails lamentably to balance itself, does undoubtedly show a much more thorough appreciation of the damage done to the Colony by the world's crazy policy of economic nationalism, than any of its predecessors. There are one or two aspects about it upon which I would like to comment, but first of all I desire to associate myself with the tribute which my Honourable friend, the Acting Colonial Secretary, has modestly paid to himself and his colleagues for the share they are taking towards the reduction of the deficit.

It may or it may not be some consolation to honourable Official members to know that, as a merchant employer, with a fairly numerous staff, I estimate from my experience that Government servants, when their pensions are taken into consideration, are still some 25 per cent. to 30 per cent. better off than their opposite numbers in the commercial firms of the Colony, most of which firms, even on this lower salary basis, are still finding it most difficult to operate their businesses without loss.

I assure honourable Official members that I do not mention this from motives of jealousy; indeed I realise only too well that not so long ago the boot was on the other leg. I mention it because there are still quite a number of people about burying their heads in the sand and refusing to face up to the realities of this depression and its effect on the Colony. No less an august personage than the Secretary of State would appear to be one of them, and as the Ottawa Agreements expire next year, I feel that it is up to the commercial community to leave no stone unturned in an endeavour to see that he is under no illusion as to how far we can go in this Colony in that somewhat difficult operation of making bricks without straw.

There are two reasons why I suspect the Secretary of State in this matter. Firstly, because in 1931, when the tentacles of economic nationalism had already got this Colony firmly in their grasp, and the commercial community had to make their first sacrifice, the Secretary of State intervened and refused to permit the Government servants to help the situation by following suit. And secondly, because even to-day he states that he will only agree to this levy if he has an assurance that it is an emergency imposition which will not be maintained longer than is demanded by the obscurity of the financial situation.

Much as I dislike striking pessimistic notes, or casting a damper on the spirits of my official colleagues, in my judgment the question whether this levy is in fact an emergency measure or becomes a permanent measure liable to be made still more unpalatable later on, depends entirely upon whether or not economic nationalism has come to stay throughout the world. If it has, and Hong Kong's privileges and preferences as part of the Empire are to be as limited under the Ottawa Agreements as, in practice, they are to-day, then, so far from reinstating any cuts, I envisage the possibility, if not the probability, of Your Excellency being compelled to request the Secretary of State to take back and absorb in some other more fortunate parts of the Empire, a large proportion of the Government staff now rendering services which the Colony will no longer be able to afford, and consequently will have to do without.

Such a contingency was foreshadowed on page 53 of last year's report of the Economic Commission, which has, no doubt, been thoroughly digested by my Official colleagues and is still fresh in their minds.

Happily, however, amongst the many signs of returning economic sanity, we witnessed one last week which may easily prove to be the first rung in the ladder of economic recovery. I refer to the British Government's currency stabilisation negotiations with the United States and France, the announcement of which was accompanied by the following significant statement:—"The British Government is convinced, together with France and the United States, that the success of the above policy is linked with the development of international trade. In particular, the greatest importance is attached to action being taken without delay to relax the present system of quotas and exchange controls with a view

to their abolition. The British Government, in common with the United States and French Governments, invites the co-operation of other nations to realise the policy laid down in the present declaration."

I venture to believe that the Colony's present relations with our great and friendly neighbour, China, which your Excellency has already done much to foster, are such as will place no obstacle, so far as we are concerned, in the way of the realisation of this declaration of policy on the part of the British Government.

Turning now to the departmental estimates, I observe with growing alarm the enormous increase in the expenses of the medical department, particularly so as I am still convinced that by the use of part-time services of our local medical practitioners, some of this extra expense could be avoided. I can well understand how the professional instincts and ideals of my honourable friend, the Director of Medical Services, incline him towards operating with his own medical assistants, on a self-contained basis, but the gratification of those ideals appears to me to be, not only very costly, but to seriously endanger the livelihood of the medical profession practising in the Colony.

A well-known non-medical resident, who shares my views in this matter, went so far as to express the opinion that, even if the Government did not put our nursing homes and our medical fraternity entirely out of action, they would certainly so adversely affect the earnings of the latter, that they would be unable to afford to keep themselves up to date in modern medicine and surgery. He went even further than that, suggesting so disastrous a sequel, that I hardly like to repeat it to honourable members. He pictured this policy, if carried to extremes, resulting in the gradual annihilation of the commercial community and the survival of the Government servant in first class shape to enjoy for a maximum number of years a pension, which, presumably, in view of the extinction of the Colony's traders, would have to fall like manna from heaven.

While this undoubtedly is going a bit too far, it does illustrate in an exaggerated way the menace to our local medical efficiency threatened by the Government's policy. The real menace, however, is to the livelihood of a section of the community, many members of which have served the Colony well for a long period of years. In fact I place this self-contained system of dispensing our medical services in the same category, so far as the medical profession is concerned, as that other organisation which is the *bete noire* of us merchants, "The Crown Agents for the Colonies," in itself no doubt a most estimable institution, theoretically sound, but one which the merchants consider deprives those who originally built up the prosperity of the Crown Colonies and have always shouldered a considerable portion of the burden of taxation of the opportunity to compete for so much of the Government's requirements.

I further notice with extreme regret, that while there is this large increase in the expense of curing disease, there is no provision in either

the Public Works or Sanitary Department estimates for the prevention of it by a much more thorough cleansing of our streets than is carried out at present, though we should surely now have enough water for the purpose.

When recently in Shanghai, I had occasion to visit some of the poorer districts of the International Settlement and my amazement at the clean and wholesome appearance of their streets as compared with ours, was excelled only by my amazement at the reason given for this welcome change. I was assured that it was entirely due to the zeal with which our Chinese friends had taken up the New Life Movement. Shopkeepers and householders are made responsible for their respective sections of the paths and roads, and if they don't do their job to the satisfaction of their neighbours, they are seized and paraded through the streets with their hands tied behind their backs carrying a broom.

Possibly the Government is waiting for the New Life Movement to catch on in the Colony in a similar effective way and so save them considerable outlay. If, however, it does not, I consider that our tuberculosis record alone makes the incurring of this expense an absolute necessity.

While I am in sympathy with some of the proposals for new roads made by the honourable Mr. Braga, who has a much more intimate knowledge of the requirements of Kowloon than I have, I am, generally speaking, in favour of spending our restricted revenue on properly maintaining our present roads rather than on building new ones. I have a vivid recollection of the state of the Taipo and Castle Peak roads before the Governor's bungalow was built at Fanling. New roads through our beautiful scenery are undoubtedly a great acquisition to the Colony, but it is very difficult indeed for the motorist to enjoy the beautiful scenery through which he is passing when he is incessantly dodging potholes and in constant danger of being shot through the roof of his car.

In conclusion, Sir, I should like to wholeheartedly support the honourable Mr. Paterson's request that unofficial members may in future be given the opportunity of considering and discussing the various departmental estimates before the first reading of the Budget Bill, in the same way as they are permitted to discuss the Public Works estimates.

Unofficial members of this Council, I am sure, greatly appreciate the disposition which Your Excellency has shown since you came to the Colony to consult them on so many matters of public interest, and as I believe Hong Kong is one of the few Colonies where the estimates are not referred at an early stage to a select committee composed partly of unofficial members, I venture to hope that the proposal will find favour with Your Excellency.

HON. MR. M. T. JOHNSON.—Your Excellency,—I desire to associate myself with the congratulations voiced by my Honourable friend the Senior Unofficial Member upon the manner in which the Budget has

been presented and to express my sympathy with Your Excellency that your first Budget for the Colony should be one in which so much has had inevitably to be sacrificed to economy.

I would like to refer to one subject which has come particularly to my notice as a Member of the Harbour Advisory Committee and that is the cost of maintaining the Government Marine Surveyor's Department. I wish to preface my remarks by saying that the last thing intended in these is any reflection on the personnel of the Department in question. On the contrary, in my opinion and experience we are extremely well served by the Government Marine Surveyor's Department. The Surveyors are both highly competent and reasonable and courteous to deal with but it does seem to me, and I know to others interested in shipping also, that the cost of maintaining the Department is extraordinarily high and out of proportion to the needs of the Colony.

According to a statement circulated to the Harbour Advisory Committee this year the total annual cost of the Department in round figures is £15,435. Included in this amount, in addition to salaries totalling £10,804, the statement shows Pensions £859, Rent Allowances £825, Conveyance Allowances £297, Overtime Allowances £55 and Passages £1,433. The last mentioned item, I may mention, represents more than 8.8, nearly 9, full-rate First-Class return passages to London per annum for a staff of 16 Europeans and their families. The greater part of the balance of the £15,435 is accounted for by maintenance of a fleet of three launches costing £943 per annum.

I understand from my Honourable friend the Harbour Master that, in comparison with London and other places, on the basis of tonnage visiting the port, we are by no means over-staffed, but such a basis of comparison may easily prove very misleading. In Hong Kong, statistics of tonnage visiting the port are swollen by the frequent calls of coasting and river craft and I submit that these figures are not therefore a reliable indication of the amount of work which the Marine Surveyors may be called upon to do.

The Technical (Shipping) Committee of the Hong Kong General Chamber of Commerce urged upon Government three years ago that the additional staff then considered necessary in view of the application of the new Safety and Load Line Conventions should be engaged on temporary appointments only. The Committee's advice, I believe, was not taken, but now that the additional work entailed by the adoption of those Conventions and of the Simla Rules is drawing to an end it would, I suggest, be a suitable opportunity to consider reorganisation of the Department and gradual reduction of staff as may best be done without the infliction of any undue hardship.

HON. MR. A. W. HUGHES.—Sir,—The Budget for 1937 is essentially practical and in keeping with present day requirements. Necessary expenditure has been provided for and "luxuries" have been avoided. The task of limiting expenditure must have been a difficult one, and I feel the community has every reason to be satisfied with the result.

As I understand my honourable friend Mr. Braga proposes to be specific in his comments upon the Roads Maintenance Vote, I will refer to it only upon broad lines. The Honourable Colonial Secretary has told us that the Government "cannot safely repeat in 1937 the pruning of such items as road maintenance votes which has helped the financial position in 1936," and he added "we are faced by heavy expenditure at some future date if we are to return to the high standards maintained in the past." I am pleased at this official recognition of the fact that our roads to-day are not what they have been in the past. They have not reached the stage of being definitely bad, but both upon the Island and in the New Territories, it is evident in many places that without extensive repairs the "definitely bad" stage will soon be reached.

There are provisions in the present Budget for maintenance and extension, but with all respect I submit this work is so important that its extent should not be dependent upon whether or not the necessary funds can be spared from General Revenue.

The present Petrol Tax is 30 cents per gallon, and I am informed that the yearly consumption in the Colony is in excess of two and a half million gallons, thus providing a Revenue of some \$750,000. I suggest that as a permanent policy a percentage of this Tax should be allocated each year to road requirements. This system is in force elsewhere. In California there is a special Tax of, I believe, three cents a gallon and the proceeds of this Tax are applied solely to Roads. The California Roads are the envy of all the States in America, and of many countries outside.

In using the word "maintenance" above, I wish to include provision for greater safety than exists to-day. In particular, I refer to the absence of kerbing in a great number of places where the most rudimentary elements of safety demand them. There is a particularly bad stretch in front of the Hume Pipe Factory on the Castle Peak Road.

The deep gutters on both sides were responsible for two very nasty accidents early this year, but the section that calls most loudly for attention is the Praya. At present there is no protection whatever and while the needs of harbour craft using the Praya must be studied, these should not be allowed to jeopardize the lives of our citizens. There have been cases of cars going over the Praya into the Harbour with resultant loss of life. It is amazing there have not been many more. Cars are in charge of drivers of varying driving ability, and innumerable people are crossing at right angles to them. During times of poor visibility the danger is, of course, increased. I respectfully draw Your Excellency's attention to this very serious need. That the danger is not equally grave in other parts of the Colony is due solely to the fact that the traffic—both vehicular and pedestrian—is less in volume.

The Budget provides a sum of \$50,000 for anti-malarial work on the island and \$10,000 in Kowloon. Presumably this is for a continuation of the unequal fight against this disease that is carried on by the

Sanitary Department, but it is surely insufficient and when spent will provide little improvement in the position of to-day. The subject has been mentioned in this Chamber upon many previous occasions, but the great need for action is sufficient justification for this repetition.

The excellent work done in the Straits Settlements in eradicating malaria is undoubtedly known to Your Excellency, and I urge that the problem in Hong Kong be attacked upon the same lines and with the same vigour as was done by the Straits Government.

THE COLONIAL SECRETARY.—Sir,—We have followed this year the procedure which has been usual in Hong Kong on the occasion of the introduction of the Budget but I understand that Your Excellency will reply to the criticism of two Honourable Members concerning it.

The Honourable the Senior Unofficial Member has raised again the question of exchange. The official view of this matter has been very fully explained in this Council in the past and I do not think I need take up your time by paraphrasing it. I am afraid that this is one of the subjects on which we must agree to differ.

With regard to the Widows and Orphans Pension Scheme, a Committee was appointed some time ago by the Secretary of State for the Colonies to investigate the matter generally with reference to all Colonies.

The Committee's report has now been issued, but until the observations of the Secretary of State have been received and considered, the Government will not be in a position to make a statement.

Two members have spoken on the question of salaries.

The life history of most European Officials and a record of their emoluments since their arrival in Hong Kong can be seen by anyone who obtains a copy of the annual Civil Service List. Until a similar record is available regarding the employees of our local firms I fear that satisfactory comparisons cannot easily be drawn.

What is being attempted, so far as the members of the various unified services are concerned, is to draw up a scale of remuneration which shall be commensurate with that which obtains in certain other Colonies.

The Honourable the Senior Chinese Member has referred to the possibility of financing further public works from Loan funds. Generally speaking it is sound policy to finance by means of a loan only such undertakings as are likely to prove remunerative, unless, as in the case of the Gaol, important works are imperatively required which it is impossible to finance otherwise. This policy covers the case of the Central Market, but not, as a rule, such things as roads and bridges.

The Government shares the regret of the Honourable Member that financial stringency has made it necessary to make a 10 per cent. reduction in the capitation Grants to English Grant Schools, and I can assure him that the matter will receive sympathetic consideration as soon as the situation appears to warrant it.

The proposals now under consideration by Government for enhanced motor taxation, involve an increase in the case of all private and public cars and lorries with the exception of buses operated by the two companies holding licences for public bus services in Hong Kong and Kowloon; it may also be found necessary to fix a higher tariff for vehicles propelled by heavy oil.

I am indebted to the Honourable Mr. Braga for a number of interesting criticisms and suggestions.

As I have already pointed out, 1937 is a year of transition. We shall, before the year is out, have completed a number of Public Works of the first importance, and shall be marking time to some extent until it is known how much we can afford to undertake in 1938. For the moment, therefore, we shall probably be overstaffed with architects. Of the thirteen in Government Service three will be on leave, and two are required to act in the place of the Executive Engineers in charge of the Architectural and Buildings Ordinance Offices who will also be on leave. Of the remainder four will be employed in the Buildings Ordinance Office and four in the Architectural Office. The Director of Public Works has provided me with a list showing the works on which these last will be engaged. It includes the preparation of sketch plans for future buildings and work in connection with Town Planning.

The places of officers retiring on pension from the Public Works Department are not being filled, but apart from this I doubt whether it would be economical, even if it were practical, to make a further reduction in staff at the moment.

The title Inspector of Furniture is perhaps somewhat misleading. This Officer is in charge not only of the upkeep of the very considerable quantity of furniture in government quarters and offices, but also of the construction of new furniture. Expenditure on this work under recurrent votes amounted of \$52,000 in 1935, to \$62,000 in 1934 and to \$76,000 in 1933. Special expenditure during 1936 on furniture for new buildings such as the Central British School, the new Gaol and the Queen Mary Hospital amounts to over \$127,000. The Inspector of Furniture is also in charge of the Workshop at Hung Hom and the Repair shop at Wanchai where 100 workmen are employed. As a side line he is responsible for the care of the Chater collections of pictures and procelain.

I think I have said enough to show that the post is one of considerable responsibility.

With regard to road maintenance I should explain that although the estimates for Kowloon, New Kowloon and New Territories show a slight reduction in 1937 as compared with 1936—\$139,000 as compared with \$144,000—in fact only \$80,000 is being expended this year. Next year we hope to spend up to the full amount provided.

The individual improvements suggested have been noted and some at least of them will be attended to during 1937. Special provision has been made under sub-head 57 P.W.E. for the improvement of the road near Kowloon Reservoir and under sub-head 80 of the road between Taipo and Fanling.

I am informed by the Superintendent of the Botanical Department that the trees uprooted by the typhoon will be replaced when the planting season comes in the spring. The Chairman of the Urban Council has been asked to consider the problem of market gardens in residential areas and the question of the future of the Homuntin Cemetery.

Provision for additional playing fields in New Kowloon will be found under sub-head 60 P.W.E. I find some difficulty in interpreting the meaning of the Honourable Member's remarks regarding bathing beaches. There are no matsheds at Sheko and Repulse Bay has its Lido where facilities for dressing can be obtained for a small sum. I do not propose now to embark on this very controversial subject, but I shall be very glad to receive any suggestions which Mr. Braga may care to put forward regarding the policy to be adopted with regard to any beaches which the new road may open up.

The question of improved broadcast programmes for Chinese listeners is under consideration by the Broadcasting Committee.

When appeals are heard from all sides for a share in the inadequate resources of the Treasury it is inevitable that some will have to be passed over. The needs of the people of the New Territories have not been forgotten, but I believe that I am right in saying that they are as a whole not unprosperous at the present time.

The Honourable Mr. Lo Man-kam has entered the lists for one more tilt against that old dragon, the Military Contribution. The burden is admittedly heavy, and the method of assessment is open to obvious objections. But the long negotiations which led up to the passing in November 1935 of the Defence Contribution Amendment Ordinance resulted in the removal of some of the Colony's most serious grievances. The position represented by the Ordinance has been accepted, and the Government does not feel that any useful purpose will be served by reopening the controversy at a time such as this. Moreover I doubt whether the benefit which the Colony derives in increased trade due to expenditure by the Garrison is fully realised. The money comes back to the community in another form and on only one occasion, I believe, has it covered the whole cost of the Garrison. Normally the War Department spends in Hong Kong far more than it takes from our taxpayers.

With regard to the taxation on motor cars and motor spirit it is true that this is often justified by reference to expenditure on roads and their upkeep. I have used the same argument myself, but I realise that it is not one that can be carried to its logical conclusion. It is a form of taxation like any other, although it has, at times, and in places other than Hong Kong, been used to raise money which has been earmarked as, and sometimes raided from, a "Road Fund."

Incidentally the royalties paid by Bus Companies and the special taxes on public cars represent I think a tax on the general travelling public and not on motorists as such; and considerable expenditure on traffic regulations should be entered on the debit side of the account.

The Government is giving close attention to Mr. Burney's report with the advice and co-operation of the Director and the Board of Education. Certain recommendations have already been carried out; others await the appointment of the new Senior Inspector of English Schools.

What has been done includes the institution of a School Certificate examination for Class II and the establishment of an extended system of Physical Training in Government and Grant Schools. A small extension to the Peak School has been completed, and the Government School at Yuen Long has been converted from an English to a Higher Primary Vernacular School.

I should like to refer, in this connection, to the completion of the Trade School at Wanchai which, thanks to the co-operation of the Building Contractors' Association, has been constructed at a very moderate cost.

I do not know what grounds the Honourable Member has for his statement that the Grant Schools teach Chinese better than the Government Schools; but I would point out that, besides the Anglo-Chinese Schools such as King's and Queen's colleges, there is also a specifically Chinese School for boys, the Vernacular Middle School, just as for girls there is the Vernacular Women's Normal School.

Figures from which the cost per capita of the education of children in Government schools can be calculated will be found on page 311 of the Blue Book for 1935. The question of fees has been considered by the Board of Education which has expressed the unanimous opinion that the present is not a suitable moment to raise them.

With regard to the Central British School and its playground, I have two comments to make; one is that the school has been designed ultimately to provide accommodation for 500 pupils. At present the maximum attendance is 270 (230 is the average). The other is that the playing field formerly used by the School has now been allotted to Chinese Schools.

I must apologise if I appear to deal rather sketchily with the important subject of excess water rates. I have had before me figures

supplied by the Director of Public Works from which it appears that when interest and sinking fund on \$700,000—the cost of Tytam Tuk Catchwaters—and a sum of approximately \$200,000 in respect of Extraordinary works, passages, housing, transport, office rent, light, incidental expenses, typhoon damage, and a share of the cost of Treasury and Audit have been added to the figures of expenditure, and Military Contribution has been deducted from income, the estimated surplus is turned into a deficit.

The difficulties which face owners of tenement property are appreciated, but I should like to be assured first, that charges for excess water do not still provide a very necessary restriction on the amount of water consumed and secondly that the owners of property who do not at present pay excess water rates would view with equanimity a very large proportionate increase in general rates. All I can say at the moment is that the Government is not disposed to favour the suggestions but that they will receive further consideration.

The safety of Island Bay Beach has been discussed on many occasions. One difficulty is that when bathing is dangerous a boatman who was being tossed about on a choppy sea would not be able to see bathers in trouble. Other suggestions have been made and will be reconsidered. But I am not sure that responsibility should not rest, as in many places on the Cornish coast, with those who insist on swimming in bad weather from a beach known to be dangerous.

Centralisation in the hands of Government of Press Messages refers of course not to the case of owners of wireless sets who listen in to news broadcasts but to those who receive for publication messages sent out by news agencies. At present a special licence is required before such publication can be undertaken. Ordinary listeners licences expressly prohibit publication.

The boiler installations at the Gaol and Queen Mary Hospital provide, in addition to heating and hot water, steam for sterilizing and cooking and power for the laundry and the air-conditioning plant in the Hospital theatre.

The mechanic in charge will need to possess a good knowledge of English as well as a sound theoretical and practical experience in this particular branch of mechanical engineering. I regret that I was in error in predicating University qualifications for this post.

The Director of Public Works has recommended the installation of rapid gravity filters at Bowen Road in place of the existing sand filters but this project has had to be postponed for the present owing to lack of funds. I am advised that the aqueduct at Shing Mun has a capacity of twenty million gallons per day and has been designed to deliver the ultimate maximum draw-off from Shing Mun. The size of the tunnel was governed by considerations such as economy of construction.

Preliminary arrangements have been made for the preparation of new editions of the Ordinances and Regulations as in force on the 1st January, 1937. Legislative sanction for this work is being sought by a Bill already drafted and shortly to be submitted to the Governor-in-Council.

Preparation and printing of the new editions will take some time but it is possible that they will be completed by the end of 1937.

I have listened to Mr. Dodwell's rather melancholy views on the subject of the Colony's trade with the respect which is due to one of our merchant princes. I hope he will be proved wrong, and that as speedily as possible, but I have no intention of going in for prophecy myself. All I shall say now is that I have not insured my pension and that I have no intention of doing so.

I trust he will forgive me if I do not enter into an argument about the Medical Department either, but refer Honourable Members to the debate which took place in this Council on the 19th March of this year.

I have already spoken regarding the suggestion made by the Honourable Mr. Hughes that revenue from petrol and motor taxation should be regarded as a special road fund. Our expenditure on roads is already so great that a percentage of the tax would be altogether inadequate.

The side channelling opposite the Hume Pipe Factory is to be improved during the coming year. It is the policy of the Public Works Department to replace the old half round channels by a flat channel when practicable whenever repair or replacement becomes necessary. It is thought that the provision of a wall or railing along the water front would cause too much inconvenience, but the possibility of constructing a narrow footpath for pedestrians and to serve as a guide to traffic will be investigated.

Admittedly the \$60,000 to be expended on anti-malarial work will not go very far, but it represents a big increase on 1936 and is as much as we can afford at present.

I should not even so describe the fight as unequal. I believe that for example work done in the neighbourhood of the Queen Mary Hospital has had a beneficial effect over a very large area.

The Honourable Mr. Johnson has confined his criticism to the cost of the Marine Surveyor's Department. In this connection the Harbour Master informs me that the tonnage figures on which his comparison with British ports was based were not the tonnage figures of vessels visiting the Port but those of vessels surveyed. The actual figures for the year 1935 are (for vessels over 60 tons):

	No. of Surveyors engaged on Ship Surveying.	Tonnage surveyed per man.
Hong Kong .....	15	28,257
Singapore .....	9	8,503
United Kingdom .....	187	18,257

If we allow for officers absent on leave at any given time the figures are:

	No. of Surveyors engaged on Ship Surveying.	Tonnage surveyed per man.
Hong Kong .....	12	35,321
Singapore .....	7	10,932
United Kingdom .....	165½	20,631

There is also in Hong Kong a phenomenal number of small craft which have to be surveyed once or twice a year.

Figures for the United Kingdom are not available but the number of surveys for 1935 in Hong Kong and Singapore are:

Hong Kong .....	747
Singapore .....	121

On these figures the staff would seem to be far from excessive and it might well prove that any reduction would involve delays which would involve the Shipping Community in heavy costs in the form of demurrage.

Two additional surveyors were engaged in 1934 on the advice of the Board of Trade who considered that the application of the Conventions would involve some permanent addition to the work of the Department. The temporary increase asked for by the Harbour Master on that occasion was not granted as the Board of Trade advised the Government that they were dealing with the first rush of work by working overtime, and considered that the same might be done in Hong Kong.

H.E. THE GOVERNOR.—Honourable Members, I confess to a sense of discomfiture in regard to this Budget for 1937, which does not arise solely from the fact that it is a slump budget and discloses, after every effort has been made to lop and to prune, a deficit of nearly \$3,500,000. My feeling is partly due to a budget procedure which is unfamiliar to me and which, so I gather from two of the eloquent speeches to which I have listened this afternoon, is not altogether to the liking of the Unofficial Members.

The procedure here is that all departmental proposals run the gauntlet of an Estimates Committee consisting of the Colonial Secretary and the Colonial Treasurer with the Governor in the chair, I may remark in parenthesis that as regards this year, my first year in Hong Kong, the presidency of that triumvirate has been a most valuable lesson to me, because there can be no better introduction to the problems of an Administration than to go through the estimates of its expenditure item by item.

Next, when the Estimates have emerged from this Committee, they are printed and presented to Honourable Members of this Council on the first reading of the Supply Bill. In the interval between the first and second reading the Unofficial Members examine them and, four or five days before the second reading, send copies of prepared speeches containing their criticisms, comments and suggestions to the Colonial Secretary, who, as best he can in the time available, prepares a reply to all the points raised by them. Indeed in past years the Governor himself often wound up the debate by a long speech.

From the last three volumes of Hansard I find that in the Committee stage of the Bill no alteration was made, beyond correction of a figure, in three successive years.

Now the procedure to which I became used in Malaya was very different. The formative Committee consisted of the Colonial Secretary and the Colonial Treasurer without the Governor. The Colonial Secretary kept the Governor constantly informed on the progress of the Estimates and ascertained his wishes on all important points; but the Governor stood outside the Committee and any Head of Department who wished to appeal to him against the blue-pencilling of any proposal could do so, though such appeals were rare and seldom successful.

The Estimates when printed were placed in the hands of Unofficial Members at least ten days before their introduction in Council and at the first Budget session the Governor prefaced the proceedings by an Annual Address in which he dealt broadly but concisely with current problems and reviewed in perspective the important events of the year.

The Colonial Secretary next moved a resolution that the Draft Estimates be adopted. There was no need for him to make a long speech because he had already laid on the table as a Council Paper a printed memorandum on the Estimates, fully descriptive and explanatory of all new items and of all changes in annually recurrent provision.

The Unofficial Members followed him with speeches on major questions involved in the Budget; there was no need for them to go into details, because the opportunity for that came later in Select Committee. The Colonial Secretary then replied on points which he was ready to answer; on the remainder he could speak at either of two later sessions while the Budget was still before Council.

Lastly, the Treasurer moved that the subject matter of the motion be referred to a Select Committee consisting of the Colonial Secretary, the Unofficial Members and himself. The Select Committee met at convenient times over a period of days and had up before it any Heads of Departments that it cared to summon. Its proceedings were unreported and informal; and I consider that the opportunities that it gave for the Unofficial Members to meet and question Executive officers of Government were invaluable from the point of view of both sides.

I am indeed a strong believer in the advantages of personal contact and round-table discussion. Proposals which had survived the Scylla of the Estimates Committee sometimes foundered on the Charybdis of Select Committee.

Its Report was generally a document of two or three printed pages, and if its contents were all accepted by the Governor an amendment to the original resolution would be moved at the next session "that the draft Estimates be approved with the alterations and amendments advised in the Select Committee's report."

If not all of the recommendations were acceptable, then the motion of amendment would be that the draft Estimates be approved with the alterations and amendments advised in paragraphs (A, C, F, G) etc. of the Report of the Select Committee. When the Estimates had thus been debated and passed the Supply Bill was based on them and passed through all its stages generally without debate.

Now I prefer this procedure, which is not peculiar to Malaya but represents, I understand, the practice of most British Colonies, because it enables detailed consultation and collaboration between the Unofficial Members and the Official Members who prepared the draft Estimates. It is, as far as I can see, within the four corners of the Standing Orders of this Council, but I do not wish to make a break in local tradition unless I am perfectly certain that it is desired by Honourable Members.

I shall therefore write to Singapore for copies of the Governor's Address this year, of the Colonial Secretary's Memorandum on the Estimates, of the Treasurer's Financial Statement, of the Report of the Select Committee and of the Hansard of the Straits Settlements Budget Debates.

These I will circulate to members of Executive Council and Finance Committee, and if they prefer the procedure which I have just endeavoured to outline and which will be fully exemplified in those documents from the Straits, then we can adopt it next year.

My Honourable Colleague, the acting Colonial Secretary has very ably and succinctly dealt with the various points brought forward by Honourable Members this afternoon. It would however be a poor

compliment to the speakers if their speeches were considered as having entirely lost their official audience as soon as the Colonial Secretary had replied to them. They contain many interesting and suggestive passages which I look forward to re-reading and further digesting when they appear in the convenient form of Hansard.

At the moment however I have nothing to add to what Mr. North has just said, except to explain one omission in the Budget and to make a few general remarks. The omission relates to the Coronation festivities next May for which no provision has been entered in the Estimates. That is because the Secretary of State's promised despatch on Colonial celebrations did not reach me till last mail.

In it he leaves to the local authority the making of such arrangements as will permit of the active co-operation and participation of the inhabitants of each Colony as a whole and suggests the early appointment of a committee representative of all sections of the community to arrange the necessary details.

On that suggestion I shall certainly act, and the question of a special vote will be put up for discussion, with due regard to the state of our finances, as soon as definite suggestions have been put forward by the committee.

On the general subject of public expenditure I have to say this. I approached my work on Estimates Committee very critically and with considerable past experience of slump budgets and retrenchment in Malaya, but having had the privilege of serving under both my immediate predecessors in this Governorship I did not expect to find any very lush tares of extravagance in the field of annually recurrent expenditure; nor, gentlemen, are they there. I can see therefore no avenue to appreciable retrenchment along the line of a curtailment or elimination of existing public services, for nearly, if not quite, all of them may be categorised as essential.

We are indeed extremely fortunate in Hong Kong in having much public service that is of an essential nature performed out of private charity and by voluntary workers. It is possible that some decrease in staff may be found feasible, but not so great a decrease as to justify the expense of compulsory retirement on abolition pensions.

The rule to which we are now working is that when retirements or casualties occur the vacated appointments are not filled until an absolute necessity for their retention is established.

Another line of ultimate economy lies in the training of Hong Kong citizens to man posts hitherto occupied by European recruits. We are doing this in the Police and Sanitary Departments and indeed all along the line as opportunities arise. These gradual methods of

retrenchment are not conspicuous or sensational but they are, I am sure from past experience, the most truly economical in the long run.

I take this opportunity of publicly congratulating the Colonial Treasurer on the manner in which he has resisted every proposal for avoidable expenditure and pressed every suggestion for savings and economy. I am happy to think that the recognition of his distinguished Colonial Services by His Majesty the King came at a time when Mr. Taylor must have felt that he was up against a particularly thankless and unpalatable job.

Of the need for understanding and co-operation between ourselves and our Chinese neighbours there can be no possible doubt, and I agree with the Senior Chinese Unofficial Member that it cannot be too greatly emphasised or too often reiterated. The warmth and kindness of the welcome extended to my wife and myself on our visit to Canton was an inspiring proof that this need is recognized as much there as it is here, and I have every reason to hope that within the very near future I shall have the privilege and pleasure of welcoming my recent hosts of the new Kwangtung Provincial Government as our honoured guests in Hong Kong.

In conclusion I must return for a moment to a subject on which I have already touched, the debt which Hong Kong owes to private charity and volunteer service. Month by month I have become more and more conscious of the amount and extent of that debt; it is so large and covers so wide a field that I cannot attempt here a catalogue of all the funds, societies, associations and institutions to which public gratitude and admiration is due.

At a time of economic depression generosity is doubly generous and in the face of Hong Kong's three public enemies (fog, fug, and their loathsome offspring fag) voluntary service is a doubly noble sacrifice of self to the community. On behalf of the Colony I humbly thank them all, donors and workers alike, for all that they have done, are doing, and I hope, will always continue to do for us.

The Bill was read a second time.

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

Upon Council resuming,

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

THE COLONIAL TREASURER 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 \$46,858 contained in Message No. 8 from H.E. the Governor were considered.

All the votes were approved.

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