

13th March, 1947.

PRESENT: —

HIS EXCELLENCY THE GOVERNOR (SIR MARK AITCHISON YOUNG, G.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS, (MAJOR-GENERAL G. W. E. J. ERSKINE, C.B., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. D. M. MACDOUGALL, C. M. G.).

THE ATTORNEY GENERAL (HON. MR. J. B. GRIFFIN, K.C.).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. R. R. TODD, *Acting*).

THE FINANCIAL SECRETARY (HON. MR. C. G. S. FOLLOWS, C.M.G., *Acting*).

HON. DR. P. S. SELWYN-CLARKE, C.M.G., M.C. (Director of Medical Services).

HON. MR. T. M. HAZLERIGG, C.B.E., M.C.

HON. MR. T. MEGARRY.

HON. MR. V. KENNIFF (Director of Public Works).

HON. MR. D. F. LANDALE.

HON. MR. CHAU TSUN-NIN, C.B.E.

HON. MR. LO MAN-KAM, C.B.E.

HON. MR. LEO D'ALMADA E CASTRO.

HON. DR. CHAU SIK-NIN.

HON. MR. M. M. WATSON.

MR. D. R. HOLMES, M.B.E., M.C. (Deputy Clerk of Councils).

ABSENT: —

HON. MR. R. D. GILLESPIE.

MINUTES.

The Minutes of the meeting held on 27th February, 1947, were confirmed.

PAPERS.

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

Item deleted by the Acting Director of Supplies, Trade and Industry under Defence Regulation 50 of the Defence Regulations, 1940, from the Schedule to the Prohibited Exports Order, 1946, on 20th December, 1946.

The Woollen and Worsted Yarn (Control) Order, 1946, revoked by the Acting Director of Supplies, Trade and Industry under Regulation 50 of the Defence Regulations, 1940, on 21st December, 1946.

Amendments made by the Acting Director of Supplies, Trade and Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Price Control Order, 1946, dated 23rd December, 1946.

Amendments made by the Governor in Council under Section 4 of the Marine Stores Protection Ordinance, 1919, Ordinance No. 13 of 1919, to the Regulations made under the said Ordinance, dated 31st December, 1946.

Amendment made by the Governor in Council under Section 3 of the Dogs Ordinance, 1927, Ordinance No. 21 of 1927, to the Regulations made under the said Ordinance, dated 31st December, 1946.

Amendment made by the Governor in Council under Section 3 of the Printers and Publishers Ordinance, 1927, Ordinance No. 25 of 1927, to the Regulations made under the said Ordinance, dated 31st December, 1946.

Amendment made by the Governor in Council under Section 28 of the Arms and Ammunition Ordinance, 1933, Ordinance No. 2 of 1933, to the Table of Fees in the Second Schedule to the said Ordinance, dated 31st December, 1946.

Amendments made by the Governor in Council under Section 3 of the Miscellaneous Licences Ordinance, 1933, Ordinance No. 25 of 1933, to the Regulations in the Second Schedule to the said Ordinance, dated 31st December, 1946.

Order made by the Governor in Council under the Quarantine and Prevention of Disease Ordinance, 1936, Ordinance No. 7 of 1936, rescinding the Order of 15th April, 1946, declaring Canton an infected place on account of cholera, dated 31st December, 1946.

The Right Reverend N. V. Halward, M.C., appointed Commissary and to be a trustee and to act on behalf of the Bishop of Victoria during the absence on leave of the Right Reverend R. O. Hall, M.C., under section 3 of the Church of England Trust Ordinance, 1930, Ordinance No. 2 of 1930.

Amendments made by the Acting Director of Supplies, Trade and Industry under Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Prohibited Exports Order, 1946, on 27th December, 1946.

The Piece-goods (Control) Order, 1946, revoked by the Acting Director of Supplies, Trade and Industry under Regulation 50 of the Defence Regulations, 1940, on 30th December, 1946.

Additional items added by the Acting Director of Supplies, Trade and Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Price Control Order, 1946, on 31st December, 1946.

Additional items and amendments made by the Acting Director of Supplies, Trade and Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Price Control Order, 1946, on 8th January, 1947.

Additional item added by the Acting Director of Supplies, Trade, and Industry under Defence Regulation 50 of the Defence Regulations, 1940, to the Schedule to the Prohibited Exports Order, 1946, on 6th January, 1947.

MOTIONS.

THE ATTORNEY GENERAL moved—

Resolved that ex gratia additions to pensions should be granted in cases where such additions would have been permissible—

(A) under Regulation 17(1) both of Pension Regulations A and B made under the Pensions Ordinance, 1932, if the words

“a person employed in the public service in this Colony has been permanently injured without his own default, by some injury or ill health attributable to the conditions of his detention in the Far Eastern area during the period of the Japanese invasion and occupation; or where”

appeared between the words "Where" and "a" in the first line of paragraph I of Regulation 17 in both Pension Regulations A and B.

(B) under Regulations 21, 27 and 33 of the regulations made under the Police Force Ordinance, 1932, as if the words

"an officer has been permanently injured without his own default by some injury or ill health attributable to the conditions of his detention in the Far Eastern area during the period of the Japanese invasion and occupation; or when"

appeared between the words "When" and "an" in the first line of each of the respective regulations.

He said: Honourable Members are well aware that in the Pensions Law at the present time provision is made in the Pension Regulations to the Pensions Ordinance, 1932, and in the Regulations to the Police Force Ordinance, 1932, for the grant of additions to pension in cases where a person employed in the public service of the Colony has been permanently injured in the actual discharge of his duties without his default and by some injury specifically attributable to the nature of his duty. Members are also aware that a number of public officers have, as a result of the war in the Far Eastern area, been subjected to detention by the enemy. Further they are aware that many persons so detained suffered serious injury or great loss of health entailing their accelerated retirement from the public service. In these circumstances it has been suggested by the Secretary of State, and this Government desires to adopt such proposal, that *ex gratia* additional pension or addition to pensions should be given to persons who have suffered permanent injury to health resulting in their accelerated retirement by reason of what they have endured through detention. It is proposed that this addition to pension should be effected as I have said *ex gratia* and that its *ex gratia* character should be marked by effecting it by resolution rather than by the incorporation of provision in the permanent law of the land. This procedure is also suggested because the circumstances which make necessary the additions to pension which I have described are so unusual and are such as it is to be trusted will never re-occur. Thus the form of the resolution is that there should be *ex gratia* additions to pension and they should be effected as if the terms of the resolution were to be read in the existing law, that is, Regulation 17 ill A and B of the Regulations made under the Pensions Ordinance, 1932, and Regulations 21, 27 and 33 of the Regulations made under the Police Force Ordinance, 1932.

THE COLONIAL SECRETARY seconded, and the resolution was adopted.

THE ATTORNEY GENERAL moved—

Resolved that *ex gratia* pensions should be granted in cases where the grant of such pensions would have been permissible under Section 18 of the Pensions Ordinance, 1932, and Regulation 14 made under the Police Force Ordinance, 1932, if the words

“or who having been detained in the Far Eastern area during the period of the Japanese invasion and occupation dies before being retired on pension when death was directly attributable or aggravated by the circumstances of such detention and without his own default,”

appeared between the word and cypher “duties,” and the words “a pension” in the sixth line of both Sub-section (1) of Section 18 of the Pensions Ordinance and paragraph (1) of Regulation 14 made under the Police Force Ordinance, 1932.

He said: In regard to this resolution the position and the reasons as I have given them in the first resolution are applicable. In the case we are dealing with, it is intended to deal by resolution with the analogous case whereunder an officer who has been detained has died as a result of his having been detained under circumstances and through causes directly attributable to or aggravated by the circumstances of such detention without his own default. Section 18 of the Pensions Ordinance, 1932, and paragraph (1) of Regulation 14 of the Regulations made under the Police Force Ordinance, 1932, provide for the payment of a pension to a widow and orphans of an officer who dies in circumstances described in those provisions. Here again we have a position where existing law not contemplated necessarily the circumstances which have actually arisen whereby a Person's death is to be attributed to treatment received through detention. Thus the second resolution requires that this Council should approve that death caused through detention by the enemy should be a ground for paying to a widow and orphans a pension which they would have received had an officer died in the execution of his duty under the existing law.

THE COLONIAL SECRETARY seconded, and the resolution was adopted.

ORDER MADE BY THE CHIEF JUSTICE.

THE ATTORNEY GENERAL moved—

That the order dated the 20th day of February, 1947, made by the Chief Justice under section 32 of the Supreme Court Ordinance, 1873, Ordinance No. 3 of 1873, be approved.

He said: A copy of the Order is attached to the Order Paper. It is an Order making amendment to the Schedule of the Supreme Court Fees Order and its reference to this Council for approval is necessitated by the terms of Section 32 of the Ordinance which requires that Rules and Orders made by the Chief Justice in exercise of his powers under that Ordinance shall also have the approval of this Council.

THE COLONIAL SECRETARY seconded, and the motion was carried.

TELECOMMUNICATION (AMENDMENT) BILL, 1947.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend further the Telecommunication Ordinance, 1936." He said: At the present time the offence of having possession of a wireless receiving or transmitting set without a licence is punishable by a maximum fine of \$1,000 on summary trial. Recent experience has shown that this fine, even the maximum fine of \$1,000, is paid without demur, and it is suspected at the present time that transmitters are being used for illegal and other improper purposes. The purpose of this Bill therefore is to enhance

the penalties which may be imposed upon a conviction for possession of a wireless transmitting or receiving set without a licence. If this Bill becomes law the result would be that it would be possible on summary conviction to fine \$3,000 or impose imprisonment for any term not exceeding 12 months or, on conviction on indictment, to fine \$10,000 or imprisonment for any term not exceeding 3 years. The remaining clause of the Bill makes consequential amendment and rectifies the marginal note to Section 31 which is inappropriate.

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. From experience gained in the prosecution of offences under Section 30 of the Telecommunication Ordinance, 1936, it has been found that the maximum fine of \$1,000 which can now be imposed has been paid without demur and it is suspected Had these transmitters are being employed for illegal or other improper purposes. It is accordingly considered that a special penalty in relation to offences under Section 30 of the said Ordinance should be provided. Clause 2 of the Bill is designed to effect this purpose. Such Clause is designed to repeal and replace Section 30 of the said Ordinance so as to render an offender liable, on summary conviction, to a fine of \$3,000 or imprisonment for any term not exceeding twelve months, or, on conviction on indictment, to a fine of \$10,000 or imprisonment for any term not exceeding three years.

2. Clause 3 of the Bill deletes and replaces the marginal note to section 31 of the said Ordinance, as it is considered to be misleading. Amendment to sub-section 2 of Section 31 is also provided for by this clause to provide that power of forfeiture is given to the "Court" (which means the Supreme Court by reason of Section 39—'D' (7) of the Interpretation Ordinance, 1911) as well as to a Magistrate. Such amendment is consequential on Section 30(6) of the Ordinance to be enacted by Clause 2, since upon enactment of the proposed Section 30(6) it will become possible for offences against Such Section to be tried before the Supreme Court on indictment and not only a Magistrate as hitherto.

SUPPRESSION OF ROBBERY BILL, 1947.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to enable capital punishment to be imposed in certain circumstances on persons taking part in armed robbery or assault with intent to rob where the death of a human being takes place in connection with the commission of such offences." He said: Council is aware that as an aftermath of the mar there has been a high incidence of robbery accompanied by violence within the Colony. It is a fact that this situation has recently improved, possibly as a

result of the serious view taken by the Courts of such a serious offence. Nevertheless, the position still remains unsatisfactory, and it is proposed by this Bill to strengthen the law to deal with such cases, in particular where robbery with violence has been accompanied by a death being caused to a victim of such robbery. Under the law as it is at present it is frequently difficult or virtually impossible successfully to achieve a prosecution of persons taking part in armed robbery where a killing has taken place and at the same time charge them with murder. Additionally there is a rule of law which requires proof of a common intention to use violence in any robbery that has taken place. The purpose of this Bill therefore is to enable persons to be charged with murder where robbery is committed with the aid of offensive weapons and where persons meet their death as a result of such robbery. Henceforth it will be possible to charge persons with murder without having the difficulty of proving a common intention to use violence. The Bill however provides that a person who is charged in that way will not be convicted of murder if he is able to show the onus will be on him—that he had no reasonable cause for believing that any person in the party was armed and intended to use arms in the furtherance of robbery. In Sub-section 3 of the proposed Clause 2 a guard is given against the possibility that upon acquittal it will not be possible to arrive at any conviction of persons engaged in a common robbery since upon indictment for murder it is not possible to add counts for lesser offences; therefore, by the sub-section which I have mentioned, upon the trial of an offence on indictment under this Ordinance, it will be open to a jury to return alternatively a verdict convicting under Section 40 of the Larceny Ordinance, 1935, which is the section dealing with robbery. It will be observed by Clause 3 of the Bill that the Bill will not come into force until proclaimed to be in force by the Governor, and also that a limit has been put on the duration of the Bill, since, as I have said, it cuts across the established rule of law in regard to common intention; but while the Bill, when it becomes law, will remain in force only for one year from that time, yet provision is made for its continuation in force if a resolution to that effect is passed by the Legislative Council.

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

Objects and Reasons.

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

1. The purpose of the Bill is to enact provisions which will contribute to a reduction in the incidence of robbery and particularly robbery which is accompanied by the use of offensive weapons.

2. Though the high incidence of robbery during the past year has fallen, no doubt as a result of the increase in terms of imprisonment and amount of corporal punishment inflicted on persons convicted of robbery and assault with intent to rob, such offences, particularly where arms are carried, are still too prevalent.

3. In cases where shooting takes place in connection with such offences and the death of a person results, it is often difficult to obtain the necessary evidence to ensure a successful prosecution for murder against any of the robbers. Such difficulty is enhanced by the existence of the rule of law, which requires the proof of a common intention to use violence of those participating in the robbery or assault with intent to rob.

4. Clause 2 of the Bill therefore provides for removal of the requirement of proving common intention to use violence in cases where a person is unable to show that he was unaware that an offensive weapon was carried at a robbery, assault with intent to rob or an attempt to commit such offences in which he took part, when the death of a human being results from violence used in the commission of such offences. The application of this provision by Clause 2 is extended also to cases of such violence used by one of the party in escaping after the commission of such offences.

As no other count can be added to an indictment for which the punishment on conviction is death, to enable justice to be done without a further trial, provision is made in sub-Clause (3) of Clause 2 for alternative conviction for an offence of robbery, assault with intent to rob or attempts to commit these offences if the Jury find such an offence proved and the offence, created by sub-Clause (1) of Clause 2, not proved.

5. In view of the fact that the Bill provides for departure from an established rule of law to meet special circumstances, it is provided by Clause 3 that the Bill, upon enactment and bringing into force by Proclamation, shall continue in force for one year only and thereafter expire unless extended before expiry by a Resolution by Legislative Council.

PUBLIC DANCE-HALLS TAX BILL, 1947.

THE ATTORNEY GENERAL: I ask leave of Council to defer the Second and Third readings of a Bill intituled "An Ordinance to impose a tax in respect of payment for the services of dancing partners and a tax on food sold and consumed in public dance-halls."

H.E. THE GOVERNOR: By leave of the Council the motion of the Attorney General is deferred.

JUVENILE OFFENDERS (AMENDMENT) BILL, 1947.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Juvenile Offenders Ordinance, 1932."

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

On the motion of the Attorney General, seconded by the Colonial Secretary, Council then went into Committee to consider the Bill clause by clause.

Upon Council resuming,

THE ATTORNEY GENERAL reported that the Juvenile Offenders (Amendment) Bill, 1947, had passed through Committee without amendment and moved the Third reading.

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

APPROPRIATION FOR 1947-1948 BILL, 1947.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding one hundred and nine million four hundred and eighty eight thousand four hundred and thirty three dollars to the Public Service of the financial year ending 31st March, 1948." He said: I would in the first place express my regret that circumstances have compelled me to move the first reading of the Appropriation Bill before the actual printed Estimates are in the hands of Honourable Members. It is necessary in these matters to work to a programme as much inconvenience results if the budget is not dealt with before the beginning of the financial year to which it relates. When to-day was tentatively fixed for the first reading there was every reason to suppose that the printing of the Estimates would be completed by the end of the first week in March. As Honourable Members are aware there is no Government Printing Office and although the firm undertaking the work made valiant efforts to complete it to schedule they just failed to make up the time lost by unfortunate delays at an earlier stage. I am however circulating to Honourable Members a detailed explanatory Memorandum on the Estimates and hope that this may compensate to some extent for the delay in the delivery of the printed copies of the Estimates themselves. There is every hope that the latter will be in the hands of Honourable Members before the weekend.

With this introduction I will now touch briefly on the position at the end of the present financial year before turning to the Estimates for the year which is still before us.

As Honourable Members fully realise a large element of guesswork necessarily entered into the preparation of the Estimates for 1946/47. Confronted by conditions which differed vastly from those obtaining in 1941 and] after a gap of three and a half years caused by the Japanese occupation there were no standards of comparison on which costs could be based. Inevitably therefore the actual results of the year's working will differ considerably from those which were anticipated when the Estimates were framed. At that time it seemed probable that the revenue for the year would amount to \$51,308,300. In the event, Revenue has been more buoyant than could reasonably have been foreseen after the dislocation caused by a prolonged period of enemy occupation. Then, in accordance with the recommendations of the Taxation Committee, various new taxes and increases in existing

taxation were introduced towards the end of 1946. These two factors together have resulted in the original revenue figure being greatly exceeded and it is anticipated that the final figure will be approximately \$78,000,000.

The approved estimate of recurrent expenditure for 1946/47 was \$90,077,129 with special expenditure and Public Works Extraordinary amounting to an additional \$77,777,447. This made a total of \$167,854,576 and the anticipated deficit was thus \$116,546,276. In actual fact there have been considerable savings in a number of directions particularly in regard to special expenditure as owing to delays in manufacture new equipment ordered has not been delivered during the financial year. It is not possible to give an accurate expenditure figure as information on which this could be based is only available in relation to local expenditure. A great deal of expenditure is taking place in London for the purchase of new equipment and detailed accounts are very much in arrears. It will be appreciated that the settlement by the Crown Agents of a large claim, of which this Government has no knowledge, or the delivery say of new rolling stock for the railway to the value of several million dollars would completely upset any estimate of actual expenditure which may be attempted and I am afraid therefore that I cannot go further at the moment than to say that the total expenditure up to the 31st March is unlikely to exceed \$90,000,000 for recurrent and \$40,000,000 for Special Expenditure. These figures may be a good deal lower if expenditure in London during the last few months has been less than the anticipated figure. However, assuming that these figures represent the approximate position the deficit on the year's working should be in the region of \$52,000,000. In other words, although revenue to date has not sufficed to meet all our recurrent expenditure, it has been adequate to meet all local expenditure and a percentage of the Crown Agents' expenditure without outside aid. This I submit is a not unsatisfactory result when it is considered that the Colony has only been reoccupied for a period of 18 months.

I now come to the Estimates for 1947/48. The Bill before you this afternoon deals only with Recurrent Expenditure. Considerable further expenditure of a non-recurrent character will still be necessary to complete the rehabilitation of the Colony and it is the intention of Government to float a loan in the near future from which such expenditure will be met. This is therefore being shown in a Schedule at the end of the Estimates as works to be met from the proposed loan.

In framing the budget for the coming year the aim of Government has been to achieve a balance between revenue and recurrent expenditure. In this we have been successful and while recurrent expenditure is estimated at \$109,488,433 the anticipated revenue figure is \$109,889,750 thus providing for a surplus of \$351,317.

At this point I should like to say one word of explanation about the Appropriation Bill itself. It has been the custom in this Colony to exclude Public Debt from this measure on the ground that it is

covered in another Ordinance. This is true but it is not, in my experience, the general practice to exclude the Public Debt figure and it seems to me that there are disadvantages in the Appropriation Ordinance showing a smaller total than the actual approved expenditure figure. On this occasion therefore provision for the service of the Public Debt has been included in the Bill and this seemed to be particularly desirable as under this Head has been included a token sum of six million dollars in respect of interest and sinking fund on the proposed new loan.

It is not easy to estimate probable revenue under present conditions but in arriving at the figure of \$109,839,750 which I have just quoted, due weight has been given to factors which might possibly affect the position in the future and the estimate is a reasonably conservative one. It takes into consideration the fact that it is the intention of Government to replace the War Revenue Ordinance 1941, which incidentally is still on the Statute Book, by a new measure entitled the Inland Revenue (Earnings and Profits) Ordinance. This new Legislation has not yet been introduced into this Honourable Council and the standard rate of tax has still to be fixed. It has therefore been decided to insert a token figure of \$16,000,000 in respect of revenue from this source. Without this sum the revenue figure would have been between 93 and 94 million which would not have been sufficient to balance our recurrent expenditure. I should like at this point to emphasise the great importance of achieving such a balance. When Your Excellency appointed a Taxation Committee in September, 1946, you drew attention to the duty which we all owe to reduce as far as we may, both in extent and in duration of time, our dependence on His Majesty's Government for financial aid to meet the difference between our revenue and our recurrent expenditure. The increases in taxation already introduced and the proposals for direct taxation now to be brought before this Council, the effect of which is reflected in the Revenue figures, has resulted in the attainment of a balance between revenue and recurrent expenditure. With the proposed issue of a loan to finance necessary rehabilitation expenditure of a non-recurrent character, we shall no longer be dependent upon His Majesty's Government in so far as the future is concerned. As regards the past, there are a large number of important questions which still await decision. The final settlement of accounts for the military period and the incidence of the cost of demobilisation expenses and pensions in respect of the Volunteers are among the most important but there are many others.

It was felt that the expenditure estimate would lack reality unless it took into account the possible effects of the Salaries Commission which, with the approval of the Secretary of State, is to be appointed in the very near future to review the emoluments of the public service. It is generally agreed that these are at present inadequate and it therefore seemed prudent to make some allowance for the cost of the possible recommendations of the Commission. This has been done by increasing the provision under Miscellaneous Services—Cost of Living and Rehabilitation and Special Allowances over and above the

figure required to cover the present scale of allowances. It is obviously impossible to forecast with any degree of precision the sum required for this purpose so the figure of \$5,000,000 which has been inserted may be regarded as a token sum.

Another factor may be mentioned for which it has been necessary to make special provision. It is intended that the new Municipality shall be established in the course of the coming financial year and until certain Heads of Revenue are transferred to that body it will be necessary for them to have a working balance on which they can draw. A sum of \$1,500,000 has accordingly been included under Miscellaneous Services as an initial grant to the Municipal Council.

All departmental expenditure has been carefully examined and the provision which has been made represents what is considered to be the minimum necessary to finance the various services as at present organised. Government is fully conscious of the necessity of keeping recurrent expenditure down to the minimum figure consistent with efficiency and, with the approval of the Secretary of State, it is making arrangements for the examination of establishments by an efficiency expert with a view to suggesting possible economies and schemes for re-organisation.

The work of many departments is still greatly in excess of that for which the establishments were designed and it has in consequence been necessary to augment their staffs. The policy has been to

provide for such additional staff under block votes as temporary staff rather than detail the appointments in the departmental estimates which is apt to convey some suggestion of permanency. It is most desirable to avoid any further increases in establishment, except for entirely new services, until the position has been examined in detail by the Efficiency Expert.

Personal Emoluments in the 1947/48 Estimates total \$22,198,718 as compared with \$23,154,128 for 1946/47. But to the latter figure must be added the sum of \$750,000 which was provided under

Miscellaneous Services to cover the emoluments of Military Officers on loan. There has thus been a reduction of \$1,705,500 and there will be a further reduction as the staffs of temporary departments are still further reduced. I am speaking of course of basic salaries for in addition to making tentative provision as I have already explained for such increases in total emoluments as may result from the recommendations of the Salaries Commission, it has been necessary to increase the provision under Miscellaneous Services for Cost of Living and Rehabilitation Allowances as a result of the additional special allowances granted to some grades of the service in accordance with the recommendations of the Staff and Allowances Committee.

Other Charges for 1947/48 total \$87,289,625 which is higher than last year's figure. The increase is however more apparent than real for if the budget had not included certain new services and due allowance were made for the fact that Other Charges (as opposed to Personal Emoluments) were in 1946/47 calculated on an eleven-month basis some reduction would have been shown.

I will now touch briefly on some of the more important items of expenditure under the various Departmental Heads.

The work of the Development Secretariat and its various sub-departments continues to expand. In place of the single post of Agricultural Officer to which incidentally no substantive appointment has yet been made, it is proposed to provide for a senior Agricultural Officer of some year's experience and for an Officer with special experience in Animal Husbandry. It is felt that the latter appointment will be of great benefit to the New Territories. Provision has been made for the establishment of Pig and Cattle Stations and for the further development of the Agricultural Experimental Station. It is also proposed to extend the Vegetable Marketing Scheme to Hong Kong Island.

In view of its growing importance the Directorate of Air Services now becomes a separate Head of the Estimates and considerable additional funds are included to enable it to provide satisfactory facilities for the increasing volume of air traffic which is now including Hong Kong in its itinerary.

Last year some Honourable Members were a little doubtful whether enough was being done to provide vernacular schools. An increase of 22 Assistant Masters and 31 Assistant Mistresses is being provided for and the subsidy to vernacular schools has been increased by \$510,000. Provision has also been made for a School Meals Service at a cost of \$1,320,000. The proposal is to provide all children up to the age of 15 who are in need of a supplementary diet with milk and biscuits. The parents of children who can afford to contribute to the cost will be required to do so. This is a service which has been provided in most of the more developed Colonial Dependencies and it is felt that it should be introduced here.

A considerable increase in expenditure amounting to just $\frac{1}{2}$ over million dollars is provided for under Kowloon-Canton Railway. As more locomotives come into service the number of trains operating over the system is being increased and although these added activities necessarily mean more expenditure they are also reflected on the revenue side of the budget.

Provision has been made for considerable expansion in the Labour Office. An increase in establishment of three Labour Officers, one Lady Assistant Labour Officer and one Chinese Assistant Labour Officer has been provided for. One of the Labour Officers has been serving during the past year as a Military Officer and one of those still to be appointed will have special Trade Union experience and so be qualified to advise on such questions.

Under the Head Miscellaneous Services a sum of \$250,000 has been inserted as a token contribution to the War Memorial Fund. When the objects and reasons relating to the War Memorial Fund Ordinance were published it was stated that it was the intention of Government to invite Legislative Council to appropriate for each

financial year a sum proportionate to the contributions of the public during the financial year immediately preceding. It has been felt that those administering the fund will require some working capital to tide them over until substantial contributions from the public are received and it will therefore be convenient to provide a token sum in the Estimates on which the Committee can draw. It is still Government's intention that its contribution should be proportionate to the contributions of the public and any sums advanced from the provision now included in the Estimates will be adjusted later on that basis.

Provision is made in the Estimates this year for the maintenance of the District Watch Force. Formerly as Honourable Members are aware, this Force was maintained from a fund made up of contributions from various sources. Since the re-occupation the resources of the Force have been insufficient for its maintenance and it was felt that it would not be proper to revert to the pre-war system of collecting subscriptions privately for this purpose. Government therefore decided to take over the existing Force but no further recruitment will be carried out. The intention is that the Force should be gradually reduced in numbers until a figure is reached which is sufficient for the carrying out of the investigation and other duties required by the Secretariat for Chinese Affairs.

The importance of effecting a progressive reduction in the expenditure of temporary departments has not been lost sight of. The expenditure of the Custodian of Property Department is \$633,002 less than last year and it is expected that the Department will close down completely by the end of 1947. The expenditure of the Supplies, Trade and Industry Department is \$643,754 as compared with \$1,283,300 for the present year but the latter figure is not the full total as a number of military officers were then attached to the Department and paid from the provision "Emoluments of Military Officers on Loan". The actual reduction is therefore greater than the apparent one of \$639,546.

Relief Services are no longer shown as a separate Head and have been included under the Medical Department vote. In place of the Reparation Claims Office Head, provision has been made under Miscellaneous Services for the expenses of the War Damage Claims Commission. The expenses of the Quartering Authority are also being met from this Head.

As I have stated earlier Special Expenditure up to the 31st March is expected to reach a figure of some \$40,000,000. It is proposed to earmark a further sum of approximately \$60,000,000 from loan to finance necessary rehabilitation expenditure during 1947/48. The detailed schedule will be submitted when these Estimates are considered in Select Committee but many re-votes will be necessary in respect of equipment ordered which could not be delivered before the end of this financial year. Once again a considerable sum will be required for the purchase of rolling-stock for the Railway. It is

estimated that further expenditure to a figure of \$25,000,000 will probably be required before the system is completely rehabilitated but, of course, all this cannot be done in one year. It is most important that the Police should be provided with an up-to-date radio communication system and further equipment for the airport will also be necessary. Efforts are being made to secure additional architects, structural engineers and quantity surveyors on a three-year agreement in order that a large building programme may be put in hand by the Public Works Department. This will include quarters to replace the large number which were damaged beyond repair. A considerable amount of repair work on other buildings still remains to be done and further heavy expenditure is necessary on the rehabilitation of the Waterworks.

I have endeavoured to give a general outline of the position. We hope to balance our budget and to finance non-recurrent rehabilitation expenditure from loan funds. But no one must imagine that we are out of the wood financially. This is far from being the case. Our borrowing powers are limited and the volume of rehabilitation work still to be carried out is very large. As I have mentioned at an earlier stage many important issues remain to be settled and the Colony may be faced with claims for very considerable amounts indeed in respect of past events. We have no surplus balances and no Reserve Fund. There is, moreover, always the danger of a serious slump. But Hong Kong has shown remarkable powers of recuperation, and, if it can only enjoy several years of prosperity there is no reason why it should not again gradually re-establish its finances on a sound basis.

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

ADJOURNMENT.

H.E THE GOVERNOR: That concludes the business before the Council, and as regards the period of adjournment I understand that it would be to the convenience of Honourable Members if the Second reading of the Appropriation Bill which we have just taken were not to be proceeded with next week but in a fortnight's time. That can and will be arranged, but there is other business with which it will be convenient for the Council to deal in a week's time, and for that reason I adjourn the Council until Thursday, 20th March.