

16th March, 1949.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR ALEXANDER WILLIAM GEORGE HERDER GRANTHAM, K. C. M. G.)

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS

(MAJOR-GENERAL F. R. G. MATTHEWS, C. B., D. S. O.)

THE COLONIAL SECRETARY (HON. D. M. MACDOUGALL, C. M. G.) THE ATTORNEY GENERAL (HON. J. B. GRIFFIN, K. C.)

THE SECRETARY FOR CHINESE AFFAIRS (HON. B. C. K. HAWKINS, O. B. E., *Acting*).

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

HON. V. KENNIFF, C. B. E. (Director of Public Works).

DR. HON. I. NEWTON (Director of Medical Services).

DR. HON. J. P. FEHILY, O. B. E. (Chairman, Urban Council).

HON. D. F. LANDALE.

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

HON. SIR MAN-KAM LO, KT., C. B. E.

DR. HON. CHAU SIK-NIN.

HON. M. M. WATSON.

HON. P. S. CASSIDY.

MR. J. L. HAYWARD (Deputy Clerk of Councils).

ABSENT.

HON. LEO D'ALMADA, K.C.

MINUTES.

The Minutes of the meeting of the Council held on 9th March, 1949, were confirmed.

PAPERS.

THE COLONIAL SECRETARY, by command of His Excellency THE Governor, laid upon the table the following papers:—

Annual Report on Hong Kong for the year 1948.

Annual Report of the Medical Department for the year 1946.

Annual Report of the Director of Marine for the year 1947-48.

Annual Report of the Accountant General for the year 1947-48.

Annual Report of the Hong Kong and Kowloon Magistracies for the year 1947-48.

Annual Report of the Government Wholesale Vegetable Marketing Organisation for the year 1947-48.

ADDRESS BY THE GOVERNOR.

H.E. THE GOVERNOR: Honourable Members, copies of the Annual Report for the year 1948 have been laid on the table. This saves me the labour of having to give a detailed account of the Colony's activities during the past 12 months, and Honourable Members the tedium of having to listen to two long addresses in one afternoon. I shall confine myself to the principal features in the Report and to any other outstanding matters during the past year. I shall then go on to talk of the ensuing 12 months and the future generally.

To begin with, I shall deal with the out-turn of the Colony's trade. I make no apology for taking this first. Trade is the life blood of this Colony. If trade is good everyone prospers, the Exchequer is full and we can afford to spend more on social services and other developments than would otherwise be the case. If trade is bad, then everyone suffers, including Government revenue and hence the things that Government can undertake. It was Napoleon, I believe, who taunted the English with being a nation of shopkeepers. That was a taunt of which the English people were proud. So, too, I am proud of being Governor of a Colony of shopkeepers. Trade flourishes under conditions of peace; it does not during war. Thus traders are the best advocates of peace, of which alas the world has had so little in recent years.

When I spoke to you a year ago I had some fear that 1948 would fall below 1947. In actual fact that has not proved to be so. 1948 has been a record year for the Colony's trade with a total value of imports and exports of £229 millions sterling, an increase of

approximately 32% over 1947. Not only is this boom in commercial activity borne out by the trade figures, but we can see its effects with our own eyes in the general air of prosperity and the amount of building that has taken, and is taking, place. The only unsatisfactory feature of the past year has been the general decline in our trade with China, which still, however, remains our principal customer. For details I invite attention to Chapter 5 of the Annual Report. As regards industry, which is dealt with on pages 62 to 65 of the Report, the year was generally a difficult one with increased competition in foreign markets. At the same time new industries have developed, cotton spinning has now fully established itself while metallurgical industries have considerably expanded, with the assistance in particular of machine tools delivered under the Japanese reparation scheme. New industries include plastics and the manufacture of textile machinery and electric irons. Industries are now tending to develop on a larger scale than pre-war and to be housed in proper factory type buildings rather than in tenements. Whilst the spirit of the manufacturers is encouraging,—and here I should like to pay tribute to the Chinese Manufacturers Union,—much has still to be done to modernise equipment. The future generally in Hong Kong industry, on the long term view, remains obscure. That 1948 was a boom year is also borne out by the figures for shipping, air and rail travel, and mails handled. Shipping figures for 1948 are 22,400,750 tons as compared with 18,990,420 tons in 1947. There are now 25,000 passengers arriving and departing every month from Kai Tak, which is now handling almost as much traffic, I should say, as any airport in the Empire. The Railway carried nearly 3 3/4 million passengers, an increase of 34% over 1947 and 31% higher than the previous highest number in 1936. The Post Office handles more than 1,000 bags of mail a day, which shows an increase of 44% over 1947 in respect of ordinary mail and of one third in respect of air mail. Nearly \$10 millions worth of stamps were sold, an increase of nearly 30% over 1947.

The satisfactory trading figures for the past year are also reflected in the Government's revenue returns. When the Estimates for 1948/49 were presented to this Council last March, a surplus of \$1,123,845 on the year's working was forecast. The figure revised to date is \$24,000,000, an increase of over \$22¾ millions.

So far so good. Since the reoccupation every year has been better than the preceding one, but what of the future? That indeed is uncertain. We can hope for continued trade and prosperity but we must not be surprised if that does not come about. It is not as if trading conditions were made by us in Hong Kong. They depend on innumerable factors in other countries, and especially in China. At this juncture, he would be a rash man who would predict what the state of China will be a year from now. Our motto must therefore be "Hope for the best but prepare for the worst", and this is the basis on which our Estimates of Revenue and Expenditure for the ensuing period have been drawn up. The Estimates of Revenue are conservative but not pessimistic. Our expenditure has been pruned

drastically, as will be realised when I state that the draft Estimates (excluding Public Works Extraordinary) when originally sent in by departments totalled \$15 millions more than as they are now presented to this Council. And those original Estimates contained few items that could be called unnecessary and none that could be called undesirable.

The pruning that has taken place has eliminated many projects that should be carried out, such as more schools and teachers, more roads, more dental surgeons—there are only 3 Government dental surgeons for the whole Colony,—whilst such things as a civic centre cannot even be considered. Where there has been no cutting down but a substantial increase—which means that there is less for other things—is in security measures, notably the Police and the Defence Force. Whilst we believe in and want peace, we would be foolish if we did not take measures to ensure law and order. It is a form of insurance. As I stated at the Hong Kong Volunteer Defence Corps farewell dinner on 9th February last, our security forces are required primarily for internal security. It would be a fair question to ask, “If there are so many necessary things to be done which you have cut out of the draft Estimates, why not increase taxation substantially, so that you will have enough money to enable you to do them?”. The answer to this is Hong Kong’s peculiar position as an entrepot and not, in the main, as a producer. Although we offer better facilities, and greater security than most of our competitors in this part of the world, they are relatively expensive. We don’t want to kill the goose that lays the golden eggs by increasing taxation, and so the costs of trading in and through Hong Kong, to the extent that trade will be driven away. If we do that the net result would be that we should actually collect no more revenue, and possibly even less, than if we had not increased the taxes, whilst at the same time we might do permanent injury to Hong Kong as an entrepot. We should increase taxation—solely for the purpose of carrying out desirable developments of economic and social services—to the limit that we can without doing injury to our economy. Opinions will naturally differ as to what that limit should be. Certain increases in taxation will be made effective in the forthcoming financial year. I shall leave it to the Financial Secretary to deal with these.

There is another difficulty affecting Government financing to which I would refer, and that is that much of our capital expenditure has to be met from current revenue. This difficulty is made even more acute by the fact that the Rehabilitation Loan of \$150 millions is inadequate for the amount of rehabilitation that is required of Government buildings. This throws an added burden on to current revenue.

As I have already stated, I do not propose to recapitulate what is in the Annual Report. I would, however, draw attention to the progress that has been made in social services such as education, and health, and in helping the farmer and the fisherman. In education, although advances have been made over the previous year,

much still remains to be done, especially in Government schools, where 27 pre-war schools are housed in 19 school buildings, necessitating the continuance of the unsatisfactory two sessions system. Grant-in-aid schools are, I am glad to say, now all working on the normal one session a day, as a result of substantial Government assistance. The most marked progress has been in primary education; Government schools now catering for twice as many primary pupils as in 1941. Grant schools have also increased, but it is in subsidised and private schools that there has been the greatest advance. Secondary education has shown some progress during the year, but not so much as primary. Although there is an insufficient number of places in schools for every child in Hong Kong, it is probable that there are few permanent residents in the Colony whose children are not receiving education, for it is the policy of Government and sub-sidised schools to give preference to the permanent resident. It is not, however, possible to enforce such a rule in the case of private schools. \$13 1/2 millions were spent on education in 1948, nearly \$4 millions more than in 1947, and more than half went in grants and subsidies. Education is dealt with on pages 66 to 74 of the Annual Report.

Steady progress has been made in agriculture and fisheries to the mutual benefit of the producer and consumer. The wholesale Vegetable Market, for instance, increased its sales from 455,000 to 537,000 piculs, but at a reduced average price to the consumer of \$14.64 a picul compared with \$16.10 in 1947. The Fisheries Wholesale markets dealt with 121,820 piculs of fresh fish, and 246,370 piculs of salt/dried fish; the figures for 1947 being 44,420 and 189,270 respectively. Prices have dropped from \$97 to \$71 a picul in the case of fresh fish, and from \$87 to \$48 a picul in the case of salt/dried fish over the last two years. About 40% of the salt-dried fish is exported, bringing in about \$4½ millions a year. Agriculture, Fisheries and Forestry are dealt with in Chapter 6 of the Annual Report. Government has under consideration the carrying out of a social and economic survey in the New Territories to determine such things as agricultural indebtedness, land tenure, etc. These things are fundamental to the farmer, but until we know more precisely than we do at present the nature and extent of the problem, it is impossible to decide on measures to deal with it.

During the forthcoming year we shall continue the progress, but for the reasons I have given, it will be slower, far slower, than we should like. If, however, revenue flows in better than is at present anticipated, the authority of this Council will be sought for extending existing projects or carrying out new ones. Conversely, if there is a falling off in revenue, we shall have to curtail our expenditure.

On the constitutional side progress has been slow, but a good deal of preparatory work has been done, and it is intended to publish shortly the draft Bills setting up the proposed Municipal Council. The first reading of the Bills will not be taken until at least six weeks after publication, so as to give those interested time to consider them. The proposals themselves were made public in July 1947.

We now have more than 200 posts, occupied by local appointees, that were formerly held by expatriate officers. This is not unsatisfactory, but I am disappointed that we have only one member of the Cadet Service who is locally born. I would urge undergraduates at the University, and their parents, seriously to consider the administrative branch of the Colonial Service. It doesn't offer a fabulous salary, but the work is both honourable and interesting.

In conclusion, I wish to thank the Government service for their loyal support to me in the past. Whilst the debt I owe to my senior advisers, both official and unofficial, as well as to those who serve on Government committees, is incalculable. Our Colonial Secretary, Mr. MacDougall, will be leaving us shortly. His departure from Hong Kong, for which he has done so much, will be a grievous loss. We are suffering a further loss with the departure of Mr. Sloss, who has been more than the Vice-Chancellor of the University, and of Mr. Kenniff. I am sure that I express the sentiments of us all when I say how sorry we are that they are going, and that they take with them our best wishes. (Applause).

MOTIONS.

THE ATTORNEY GENERAL moved the following resolution:—

Resolved pursuant to section 3 of the Public Officers (Changes of Style) Ordinance, 1937, that the following addition be made to the Schedule to the Public Officers (Changes of Style) Ordinance, 1937—

Old Style of Officer, Office or Department.	New Style of Officer, Office or Department.
Superintendent of Imports & Exports Assistant Superintendent of Imports & Exports Imports & Exports Department	Director of Commerce and Industry Assistant Director of Commerce and Industry Department of Commerce and Industry.

Resolved further that the said resolution shall have effect from the 1st April, 1949.

He said: Sir, as will be seen the resolution provides for changes of style in the titles of officers and title of the Department of Imports and Exports. The intention is to give to the department a new title and to its officers new titles which correspond more closely to the exact functions which the department are at present filling and will fill in the future.

THE COLONIAL SECRETARY seconded, and the Motion was carried.

GAMBLING AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Gambling Ordinance, 1891." He said: Sir, this Bill which is a short one has been published with Objects and Reasons which exhaustively describe the purposes of the Bill, and I think make it unnecessary that I should add any further explanation of its objects.

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:—

The existing provisions of the Gambling Ordinance, 1891, (the principal Ordinance), do not permit lotteries to be run as an incident of entertainment organised by a charitable institution to raise funds. Consequently applications received from time to time by the police for permission to hold such lotteries have had to be refused. Lotteries of this nature are not illegal in the United Kingdom, provided that certain conditions are complied with, because of the substantial benefit which may accrue to charitable organisations, the conditions being stringent enough to preclude abuse of relaxation of the general law that lotteries are unlawful.

2. The object of this Bill is, therefore, to provide for amendment of the principal Ordinance so as to assimilate the law in Hong Kong to that of the United Kingdom, by the addition of a section modelled on section 23 of the Betting and Lotteries Act, 1934 (24 and 25 Geo. 5, c. 58).

SUMMARY OFFENCES AMENDMENT BILL, 1949.

THE ATTORNEY GENERAL moved the First reading of a Bill intituled "An Ordinance to amend the Summary Offences Ordinance, 1932." He said: Sir, the Bill before Council has four main objectives. It seeks first of all to promote the centralization of control in the way of maintenance of peace and good order within the Colony.

Next, it seeks throughout the Summary Offences Ordinance to increase penalties and bring penalties into line with the existing change in the value of money.

Thirdly, the Bill incorporates provisions scattered in other Ordinances and incorporates them more properly into the Summary Offences Ordinance thereby doing something to assist in advance the revision of the laws which, as members are aware, is proceeding.

Fourthly, it introduces, by clauses 6 and 12, a new matter into the principal Ordinance. Clause 6, members will see, has an innovation in that positive law will provide in the Summary Offences Ordinance to preclude the practice which has shown signs of emerging of engaging in photography in Courts of Law.

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

Objects and Reasons.

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

1. The object of this Bill is to make certain amendments in the Summary Offences Ordinance, 1932, which experience has shown to be necessary.

2. Some of the amendments introduce new matter. Thus the new section 6A introduced by clause 6 of the Bill is designed to prevent undesirable publicity in the way of photographs, sketches, etc., of those administering the law or appearing in court. Similarly a new section 19c introduced by clause 12 of the Bill makes it an offence for a person to pretend falsely that he is a public servant or that he is able to procure an act or omission by a public servant. Such conduct may constitute another offence but it is clearly desirable to have specific provision to cover impersonation or a false claim to have influence.

3. Other amendments incorporate provisions contained in other Ordinances which can usefully be incorporated and facilitate law revision. Thus the new sections 19B and 19n enable the Uniforms Ordinance, 1895, the British Mercantile Marine Uniforms Ordinance, 1929 and section 47 of the Interpretation Ordinance, 1911, to be repealed.

4. Other amendments have been made either in order to clarify definition (e.g. clauses 2, 3, 8, 9, 10, 11 and 13) or to increase penalties considered inadequate (clauses 3(a), 4, 5 and (7)). In other cases opportunity has been taken to centralise control in the Commissioner of Police in matters concerning the maintenance of order in public places. See clause 3 (e), (f), (g) and (h).

APPROPRIATION FOR 1949-1950 BILL, 1949.

THE FINANCIAL SECRETARY moved the First reading of a Bill intituled "An Ordinance to apply a sum not exceeding one hundred and seventy-nine million five hundred and eighty-six thousand nine hundred and seventy dollars to the Public Service of the financial year ending 31st March, 1950." He said: Your Excellency, before dealing with the actual Appropriation Bill for the coming year, I should like to say a word or two about the financial year which is just closing.

The actual revenue and expenditure for 1948-49 will not of course be known for some time, but the revised estimate of revenue is \$184,000,000 and of expenditure \$160,000,000. It is thus anticipated that there will be a surplus of \$24,000,000.

The revised revenue figure is approximately \$32,500,000 in excess of the approved estimate. When the estimates were prepared there were some indications of a falling off of trade, and due allowance was made for this. Fortunately, however, this expected drop in trade did not materialise except in regard to our trade with South China, which showed a further general decline. In spite of this, the total value of imports and exports reached a record figure and this was reflected in revenue collections. All the main heads, with the exception of Head 1, "Duties", are expected to exceed the estimates and this will more than offset the serious drop in receipts from tobacco duties.

It was realised that an appreciable amount of tobacco from duty paid stocks was being exported to areas in South East Asia where the control of the local Governments had not been fully restored, and that directly the customs services in these areas were functioning normally again, exporters would be able to export ex bond. For this reason, tobacco duty was estimated at \$25,000,000, which allowed for a drop in receipts of \$5,000,000. Unfortunately, however, at the time when this purely temporary benefit to our revenue ceased, other factors arose which caused a further drop in receipts from tobacco duty, and it now appears that collections will only just top the \$17,000,000 mark.

Receipts from rates and licences were particularly satisfactory, as also was postal revenue. Receipts from stamp duty were also unusually high, the tax on the increment on the value of property having produced \$6,689,000 up to the end of February. This was however mainly collected during the first half of the year, receipts since the end of September having dropped considerably due both to a change in the basis of the tax and to fewer properties changing hands. The earnings of the Kowloon-Canton Railway are expected to exceed the estimate by nearly \$1,500,000, in spite of the adverse effect on goods traffic of a greatly reduced volume of imports into South China. Receipts from Earnings and Profits Tax have been coming in well during the latter portion of the financial year, and are expected to reach the estimated figure of \$40,000,000.

The revised expenditure figure is a little less than \$9,750,000 over the estimate. This excess is mainly due to the payments which were approved towards the end of the financial year 1947-48 to Government employees who remained in the Colony during the occupation, and who were not interned. It was hoped to complete these payments before the 31st March, 1948, but this unfortunately proved to be impossible and it became necessary to issue a Special Warrant for \$9,000,000 during the first quarter of 1948-49. Moreover, in spite of every effort, the necessary adjustments resulting from the awards of the Salaries Commission with retrospective effect to the 1st January, 1947, could not be completed by the 31st March, 1948, and it therefore became necessary to provide supplementary provision during 1948-49, amounting to \$8,600,000. Sums of \$600,000, representing pensions and \$520,000 representing pay and allowances

to the local volunteer forces, which had remained in Suspense, were charged to expenditure, and a further Special Warrant for \$100,000 was issued in respect of an increase in the Demobilisation Clothing Allowance from \$450 to \$600. This heavy carry-over of expenditure from the previous year was fortunately offset by savings under other heads, including a considerable saving under Public Works Extraordinary, as it did not prove possible to complete the full programme during the year. The nett excess over the estimate thus only amounted to \$9,750,000.

The year 1948-49 opened with a revenue balance of \$37,063,396. If the estimated surplus of \$24,000,000 is realised, the financial year 1949-50 should open with a revenue balance of some \$61,000,000.

It is satisfactory that since the liberation of the Colony we have so far been able year by year to increase our revenue balance. But the figure of \$61,000,000 which we have now reached is still very far from adequate to serve as a reserve which can tide us over a lean period. Not until our surplus funds have reached at least three times the present figure can we regard our position as reasonably satisfactory.

Once again, in the final review of the estimates for the coming year, I was fortunate enough to have the assistance of the Unofficial Members of this Council, sitting as an Estimates Committee, and I should like to express to them my thanks for all the assistance which they have so freely given me. I had hoped that we would have been able to budget for a substantial surplus in 1949-50 and so bring our surplus balances a little nearer to a satisfactory figure. Prosperity cannot last for ever, and, when the lean years descend upon us, the more we have been able to set aside, the stronger our position will be.

Unfortunately the deteriorating situation in South East Asia generally has introduced a new factor. Our chief concern must now be the preservation of law and order within our borders, for on this depends our whole existence. The keynote of the budget, which I am now presenting, is therefore security. We have to guard against developments which may or may not occur, and this means that we have to provide for considerable expansion in the Police Force. We have also to provide the necessary funds for the training and equipment of the Defence Force which is now being recruited, and whose primary role is to assist in the maintenance of internal order. Heavy expenditure, both of a recurrent and a capital nature, is involved and unfortunately we have had to find the money at a time when our Rehabilitation loan has largely been expended. Expenditure in the present budget having a direct or indirect bearing on security reaches the formidable figure of \$26,000,000.

Honourable Members will readily realise that after meeting a heavy first charge of this nature, we have not been able to provide for all the projects which we should have liked to include. Even so,

it has not been easy to achieve a balance between revenue and expenditure.

The estimates as now presented provide for a revenue of \$180,019,370 and an expenditure of \$179,586,970. There are, however, several adjustments which could not be finalised in sufficient time for them to be included in the printed copies. The most important of these is the provision of additional staff for the proposed Anti-Tuberculosis clinics, and the effects of this adjustment, which it is hoped will be made in Select Committee, will be to reduce the present surplus of \$432,400 to well below that figure.

The estimation of revenue in the uncertain times in which we live is always a difficult task. This year it is more difficult than usual. The estimate of \$180,019,370 has been framed with due regard to foreseeable factors, but developments might easily occur which would upset it completely. Included in the revenue total is a sum of \$16,000,000 which represents the grant made by His Majesty's Government as part of the war expenditure settlement to assist the Colony in solving problems arising out of expenditure connected with the war. Even with this addition, however, it was found that, on the existing basis of taxation, the revenue total was still between one and two million dollars below the figure required to finance expenditure, even after the latter had been reduced to the lowest possible level consistent with our commitments. The bridging of this gap between revenue and expenditure was considered by the Estimates Committee. It was borne in mind that Hong Kong depends entirely on its transit trade. Cheap facilities and cheap services are normally the secret of a successful entrepot trade. The services provided by Hong Kong are relatively expensive but this has so far been offset by the fact that it can provide better facilities and greater security than its competitors. It also has the advantage of a stable currency. Directly stability and order however are restored in neighbouring countries, the fact that services provided here tend to be expensive will become important. No-one can compel trade to pass through Hong Kong. Conditions must be such as to attract it. Taxation tends to be passed on wherever this is possible, and, that being so, it is important to weigh the advantages of building up larger reserves against the disadvantages of further increases in overhead costs. It was finally decided, on the unanimous advice of/the Unofficial Members, that the increases in taxation should be limited to the minimum required to produce a balanced budget.

The proposals for increased taxation are estimated to yield additional revenue amounting to \$1,600,000. It is proposed to double the present duty of 24 cents a gallon on table waters, which is equivalent to a tax of four cents a bottle as compared with the present rate of two cents. This measure is expected to yield \$500,000 and with the keen competition now existing between manufacturers of aerated waters it is hoped that this extra two cents a bottle will not be passed on to the consumer.

Local postal rates still remain at their pre-war level, and I think that it is generally admitted that they are very low indeed. It is proposed to increase the basic local letter rate from 5 cents to 10 cents, and that for postcards from 2 cents to 5 cents. This is expected to yield additional revenue to the extent of \$350,000.

Another duty which has not been changed for a great many years is the stamp duty on cheques and receipts, and it is proposed to raise this from 10 to 15 cents. It is also proposed to recover some portion of the administrative costs involved by requiring all applications for import and export licences in future to bear a \$1 stamp. These measures are expected to produce \$650,000.

Finally it is proposed to require concerns engaged in the manufacture of finished products from raw materials or in the repair of finished products, to take out a licence. The fee would be on a graduated scale according to the number of workers employed or the floor-space occupied. On the assumption that these annual fees would be \$100, \$150 and \$200, the yield is expected to be just under \$100,000. The date by which these licences must be taken out has not yet been fixed, but it is proposed that the increase in local postage rates and in the duty on table waters should be made effective from the beginning of the new financial year, namely the 1st April. The change in stamp duty requires an amending ordinance.

A measure which has already been taken and which we hope will yield \$1,200,000 additional revenue is the raising of conservancy fees. These fees had not been raised since the liberation of the Colony and examination showed that, at the much higher wage levels now prevailing, a heavy loss was being incurred. At the new rates the service should be more or less self-supporting.

As I have already explained, the revenue figure of \$180,019,370 includes a grant of \$16,000,000 from His Majesty's Government. Normal revenue, therefore, only totals just over \$164,000,000, and this includes a sum of \$2,431,480 in respect of Colonial Development and Welfare Grants which are balanced by equivalent items on the expenditure side. In budgeting for an expenditure of nearly \$180,000,000 we are therefore providing for expenditure in excess of our normal revenue. It is considered, however, that this is amply justified, as quite apart from security expenditure of a non-recurrent nature, some \$9,000,000 under Public Works Extraordinary would more properly have been chargeable to Loan, had sufficient balances been available, while \$3,500,000 has been provided under Miscellaneous Services to meet claims of various sorts arising out of the war. If all abnormal expenditure were excluded, normal revenue would be more than adequate to balance the budget.

Expenditure is estimated at \$179,586,970. When I introduced the budget for the present year, I expressed the hope that expenditure would fall. Instead it has risen \$19,500,000 over the revised estimate for 1948-49, which was itself in excess of the approved estimate.

Even so, as originally submitted, and excluding additional demands for constructional work, departmental estimates were \$15,000,000 higher than the final figure.

The rise in expenditure is due to two major causes, heavy defence and security commitments, and the need to provide under Public Works Extraordinary for a good deal of rehabilitation work which would have been met from Loan funds, but for the fact that allocations are becoming exhausted. In these circumstances, a special appeal for economy was made to heads of departments and on the whole they co-operated well. Departmental estimates have accordingly been very carefully scrutinised, both by myself and my assistants and by the Estimates Committee, and reductions have been effected wherever possible. In view of this very careful scrutiny it will now only remain for the Select Committee on the estimates to deal with last minute changes, to put any final touches that may be required, and to consider any points raised in the course of the Debate on the second reading of the Appropriation Bill.

Personal emoluments, which cover basic salaries only, are estimated at \$45,126,874, to which must be added a figure of \$28,000,000 provided under the Miscellaneous Services Head in respect of cost of living allowances. Railway cost of living allowances also amount to a further \$700,000. This makes a total of \$73,826,874 in respect of the personal emoluments of the Government staff. There are, however, two other items of \$5,000,000 and \$1,800,000 respectively under the Subventions Head in respect of grants to Grant-aided and Vernacular schools. These payments are in respect of teachers' salaries in these schools, and it must be borne in mind that, so far as Grant-aided schools are concerned, these salaries are linked to those of teachers in Government schools. Thus any adjustment in Government salaries or cost of living allowance results in a corresponding adjustment in this grant which at present stands at \$5,000,000.

We are undoubtedly spending too much on personal emoluments. No opportunity to reduce staff has been neglected, but in the effort to secure ever higher standards of safety in air travel it has constantly been necessary to yield to demands for increases in staff in both the Civil Aviation Department and the Royal Observatory. Nevertheless, small reductions have been effected in some departments, and in the Sanitary Department there has been a reduction of 200, mostly in menial staff. Altogether there have so far been staff cuts amounting to approximately 380 employees.

Government realises, however, only too well that something much more drastic than mere nibbling is required if we are to make some really substantial reduction in personal emoluments. The expert in methods and organisation for whom we have waited for so long has now arrived, and has begun his investigations. We hope that he will be able to indicate to us whether the conduct of public business really requires a pay-roll of nearly \$74,000,000. But we feel that another

type of investigation is required, namely, whether all the functions, performed by departments, which have been going on for a long period of time, are really essential under present day conditions. If we could cut out certain functions which, though perhaps desirable are by no means essential, the whole staff engaged on that-particular work could be dispensed with. We must endeavour to cut down the cost of administration, and it is perhaps on the lines which I have indicated that we are most likely to produce results.

Other Charges for 1949-50, excluding Public Works Extraordinary and Special Expenditure, and also cost of living allowances, total \$72,357,096 as compared with the figure of \$68,456,576 for the year which is just closing. Special Expenditure, excluding Public Works Extraordinary, totals \$11,468,520 as compared with \$6,714,060 in 1948-49.

The temporary departments such as the Custodian of Property and the Department of Supplies Trade and Industry—whose title has now been changed to Department of Supplies and Distribution—will still be necessary during the coming year. The Custodian's department continues to contract, and expenditure for the coming year is only estimated at \$46,680 compared with \$61,020 in respect of the present year. The cost of the Department of Supplies and Distribution shows an apparent small increase, but this is due to the fact that the cost of maintenance of the Tokyo Office is now being charged to expenditure instead of being met from the Japan Trade Account. But for this, there would have been a decrease in the cost of this department which it will be necessary to keep in being until trade with Japan is completely free.

The work of many of the permanent Government departments is still greatly in excess of that for which their pre-war establishments were designed. Where it is obvious that this increase in work is permanent, some staff which has hitherto been paid from the Temporary Staff Vote is now being detailed in the estimates, but great care has been taken not to add to the pensionable staff until the final requirements of departments can be accurately gauged, and a revised Pension Ordinance and list of pensionable offices has been prepared. Block votes for temporary staff are still being provided, although on a reduced scale, and, as in previous years, to ensure full financial control every employee paid from these votes is listed in a footnote under each departmental head. The Director of Audit, while realising the value of this procedure, contended that, as the staff was detailed in the footnotes, it must strictly speaking be held to be limited and arranged. It followed from this that under Colonial Regulation 256 a Special Warrant would be required every time that it was desired to vary these posts. The whole object of the procedure however was to provide for a certain degree of elasticity, and the covering authority of the Secretary of State was accordingly obtained for the exemption of these temporary posts from the provisions of the Colonial Regulation in question. The Secretary of State desired that Legislative Council should be informed of this dispensation.

In the course of last year's Budget Debate the cost of Government transport was raised, and I undertook to furnish a statement giving this information in an easily accessible form. Such a statement has been circulated to members of the Estimates Committee, and this will, if desired, be included as a schedule to the estimates in their final form. In the early days after the liberation, before private cars were easily procurable, it was necessary to build up a considerable fleet of Government transport. In spite of the fact that it has been possible during the latter part of the year to reduce slightly the number of drivers, their pay and allowances in 1949-50 are estimated to cost \$1,117,834 while expenditure on the upkeep of vehicles is expected to amount to \$2,155,660. It is normally more economical for Government officials to use their own cars on official journeys and draw mileage allowance, and now that most officers have cars of their own it may be possible to effect reductions in Government vehicles and in the number of drivers. In order to satisfy ourselves on this and other points, Your Excellency has decided to appoint a committee on which there will be unofficial representation to examine this whole question of Government transport. There is provision in the estimates for a total of \$1,149,846 for replacements, as much of the Government transport saw war service and is in poor condition. The proposal is that none of these replacement vehicles should be actually ordered until the committee is fully satisfied that no alternative arrangement is possible. An exception will, however, be made in the case of Police transport. Provision is made for a number of new vehicles for the Police, as it is most important that should an emergency arise their vehicles should be absolutely reliable. The vehicles replaced, which will be in reasonably good condition, will be available for use elsewhere and so obviate the necessity for further replacements.

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

The old Development Secretariat has ceased to exist, and its various components are now shown under separate heads. Agriculture and Fisheries are shown as separate departments, and the Fisheries and Vegetable Marketing Organisations appear under a new Head, entitled Go-operatives and Marketing. The abolition of the old Development Secretariat Directorate has resulted in some economies in staff. The future of the post of Secretary for Development has not yet been decided, and only a token provision has been inserted under the 'Colonial Secretariat head. The posts of Senior Agricultural Officer and Agricultural Officer (Animal Husbandry) were filled during the year, and now that these highly-trained technical officers have arrived it would be foolish not to make full use of their services. It is proposed to arrange for the inoculation of all stock in the New Territories against rinderpest, and to carry out experimental work in fertilisers and in rice and vegetable production. The importance of establishing close contact with the farmers in the New Territories is fully realised, and special attention is being paid to this. Naturally these increased activities are reflected in a fairly heavy increase in

departmental expenditure, but as a result of a certain degree of reorganisation with resultant economies, the increase in expenditure has been kept to a minimum.

The title of the former Imports and Exports Department has been changed to Department of Commerce and Industry. This change of name is a first step towards the extension of the activities of the department. It is proposed that it should take over from the Supplies, Trade and Industry Department, now renamed the Department of Supplies and Distribution, the functions of the latter Department relating to industrial development. In this connection, it is proposed to create a new post of Assistant Director (Industry). Thus the reorganised Department will have on its staff an officer who can devote his full time to the encouragement of new industries and the expansion of existing ones. He will also be able to advise potential industrialists on factory sites and allied questions.

I will now pass on to Education. Considerable increases in staff are provided for, involving an increase in personal emoluments of \$500,000. These are related to the building programme for schools and it may not be inopportune to point out that next year when it will be necessary to pay this increased staff for a full twelve months, a further increase in personal emoluments will be inevitable. Under sub-head 4 of the Public Works Extraordinary Head, a sum of \$700,000 has been included for the construction of what have loosely come to be known as Workers' Schools. As Honourable Members are probably aware, a number of these schools have been established in various parts of the Colony. Their development has been affected by financial and other considerations. As a result they are rather scattered and the buildings are far from suitable. It is felt that the time has now come for Government to take over these schools if they are to develop along acceptable lines under fully qualified teachers. One large industrial concern in the Colony is interested in the scheme and it is hoped that they will be prepared to make some contribution towards the cost. The two schools will be operated on the two sessional system, which means that one set of pupils will receive about five hours' instruction in the morning and another set a similar period of instruction in the afternoon. A double staff totalling 64 will thus be required. Government attaches great importance to the early establishment of these schools as it is most undesirable that children in these localities should come under undesirable influences.

It is also hoped that the reconstruction of King's College, the Kowloon Junior School and the Vernacular Primary School will soon be put in hand. Funds for these works have been provided under loan. I believe there is some criticism that too much attention is being paid to primary education while insufficient is being done for secondary education. The premises at Kennedy Road in which Queen's College is at present housed, are too small, and it is essential that new accommodation should be provided as early as possible in which the school can continue to operate in an expanded form. The

old King's College can be rebuilt comparatively quickly, as the foundations are still usable. When the work is completed, the intention is to accommodate Queen's College in the building for the morning session, and the Vernacular Middle School for the afternoon session. The site for the new Queen's College has not yet been finally selected, and until this is done, a start cannot be made on the plans. The need for a new Queen's College has by no means been overlooked, but we wish to be sure that the site finally selected is the best available. The King's College site, for instance, would not have been suitable as there is no space for playing fields.

The apparent reduction in expenditure under the Education Head from \$12,000,000 to \$5,000,000 merits a word of explanation. In fact, there has been no reduction, as all expenditure connected with Grant-aided and Vernacular Schools has been transferred to the Subventions Head, under which Head provision for the further education of former members of the local forces and for the grant to the Hong Kong Teachers' Association has also been made. This amounts to \$7,979,765 bringing the total cost to \$13,065,100. Thus, so far from there being any reduction in Education expenditure, there is an increase of \$940,962.

Under the heading, Fire Brigade, certain increases in establishment have been allowed for in order to provide crews for two fire engines which have been replaced by more modern appliances. In the normal course these engines would have been disposed of, but they are still in reasonable condition and it is hoped that it will be possible to modernise them. Plans are being worked out to this end and if they are successful we shall be saved a good deal of money in the purchase of new engines. The purchase of a new appliance during the coming year was under consideration but this is not now being proceeded with.

As Honourable Members are aware, recruitment for the new Defence Force has been in progress for some weeks. Provision is made for an infantry unit, to be known as the Hong Kong Regiment, and also for Naval and Airforce units. The estimate for the Hong Kong Regiment provides also for the headquarters of the combined force and a sum of \$310,640 has been included to meet the cost of the Regular Army and R.A.F. personnel which it is proposed to second to staff these headquarters. Under Other Charges, and Special Expenditure, a sum of just under \$2,000,006 has been provided for the equipment and training of the infantry unit. The estimates for the Naval and Airforce components total \$209,283 and \$135,930 respectively, but they are still very tentative, and expenditure, will, I am afraid, inevitably be much higher next year. It will be observed that the Naval estimate is based on the assumption that mine-sweepers will be made available for training purposes, and the Airforce estimate also assumes that some aircraft will be made available for the same purpose. Negotiations on these points are in progress but no final agreement has so far been reached with either the Admiralty or the Air Ministry.

Funds are provided under sub-head 7 of the Head Public Works Extraordinary to enable a start to be made on the projected new headquarters for the Defence Force. This is provisionally estimated to cost \$5,000,000. The exact requirements, however, have not yet been decided upon and, until they are, the drawings cannot be put in hand. For these reasons it is improbable that more than \$500,000 will be required to cover the work up to the end of the financial year 1949-50.

I should now like to say a word or two about the Anti-Tuberculosis work in the Medical Department. Provision was made in the estimates for the current year for the construction of a Tuberculosis Clinic, and it was proposed that another clinic should be constructed from funds which the Bed Cross Society had very generously made available. When the matter was examined in more detail, however, it was found that the clinics would cost a good deal more than was at first envisaged, and for this and other reasons it did not prove possible to start construction. It is now proposed to erect these clinics, one on each side of the harbour, during the coming financial year, but owing to the increased cost, the contribution from the Bed Cross Society will not suffice to meet the whole cost of either building. The provision in the estimates has therefore been raised from \$100,000 to \$240,000. Equipment and additional staff for these clinics will be provided for under the Medical Department vote, and when the clinics are completed they will work in close co-operation with the Anti-Tuberculosis Association, which thanks to the generosity of one of our leading citizens, Mr. J. H. Ruttonjee, C.B.E., has already opened a sanatorium which bears his name. Under the Subventions Head, Government is making a subsidy to the Association of \$150,000.

Under the Police Force Head provision has been made for an increase in the establishment of Assistant Superintendents by fourteen, and of Constables by 557. The establishment of Inspectors has been temporarily increased by 19 supernumerary posts, and there has been some reorganisation of the Water Police. Ten female searchers have been regraded as Women Constables and a post of Woman Sub-Inspector has been created in charge of them. It may not be generally realised that the strength of the Police has been gradually increased from 2,220 at the fall of Hong Kong to 4129 to-day. This has not been done in a haphazard manner, but is part of a planned programme for the expansion of the Force to enable it to cope with the problems which are constantly arising as a result of the rapid development of Hong Kong.

The sum of approximately \$900,000 has also been included for new equipment of various sorts. The total increase in expenditure under the Head is of the order of \$2,250,000. This is a high figure, but it represents a form of insurance, and I feel sure that Honourable Members will agree that it is wise for us to pay the premium. We hope that no emergency will arise, but if it does, we shall require a larger Police Force than we have at present, and we shall require a certain amount of special equipment. New Police recruits cannot

be trained overnight, neither can equipment be produced instantaneously. We cannot afford to be caught unprepared, and that is why you are being asked to-day to vote this additional expenditure.

The sum of \$1,000,000 is provided under sub-head 11, Public Works Extraordinary, to enable a start to be made on Police quarters for the rank and file. The provision of Police quarters both married and single is not only an important factor from the point of view of morale, but it means that in times of emergency an adequate concentration of Police can rapidly be made. A sum of approximately \$6,500,000 is also being made available from Loan funds for the completion of the Divisional Headquarters at Kowloon City, for Police Stations at Bay View, Hung Horn and Shaukiwan, and for Police blockhouses in the New Territories. It did not prove possible to carry out very much of this work during the present year, but the work will be pushed forward during 1949-50.

I now come to the Head, Public Works Extraordinary, which provides for a programme estimated to cost \$19,618,000. The number of new schemes submitted for consideration during the year was greater than usual, and for various reasons it did not prove possible to complete an appreciable proportion of the 1948-49 programme. Moreover, there were a number of new projects directly or indirectly related to security measures, which it was essential to include, and there were a certain number of works of a rehabilitation nature which had to be continued, and which owing to the exhaustion of allocations, could not be charged to Loan funds. Thus, the amount which could be made available for new works was limited, and it was not in consequence possible to include many projects for which we had hoped to provide. Nevertheless, a Public Works Extraordinary provision of over \$19,500,000 represents an important programme.

I have already referred briefly to some sub-heads when touching on some of the more important items of expenditure under departmental heads, and I will now say a word or two about the major new sub-heads which remain.

Sub-head 1 is purely a security measure. Circumstances might arise where it might be necessary to utilise certain New Territories paths and tracks for light vehicles, and a sum of \$1,000,000 is being provided to widen them and make them generally passable.

The present fire station in Kowloon is in a requisitioned building. There seemed, until recently, to be good prospects of securing a long lease of this building, but this has now fallen through. We had therefore no option but to build a new fire station ourselves, and in many ways this is the best solution, as no leased building would be suitable without very extensive alterations. The building of the station is estimated to cost \$2,000,000, but the drawings will take time to complete, so only \$500,000 has been provided for the present year.

The Marine Licensing Stations provided for under sub-head 10 will be constructed to a lower standard than was originally contemplated. At present considerable revenue is lost owing to lack of control, as numbers of junks plying in and out of the outlying harbours escape registration. The establishment of these Marine Licensing Stations will provide the necessary measure of control.

As regards sub-head 13, arrangements are being made with Cable & Wireless Ltd., to lease a portion of two floors in the new Electra House for the broadcasting studios which will be moved there from their present situation in Gloucester Building. It has been necessary to modify the design of the new building in certain respects in order to fit in these studios, and the additional cost resulting from these changes in design, and the actual cost of fitting up the studios will be met from Government funds. This scheme has received the approval of Finance Committee and the cost is at present estimated at \$150,000, but this figure may require revision when the plans are more advanced.

Under Sub-head 14 a sum of \$1,000,000 is provided for the construction of a hutted labour camp in the New Territories. There is at present serious overcrowding in Stanley Prison and it is difficult in that locality to find useful work which is suitable for hard labour prisoners. The new camp will not only relieve this overcrowding, but it will enable useful schemes such as reclamation work to be carried out by petty offenders with short hard labour sentences.

In regard to sub-head 16, until last October the Works Department of the R.A.F. undertook the maintenance of the runways at Kai Tak, though a portion of the cost was recovered from this Government. The responsibility of the Air Ministry in this connection has now ceased, and it has been found that in order to keep the Airport open some major reconstruction work must be carried out in the near future. This is estimated to cost \$875,000 and the balance of \$95,000 represents the cost of fencing in the Aerodrome, which is considered necessary for security reasons.

Sub-head 17 is entitled "Works Contingent on Land Sales". \$1,500,000 of the sum included is to meet commitments resulting from the conditions of sale for the provision of roads and drainage in new areas to be opened up for building purposes. The balance of \$2,185,000 is in respect of work to be carried out on reclaimed land at Kun Tong purchased by the Asiatic Petroleum Co. One of the conditions of sale was that a large nullah should be constructed, the cost of which would be shared by the Company and by Government. This nullah is now being started as part of a contract with the Netherlands Harbour Works for dredging and rubble mound work both at Kun Tong and North Point, and a sum of \$1,720,000 will ultimately be refunded by the Asiatic Petroleum Co.

A sum of \$500,000 is provided under sub-head 21 for the widening of Mount Kellet Road. This has become very necessary owing to the increase in traffic which will result from the additional residential accommodation which is being erected in this area.

Sub-head 22 is another road item, and is really provision for the continuation of the work of resurfacing streets which are in a very bad condition as a result of lack of maintenance during the Japanese occupation. An extensive programme has already been carried out which has hitherto been financed from Loan funds. These Loan allocations have now become exhausted, and while most of the main streets have been repaired some of the smaller streets are still in urgent need of resurfacing.

Sub-heads 24 to 28 are all rehabilitation items concerning water supply, and they would have been a fair charge against Loan funds had sufficient balance been available. The same remarks apply to sub-head 41.

To supplement the programme for permanent Government quarters, a scheme for the erection of temporary accommodation, utilising a cheaper type of construction, was approved by Finance Committee, towards the end of the present year, and the intention is to erect twenty-five bungalow apartments of an inexpensive but attractive design at Black's Link. The main walls will be of stone obtained from disused food godowns. They will have Chinese type roofs. The cost is estimated at \$725,000. The work is being pressed forward as rapidly as possible in order to relieve the congestion in hotels. It was originally hoped that these new temporary quarters would be finished by the end of this financial year, but there were delays in starting and most of the funds have now to be provided in the 1949-50 estimates. It is calculated that savings in hotel bills will be sufficient for the 'scheme to pay' for itself in about three years.

Sub-head 30(b) is related to the erection of the proposed new Wah Yan College in Kowloon. The proposed site consists partly of a small valley which will be filled in by the spoil from excavations on other parts of the site. This cannot be done before a stormwater drain is provided, and provision has accordingly been included for \$175,000 which is the estimated cost of this work.

The provision under Sub-head 32 for a new abattoir in Kennedy Town is of course only a token figure. This scheme is only in its very early stages, but it is possible that working drawings may be completed by the end of the financial year, which would make a start on construction possible during the year 1950-51.

A new Head of the Estimates has been created entitled Registrar General's Department. This results from the reorganisation of the Legal Department. The new department will take over the registration of Companies, Trade Marks, Patents, and Marriages, now under the control of the Registrar of the Supreme Court, and will thus free the latter officer for administrative work connected with the Courts and for duties normally discharged by the Master of the Supreme Court in England. The new post of Registrar General absorbs the former post of Land Officer, and he will continue to be responsible for the work of the Land Office.

The process which was started last year of collecting together under a Head entitled "Subventions" all grants made by Government to institutions both local and outside the Colony, has been carried a stage further, and I believe that the list appearing in the present estimates gives a complete picture of the position. In the case of certain institutions, the practice had grown up in the past of supplementing the approved subvention by the issue of rations which were paid for from the Relief of Destitutes vote. The value of these additional rations has now been included in the Subventions, and free issues by the Social Welfare Department have been discontinued. The old system was open to objection as the Legislature was not aware of the full extent of these Subventions, but under the new system they are fixed.

Mary of the Subventions are paid to institutions which are carrying out educational or medical work, which otherwise Government would have to provide from its own resources. It is normally cheaper for Government to subsidise in such cases, rather than carry out the work itself. Nevertheless the total of \$13,250,000 paid out in Subventions is an extremely high figure. Of this, \$7,917,000 is paid in grants to Grant-aided and Vernacular schools, while \$1,500,000 goes to the University. \$2,625,000 represents the subsidy to the Tung Wah group of hospitals, and to the Alice Memorial Hospital, while \$150,000 goes to the Anti-Tuberculosis Association.

A few days ago and long after final proofs of the draft estimates had been circulated to members of the Estimates Committee, representations were received from the Social Welfare Advisory Committee that a number of the Subventions to local institutions should be modified. These representations, which have very little effect on the total provided for, will be dealt with in the report of the Select Committee.

In addition to the expenditure provided for in the Appropriation Bill, we are continuing our expenditure from Loan Funds. Up to the 31st March, 1948, expenditure from this source amounted to \$57,269,913, and it is estimated that by the 31st March, 1949, this figure may have been increased to \$98,467,615. Of the balance which still remains available, over \$12,000,000 is earmarked for new rolling stock for the Kowloon-Canton Railway, which is coming forward very slowly: and a further \$8,000,000 is earmarked to enable work to be started on the new Airport as soon as a final decision is reached on the question of the site. This of course only represents a fraction of the probable total cost but Honourable Members will recollect that as part of the war expenditure settlement, His Majesty's Government agreed to make a loan of £3,000,000 to the Colony free of interest to assist in meeting construction costs. As I have already indicated, some \$6,500,000 is being provided for the completion of a number of Police stations, and a further \$6,000,000 will be expended on new schools, and on the completion of the permanent Government quarters now under construction.

Before concluding, I feel that there is one point which I must emphasise. The additional taxation proposed suffices only to balance the budget, and to provide for a very small surplus. Expenditure has been carefully pruned so that we cannot count on any very substantial savings to offset any unforeseen expenditure for which it may be necessary to provide during the year. Unfortunately conditions around us are very unstable, and it is quite conceivable that circumstances may arise which may force us, as a matter of urgency, to incur heavy expenditure for which there is no provision. If such a situation does arise, we shall have to consider in the light of conditions then obtaining how budgetary equilibrium can again be restored. A further curtailment of expenditure will naturally be considered, but if the emergency is such that it cannot be adequately met without a further increase in taxation, I am confident that this Council will not hesitate to take whatever measures may be considered most appropriate. (Applause).

HONG KONG DEFENCE FORCE (AMENDMENT) BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Hong Kong Defence Force Ordinance, 1948."

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the Hong Kong Defence Force (Amendment) Bill, 1949, 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 into law.

EMERGENCY REGULATIONS (AMENDMENT) BILL, 1949.

THE ATTORNEY GENERAL moved the Second reading of a Bill intituled "An Ordinance to amend the Emergency Regulations Ordinance, 1922."

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

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

Council then resumed.

THE ATTORNEY GENERAL reported that the Emergency Regulations (Amendment) Bill, 1949, 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 into law.

MEDICAL REGISTRATION AMENDMENT BILL, 1949.

THE DIRECTOR OF MEDICAL SERVICES:—Sir, I ask leave to defer to a later date the further stages of the Bill intituled “An Ordinance further to amend the Medical Registration Ordinance, 1935.” Amendments are under consideration to be introduced at the committee stage.

H. E. THE GOVERNOR—Is that agreeable, Gentlemen?

This was agreed to.

**BRITISH-AMERICAN TOBACCO COMPANY (CHINA) LIMITED
(CAPITAL CONVERSION) BILL, 1949.**

HON. D. F. LANDALE moved the Second reading of a Bill intituled “An Ordinance to authorise the British-American Tobacco Company (China) Limited to convert the currency of its capital.”

HON. SIR MAN-KAM LO seconded, and the Bill was read a Second time.

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

Council then resumed.

HON. D. F. LANDALE reported that the British-American Tobacco Company (China) Limited (Capital Conversion) Bill, 1949, had passed through Committee without amendment and moved the Third reading.

HON. SIR MAN-KAM LO seconded, and the Bill was read a Third time and passed into law.

ADJOURNMENT.

H.E. THE GOVERNOR:—When is it your pleasure that we should meet again, Gentlemen. Two weeks hence?

This was agreed to.

H.E. THE GOVERNOR:—Council will adjourn to this day fortnight.