

21ST NOVEMBER, 1892.

PRESENT :—

His Excellency the Governor, Sir WILLIAM ROBINSON, K.C.M.G.

Hon. G. T. M. O'BRIEN, C.M.G., Colonial Secretary.

Hon. N. G. MITCHELL-INNES, Colonial Treasurer.

Hon. J. H. STEWART LOCKHART, Registrar-General.

Hon. F. A. COOPER, Director of Public Works.

Hon. R. M. RUMSEY, R. N., Harbour Master.

Hon. C. P. CHATER.

Hon. HO KAI.

Hon. T. H. WHITEHEAD.

Hon. E. R. BELLIOS.

Hon. J. J. BELL-IRVING.

Mr. F. H. MAY, Acting Clerk of Councils.

MINUTES.

The minutes of the last meeting were read and confirmed.

ILLNESS OF THE ACTING ATTORNEY-GENERAL.

HIS EXCELLENCY—I regret to say that owing to illness the Acting Attorney-General is not able to attend to-day, and the four bills standing against his name at the last meeting cannot be proceeded with.

THE OBSERVATORY.

The COLONIAL SECRETARY—I beg leave to bring up Report No. 9 of the Finance Committee. On referring to the report your Excellency will see that out of the sixteen financial minutes referred to the Committee the Committee agreed unanimously to the first fifteen. As regards the remaining minute there was a difference of opinion in respect to a portion of the sum recommended to be voted, that is to say the sum of \$500 additional expenditure under laboratory expenses and office contingencies for the Observatory, the result of the vote on which was seven "ayes" against four "noes." I move, sir, that the report of the Committee be adopted by the Council.

The COLONIAL TREASURER seconded.

Hon. T. H. WHITEHEAD—Sir, I move that the report be rejected, more particularly in connection with the item standing against the Observatory. I think, sir, that the work which has been done at the Observatory, during the past year more especially, has given a very great deal of dissatisfaction and it is for the purpose of

giving expression to that feeling of dissatisfaction that I move the rejection of the vote. A very great amount of technical work—and it maybe very good work indeed—is done at the Observatory, but it is work which I think is of very little practical use so far as the shipping of the port is concerned. I think the question has now arisen as to whether it is necessary to continue such an expensive luxury as the Observatory. The finances of the colony are not very strong just now, and therefore I think it is the duty of this Council to retrench in every direction whenever it is possible to do so.

Hon. C. P. CHATER—I beg to second that.

The COLONIAL SECRETARY—Sir, with much of what has fallen from the hon. member who has moved the amendment on my motion, the Government is in accord. I may take this opportunity perhaps of saying that the present Director of the Observatory enjoys a considerable reputation in the scientific world, that as an authority on the laws of storms he ranks high and that probably he does as much for the colony in regard to storm warnings as it is possible to do in the present imperfect condition of one knowledge of the causes of meteorological phenomena. I must therefore to this extent demur to the indictment which has been preferred against the Observatory. Further, as the money asked for is indispensable for the maintenance of the Observatory the Government will be obliged to vote against the amendment if it is pressed to a division. Having premised thus much I may at once state that the Government agrees that there is a case for inquiry whether the existing expenditure on the Observatory is not excessive and whether the work performed at that institution does not include an undue proportion of research and observation which, although it may be, and probably is, of interest to the scientific world, has no special value for the Hongkong taxpayers who provide its cost. I may mention, sir, although the subject was not referred to in your Excellency's address to the Council, that the cost of the Observatory is one of the items in regard to which your Excellency has suggested to the Secretary of State the possibility of effecting a reduction in expenditure. The scheme of the Observatory was

framed at a time when money apparently was no object. Its lines were traced with a fine disregard for economy and rather with a view to embrace whatever might be desirable in the general interests of science than to limit the operations of the institution to what might be sufficient for local purposes, and the time has fully arrived when the scheme should be reconsidered. The first point to determine is the accurate ascertainment of the amount of the existing expenditure which is devoted to purposes other than those which have a special value for the community of Hongkong and the amount of expenditure that would suffice to meet local requirements only. For the purpose of this ascertainment your Excellency is about to appoint a small committee, and when that committee has reported it will remain for the Government to consider whether the existing expenditure admits of retrenchment, and if so how such retrenchment can be best effected. Possibly after this intimation the hon. member will see fit to withdraw the amendment which he has proposed; otherwise the Government must vote against it.

Hon. T. H. WHITEHEAD—In view of the explanation and promise which have been given by the Colonial Secretary, I will—with the consent of the senior unofficial member, who is my seconder—withdraw the amendment which I moved.

Hon. C. P. CHATER acquiesced and the amendment was withdrawn.

The report was then adopted.

#### THE APPROPRIATION BILL 1893.

The COLONIAL SECRETARY—I have the honour to move the second reading of the Supply Bill for 1893.

The COLONIAL TREASURER seconded.

Bill read a second time.

The COLONIAL SECRETARY—I beg to move that the Bill be referred to the Finance Committee.

The COLONIAL TREASURER seconded.

Bill referred to Finance Committee.

#### SUPPLEMENTARY APPROPRIATION BILL 1891.

The COLONIAL TREASURER—I beg to move the second reading of the Supplementary Appropriation Bill 1891.

The COLONIAL SECRETARY seconded.

Bill read a second time.

The COLONIAL TREASURER—I beg to move that the Bill be referred to the Finance Committee.

The COLONIAL SECRETARY seconded.

Bill referred to Finance Committee.

#### ADJOURNMENT.

HIS EXCELLENCY—I may mention that the next meeting of Council, in accordance with the expressed wish of the unofficial members, will be held on Wednesday week, the 30th ult.

#### FINANCE COMMITTEE.

A meeting of the Finance Committee was held after the meeting of Council, the Colonial Secretary presiding.

The CHAIRMAN—I may mention that at last meeting the minutes of the previous meeting were not read and confirmed, so we shall have the minutes of two meetings to read now.

The minutes of the meetings of 7th June and 16th November were read and confirmed.

The CHAIRMAN—Before proceeding with the consideration of the Supply Bill for 1893 there is a matter which I wish to bring before the Committee. The Committee will remember that I mentioned at the last meeting that in the present year we had the option of paying our military contribution either in sterling or at the Army rate of exchange which is fixed in England quarterly from time to time, and that we had adopted the latter alternative, and that if we were in future given a similar option I would inform the Committee and take their opinion as to which alternative might be preferable. I have now to inform the Committee that for the coming year we have been given a similar alternative, that is to say, we can either pay in sterling quarterly, or in other words at the current rate of exchange of the day when the payment is to be made, or we can pay at whatever happens to be the military rate for the quarter. I shall be glad to hear the opinions of honourable members who wish to express an opinion on the subject. My own opinion, I may mention, is that we should do well to accept the latter rate of payment, that is to say, the payment at the military rate—what is known as the military rate. If the market falls during the year it would certainly be best to take the military rate, the military rate being always in advance of the current rate on a falling market. The current rate for the first quarter was  $2/9\frac{1}{2}$ , the military rate  $3/2$ ; for the second quarter  $2/10\frac{1}{4}$ , military rate  $3/1$ ; third quarter, current rate  $2/9\frac{1}{8}$ , military rate  $2/11$ ; military rate at present  $2/10$ . By adopting payment at the military rate the Colony has been saved, as compared with what it would have had to pay at the current rate of exchange in each quarter, the sum of \$19,712.

Hon. T. H. WHITEHEAD—As compared with the Army rate, Mr. Chairman?

The CHAIRMAN—As compared with what we should have had to pay at the current rate of the day. I see you are bringing a third factor in. I will tell you about that. The dollar was estimated at  $3/2$ ; £40,000 at that gives you \$252,632. Paying at the military rate we have had to pay \$267,182 (we took a supplementary vote of some \$14,000 at our last meeting): if we had paid at the current rate of exchange we should have had to pay over \$286,000, so the Colony has been saved something over \$19,000, the exact figure is \$19,712, by paying at the Army rate instead of paying in sterling, that is to say at the current rate of exchange, when the payments were due each quarter.

Hon. C. P. CHATER—Before giving an expression of opinion I should like to know whether

the Government since our last meeting has thought that matter over with regard to securing exchange forward, because it would materially assist in arriving at a conclusion as to which of the two alternatives we should adopt, either the rate of the day or the Army rate.

The CHAIRMAN—You will excuse me; the alternative that we have before us is not one out of three; it is one out of two. Of those two which do you think the better?

Hon. C. P. CHATER—Undoubtedly the Army rate, but I should like to know from the Government whether they still intend to think over the matter or whether they have decided not to secure exchange forward. If they have decided not to secure the rate forward the better course to pursue. I think, would be to secure the Army rate.

Hon. T. H. WHITEHEAD—Doubtless, Mr. Chairman. from the newspapers' report of the meeting of the Chamber of Commerce held on Saturday you will have learned that this exchange question is shrouded in boundless uncertainty and we know not what is going to happen. If England should lend her aid to fixing, with the other nations of the world, some stability and some ratio between gold and silver, it is not at all improbable that some rise in exchange will follow. What is to be the outcome of the International Monetary Conference which assembles in Brussels to-day we know not, but the question is now assuming such very serious proportions, and if the fall is allowed to go on it will in a very large measure injure if not ruin England's trade, that I think England is pretty nearly certain to do something. The matter of exchange for this Military contribution is one which I think should be settled when the money is asked to be voted. If Government can secure their exchange forward, by all means I think that is the proper course to follow. It is a course followed in all commercial and trade transactions, and it is not the business or duty, and I do not think Government has a right to commit the ratepayers of the colony to fluctuations in exchange. If £40,000 is required at the beginning of the year or its equivalent in dollars, Government should ascertain from local institutions what it can be obtained for and abide thereby.

The CHAIRMAN—With a view to the discussion we are now having, I asked you a few days ago in your capacity as manager of the Chartered Bank here at what rate you would effect a forward exchange for 1893.

Hon. T. H. WHITEHEAD—I received your letter on Saturday on the eve of the meeting of the Chamber of Commerce. I had a good deal of work to do in connection with that meeting. My duties to-day made me exceedingly busy, and as the matter will take some time to consider I have been unable to reply. I may mention that in assisting in the promotion of that meeting on Saturday I was doing what I

could to carry out the wishes of the Governor, as he was fully of opinion, with probably every man in the colony, that the colony should not be silent on the important question of silver. It was a meeting which entailed a good deal of work on those who took part in it. Otherwise I should have replied to your letter on Saturday forenoon.

The CHAIRMAN—I am not complaining in the least of not receiving a reply, but I thought perhaps you might have arrived at some decision in the meantime. It is purely an incidental matter.

Hon. T. H. WHITEHEAD—I think perhaps the question might be allowed to lie over until the next meeting and members will have time to give some thought to it between now and then.

The CHAIRMAN—Yes, certainly; that is to say I shall be glad to mention the matter at the next meeting of the Finance Committee. Of course it does not rest with the Finance Committee absolutely to decide as to how the payment should be made. It was simply in deference to the wish of one of the members—I believe you yourself, Mr. Whitehead—that I said I would mention the matter before the Committee in order to ascertain what the sense of the Committee was, and that I shall be glad to do at the next meeting. I may mention that the question that I said I would bring before the Finance Committee was not whether the Government would do well to try to obtain a forward rate from one of the banks but whether they would do well to take the alternative of paying at the military rate of exchange from time to time when the payments fell due. or paying at the current rate of the day. However, I will mention the matter at the next meeting. We will now proceed to the estimates.

Hon. C. P. CHATER—I rise to propose that the consideration of these estimates for the year 1893 be postponed until our next meeting. The interval between the last and the present meeting has not only been a very short one, but it has been to me and to my colleagues a very busy one, and we have therefore been unable to go into these estimates as closely and with that amount of attention which they naturally deserve.

Hon. HO KAI—I beg to second the proposal, to postpone the consideration of the estimates for 1893 until the next meeting.

Hon. T. H. WHITEHEAD—Mr. Chairman. I rise to support the motion which has been made and in doing so I think that if it is agreed to it will probably be a saving of time in the end, for this reason, that if the unofficial members are given the opportunity of having a meeting to discuss the various items of the estimates a decision will then be arrived at by them and when the matter comes up again we will be ready and prepared to pass a number of items which I see on the list, and to-day we should not be prepared to do so. If

urgency is necessary perhaps instead of postponing this meeting until next Wednesday week, I for one, would be prepared to come, say, on Monday afternoon.

The CHAIRMAN—I was going to suggest that if the convenience of members required that a postponement be made at present it would not be necessary to adjourn for so long a period as ten days. The estimates have now been some time in the hands of hon. members—I make no sort of complaint of their not having found time to read them because I know it has been a very busy time—but the estimates are not very complicated, they are not very long, and I do not think there are many items open to controversy. It is of importance to get the estimates passed in some form or other at an early date. The Council has met this year rather later than usual. I do not say that it is a matter of first necessity to get the estimates home before the end of the year, but if possible it is very desirable to do so. If we allowed the consideration of the estimates to stand over until Wednesday's meeting that would carry us to the end of the month. We should then have to wait for another meeting of the Council, which would take us to the first week in December before the Bill could be passed, and it would not be possible to get the estimates home by the end of the year or anything near it. If the unofficial members would fix on some day between this and the next meeting of the Council so that our report could be brought up at the next meeting of Council I think it would be a good thing.

Members then agreed that a meeting of the Finance Committee to consider the estimates for the year 1893 should be held on Friday, the 25th inst, at 2.30 o'clock.

The Committee then proceeded to consider the supplementary appropriation of \$360,687.37 to defray the charges of the year 1891.

Upon the first item of \$8,613.26, "charge on public debt."

Hon. T. H. WHITEHEAD—May I ask whether a record of these payments is kept so that if later on any one of the unofficial members may wish to know what the late sterling loan has cost the colony we shall be in a position to get the information accurately?

The CHAIRMAN—Certainly.

Hon. T. H. WHITEHEAD—What account will this be charged to in the Government books?

The COLONIAL TREASURER—It is charged to the public debt account.

The CHAIRMAN—I take it that your books will show at any time what is the amount of the whole of and the amount and dates of all the payments on account of the loan?

The COLONIAL TREASURER—Certainly.

The CHAIRMAN—If they are called for—what payments have been made and the dates of the payments—you could give them?

The COLONIAL TREASURER—Yes.

Hon. T. H. WHITEHEAD—I was only desirous that such a charge as this for loss on exchange on a portion of the repayment of the loan should not be lost sight of. It might have been that the charge was entered to some other account and therefore I only wish to guard against such a possibility arising.

The CHAIRMAN—The account will show what all the payments have been. I have never examined the Treasurer's books but I took it for granted that it is the case, and the Treasurer has now told us that it is so.

The COLONIAL TREASURER—All the particulars of the Public Debt are kept separate.

Vote passed.

The items \$611.24 Pensions, \$1,439.64 Governor and Legislature, and \$3,852.41 Water and Drainage Department were passed without discussion.

Upon the item of \$23,901.09 for the Post Office,

The CHAIRMAN—That is on account of payments to other countries. It has not been possible to have the accounts closed earlier. The other countries will not render their accounts regularly. I asked about that soon after I came here, because on looking into the matter I found that it introduced a considerable uncertainty into our estimates, and it sometimes happened that we had to make supplementary provision to meet the charges. I was told, however, that there was no way—and I do not myself see one—to make foreign countries send in their accounts to us punctually. I believe that we at the present moment owe America for several years and she will not send in her account.

Hon. T. H. WHITEHEAD—For postal communication between Hongkong and San Francisco?

The CHAIRMAN—Probably in part for that. I cannot say, but of course with regard to all countries that interchange postal packets accounts are kept and the two countries divide in some manner according to agreement. I do not know the details of the agreement, but there is an agreement as to what proportion of postage each country shall be entitled to and accounts are also required in connection with money orders and, I believe, some other postal matters. In one way or another it does happen that one country has money to receive from time to time, and if the amount is admitted to be correct it is paid, but in some cases the claim is not made regularly. and in the case of America we owe, I believe, for something like four years.

Hon. T. H. WHITEHEAD—In the 1893 estimates is any provision made for such contingencies?

The CHAIRMAN—Yes, there is a vote, it is only an estimate, and perhaps the whole of it will not be spent. "Refund of postage to London, France, Italy, and other countries \$45,000." It is the last item on page 22 of the estimates for 1893.

Hon. T. H. WHITEHEAD—The item is \$21,000 for refund of postage. Is that the total refund?

The COLONIAL TREASURER—Excess. Perhaps the hon. member might like to know exactly how this matter is worked internationally. I have been enquiring of the Postmaster-General. At first sight the system appears to be rather complicated. He informs me (as I explained to some extent at the last meeting) that an average mail is weighed. The arrangement is a triennial one and the present one has operated for 1889, 1890, and 1891. In 1890 an average mail is taken and that rules the rate for 1889, 1890, and 1891. The report on the weight of the mail goes to France or Italy or whatever country it may be, and Italy or France does the same by us, and in the following year. 1891, the accounts are made out of what should be the average struck for the three years. When that average is struck it is final, and there is no revision beyond that. If when the accounts are sent out in 1891 it appears that the amount paid in 1889 and 1890 was too little an extra sum has to be paid, but if the amount paid for the two years should have been above the average, something comes to us. As the people at home, in France and Italy, have not made up their accounts until 1891 it is impossible for us to know what the average is going to be for 1889 and 1890, and therefore the arrear appears in 1891 accounts for 1889 payments.

The CHAIRMAN—If exchange goes down that would affect the amount?

The COLONIAL TREASURER—Yes. In this case there is a large arrear due.

Hon. T. H. WHITEHEAD—I think it is very unfortunate that matters cannot be arranged otherwise. As they now stand it must be an utter impossibility to know anything about how the Post Office goes on; whether it is a losing concern or whether we are making money by it.

The CHAIRMAN—It is not a very paying institution. We are not making money by it as

far as I can make out, We may be making a little—a very little.

Vote passed.

Items \$857.73. Registrar-General's Department; \$2,773.54 Harbour Master's Department; \$636.91, Observatory; \$172.97, Legal Departments; and \$1,004.67, Education, were passed without discussion.

Upon item \$6,333.31 for Medical Departments,

The CHAIRMAN—There you see again the expenditure of the medical department has always been underestimated. If members refer to the estimates for 1893 they will see that we make a larger provision by \$7,000 than we made this year.

Vote passed.

Items \$546.61, Magistracy; and \$11,758.50, Miscellaneous Services, passed without discussion.

Upon item \$187,430.01 for military expenditure,

Hon. T. H. WHITEHEAD—With regard to these twelve Maxim guns and ammunition, I suppose they are steadily depreciating in value and the ammunition will soon be of little or no use?

The CHAIRMAN—I should think they are not improving. (Laughter). As you are aware there is a proposal for reconstructing the Volunteer Corps on a new basis and if this is brought to a successful issue the Maxim guns will be of more use for purposes of drill than they hitherto have been. So far as I can make out nothing has been done with them up to date.

Hon. T. H. WHITEHEAD—I heard the other day that Singapore is anxious to buy some Maxim guns. (Laughter).

The CHAIRMAN—If it is found possible to establish the Volunteer Corps on a new basis the Maxim guns would be still required; if not I suppose we might find a purchaser for them. But we cannot sell them at present—not until this Volunteer question has been settled.

Vote passed.

Item \$110,747.56 for Extraordinary Public Works passed without discussion.

The Committee then rose.