

13TH SEPTEMBER, 1906.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR MATTHEW NATHAN, K.C.M.G.

Hon. COLONEL DARLING, R.E. (Officer Commanding the Troops).

Hon. Mr. T. SERCOMBE SMITH (Colonial Secretary).

Hon. SIR H. S. BERKELEY, (Attorney-General).

Hon. Mr. A. M. THOMSON (Colonial Treasurer).

Hon. Captain L. A. W. BARNES-LAWRENCE, R.N. (Harbour Master).

Hon. Mr. W. CHATHAM (Director of Public Works).

Hon. Mr. F. J. BADELEY (Captain-Seperin-tendent of Police).

Hon. Dr. HO KAI, M.B., C.M., C.M.G.

Hon. Mr. WEI YUK.

Hon. Mr. E. A. HEWETT.

Hon. Mr. E. OSBORNE.

Hon. Mr. W. J. GRESSON.

Mr. A. G. M. FLETCHER (Clerk of Councils).

MINUTES.

The minutes of the previous meeting were read and confirmed.

FINANCIAL.

The COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table report of the Finance Committee No. 8 and moved its adoption.

The COLONIAL TREASURER seconded and the motion was carried.

THE ESTIMATES.

The COLONIAL SECRETARY moved the first reading of a bill entitled An Ordinance to apply a sum not exceeding five million two hundred and two thousand one hundred and thirty-five dollars to the Public Service of the year 1907.

The COLONIAL TREASURER seconded.

HIS EXCELLENCY said—Gentlemen, this is the seventh year in succession that I have risen in my place in another colony and here to put before the Legislative Council the estimates for the ensuing year, but this is the first occasion on which it has been my unsatisfactory duty to announce a decline in the revenue. Before going into the long array of figures which I have on my notes I think it will meet your wishes if I explain generally how

it is proposed to meet that decline. There are three methods open to us. Either to raise further loans, or to increase taxation, or to reduce expenditure. I am strongly averse to raising additional loans at the present time. We have already our old loan of 1894 amounting at the present time to £300,000 after deducting sinking fund. We have also a new loan for the railway. We are fortunately able to raise that loan by instalments of £110,000 a year, and the interest which we shall have to pay next year on the first of these instalments is not a heavy charge, but this charge will go on mounting each year until the railway begins to pay its way. One reason why I am particularly anxious to avoid adding to the Colony's indebtedness and therefore to the non-effective charges which appear in estimates is the precarious, I may even say speculative, nature of some of the items of our revenue; we cannot count for certain in any year on getting approximately the same as we did in the preceding year. With fluctuating items of revenue we do not wish to add to our fixed items of expenditure. I am also averse to increasing taxation. It has been pointed out to me that this colony is very lightly taxed, and I by no means promise that I shall not on some future occasion propose additional imposts, but a time like the present one when trade is bad does not seem a suitable one at which to add to the burdens of traders. Further the decline in revenue which we now have to meet is, as I shall presently explain, largely due to a lower tender for the opium farm. I do not wish to impose additional taxation on non-smokers of opium because the burden is by force of circumstances lightened to those who smoke opium or who profit by others' use of this drug. There remains a reduction of expenditure, and that is the method which it is proposed to adopt. We must cut our coat according to our cloth. It must necessarily be a simple garment but I hope when I come presently to try it on you, you will agree with me that it is a fairly serviceable one in which the Colony need not feel ashamed to appear next season. (Hear, hear). It is somewhat of a tight fit, but if we adhere to the estimates we have framed we shall remain in the same sound financial position at the end of 1907 as I am happy to say we shall be in at the end of 1906.

That position is somewhat better, according to our present anticipations, than the estimate I made of it when introducing the budget for the year 1906. I then anticipated that on the 31st Dec, 1905, we should have a balance of assets over liabilities of some \$332,000. The final accounts of the year 1905 showed a balance on the last day of that year of \$441,000, that is \$109,000 better than we had expected. On the other hand we estimated the ordinary revenue of the Colony for the year to be some \$50,000 more than we shall probably receive. This is due to no profit having been made from subsidiary coins, a

subject to which I shall recur presently. We had counted on \$120,000 receipts as this profit, and it is this amount, less certain excess on other items, that causes the deficit of \$50,000 in our ordinary revenue for 1906. In our extraordinary revenue we fall short by \$243,000. This is due first of all to land sales which we estimated at \$400,000 being now estimated at \$307,000; next to the Widows and Orphans Pension Fund amounting to \$249,000, which you will remember it was proposed to transfer to revenue account, not having been so transferred. On the other hand we are transferring to the general revenue sums which have been found due to us on the closing of the Praya Reclamation account amounting to \$98,000. Our ordinary expenditure during the current year is estimated now at \$154,000 less than when the original estimates were drawn up. This is due to an error on the right side which was made in basing the estimates on the possibility of the dollar falling below the amount at which it stood at any time during at 1904 and 1905. As you are aware, instead of falling, the dollar has risen, and consequently a smaller number of dollars have been required for sterling payments in England and in the Colony. The saving on the estimates of ordinary expenditure would have been much greater had it not been necessary to send home at a considerable loss a very large store of subsidiary coins which had accumulated in the Colony and could not be disposed of, and on which the Government were paying interest. The extraordinary expenditure for 1906 is now estimated at \$152,000 less than when the original estimates were prepared. Recapitulating these figures you will see that we have \$109,000 more than we anticipated due to the excess of assets over liabilities on the 31st December, 1905. We have \$293,000 less due to revenue not having come up to the amount expected, and we have \$305,000 more owing to expenditure having been less than estimated. The net result of this is that at the end of the year 1906 we shall be \$122,000 better off than we anticipated when the estimates for 1906 were introduced. We then expected a surplus of \$622,402 on 31st December 1906; we now expect a surplus of \$744,573.

Passing from our probable financial position the end of this year to the conditions that we anticipate for next year, and dealing in the first instance with ordinary revenue there will be a decrease of \$490,000 on the proceeds of the Opium Farm. This farm, which at present is let at \$170,000 a month, or \$2,040,000 a year has been let for the next three year term at \$121,000 a month or \$1,452,000 a year. This is equivalent to a \$588,000 reduction in a year, but as the new farm only commences from the 1st March the actual reduction of revenue from this source in 1907 will be \$490,000. I

regret this reduction, not only on account of the loss of revenue, but because I am satisfied that with the lower price paid for the Opium Farm the cost of the drug will be less and its consumption greater. The next item of revenue on which there will be a reduction is that for subsidiary coin. The item of \$120,000 which appeared in the estimates for 1906 disappears in those for 1907, and I shall be very much surprised if it ever appears again. I am doubtful, more than doubtful, whether this Colony was justified in sending into China some \$40,000,000 nominal worth of coins which had a value less than their face value. At any rate this action has had the not unnatural result of inducing the Chinese to attempt to make their own profits from minting operations. Their operations in this direction have been on a very much larger scale than ours and have had the result of substituting the twenty-cent. piece for the dollar as a standard of value in South China, and incidentally of dragging down the dollar value of the subsidiary coins of this Colony. This Government has made representations both to the Viceroy and to the metropolitan authorities of China with regard to the very serious affect on trade that their large issues of subsidiary money have had and will continue to have, and from a communication I have received from the Consul-General at Canton I believe the representations have not been without effect. I think the Chinese authorities now realise what a disastrous thing it is to lower the value of the currency and will stop the issue. Having induced them to do that, of course it is out of the question for us to do what we have persuaded them not to do (applause). Those are the two big items of reduction in revenue—the Opium Farm and subsidiary coin—amounting altogether to \$610,000. Then there are reductions in three items indicating a stagnation of trade: \$10,000 in permits for Sunday cargo working; \$9,000 in storage of gunpowder licences; and \$8,450 in pawnbrokers' licences. There is also a reduction of \$7,800 in the amount we are to receive for the sale of timber. We have given effect, and are continuing to give effect, to the Colony's cry of two years ago "Woodman, spare the tree," but I am doubtful whether we shall not presently have to modify that policy. I was struck very much by a conversation I had a little while ago with the Deputy Inspector-General of Naval Hospitals who informed me that he was cutting down all the trees about the Naval Hospital as he found that after 20 years they died. I have noticed myself in several parts of the Colony dead trees and we shall have to be careful we do not get the island covered with forests of dead wood. In the meantime we anticipate very little revenue this year from the sale of timber. Another item from which we shall get less than last year is the conservancy contract which has been let for \$5,760 less. Then there are thirty-one

items in which there are decreases all under \$5,000. These decreases amount altogether to \$24,720 and with those which I have given in detail, show a total falling off of \$675,030. On the other hand there are some items of ordinary revenue from which we anticipate an increase. On the assessed taxes we expect a further \$20,000 due to new buildings and improvements in buildings. \$20,000 more is put down for stamps, based on the receipts for the current year. \$18,000 has been added to the amount for junk licences due to the abolition of sureties and altering of fees to which I alluded on a previous occasion. An additional \$10,000 is due to the opening of the new Western and Mongkoktsui markets. There are additions to the items for slaughter house fees of \$9,500; for Post Office receipts of \$8,200; and for New Territory Land revenue of \$8,000, the last being due to the revision of the rent roll this year. There are also 34 items with increases of less than \$5,000, amounting altogether to \$30,960. The total increases amount to \$124,660, which deducted from the total decreases amounting to \$675,030, show a net decrease in the ordinary revenue of \$550,370. In extraordinary revenue, as the item Widows and Orphans Pension Fund no longer appears, there will be a decrease of \$249,000, and we anticipate only getting about \$300,000 for land sales, which means a decrease on that item of \$100,000, so that the total decrease in extraordinary revenue will be \$349,000, which added to the total decrease in ordinary revenue, \$550,370, gives a total decrease in the revenue of \$899,370, or very nearly \$900,000. Last year the total revenue was \$7,347,395; this year we estimate it at \$6,448,025.

This decrease is met by decreases in all the items of expenditure except in the following six: The charges on account of the public debt have increased. There is to be some special expenditure on the Post Office, and also on the Fire Brigade. The ecclesiastical and charitable votes have been increased, as well as those for miscellaneous services and for recurrent public works. I will deal presently with the details of the variations under each head of the estimates. The increases I have mentioned amount to \$59,406; the decreases on all the remaining votes to \$333,521, leaving a net decrease in ordinary expenditure of \$274,115. To make the revenue equal the expenditure the public works extraordinary vote has been decreased by \$351,000; the total decrease in ordinary and extraordinary expenditure is therefore \$625,215. Whereas the expenditure in 1906 was \$7,056,955, that anticipated for 1907 is \$6,431,140.

To recapitulate in 1906 we had an estimated total revenue of \$7,347,395 and an estimated total expenditure of \$7,056,955. which left us a surplus of \$290,440. For 1907 we estimate the revenue at

\$6,448,025, and the expenditure at \$6,441,748, leaving a surplus of \$16,285.

Passing now to details of expenditure there is an increase in the charges on account of public debt of \$38,500 due to our having to pay interest on the first instalment of the railway loan of £110,000 at $3\frac{1}{2}$ per cent. This addition is partly counterbalanced by interest and sinking fund on the 1894 loan being calculated at 2/- instead of 1/8 exchange which results in a decrease of \$30,820 and leaves a net increase on the vote of \$7,800. In civil pensions there is a decrease of \$16,094. This is not a decrease, gentlemen, which we can view with any satisfaction because it comes from the death during the past year of some old and valued servants of the Colony. Sir William Marsh administered the Government on various occasions, amounting altogether to two and a half years, in the troublous times which followed Sir John Pope Hennessey's administration, and also after Sir George Bowen left the Colony. Sir George O'Brien occupied the place now held by my hon. friend on the left. Mr. Deane was for very many years Captain Superintendent of Police, and it is on record how well he did his duty in that position. These officers, whose names are all on the obituary list, were not known to most of us, but nearly all of us knew Mr. Bruce Shepherd and will regret that he has been spared so short a time to enjoy his well earned pension. In addition to this decrease there is a further one of \$6,600 owing to it not being necessary to make provision for payments on account of the Widows and Orphans Pension Fund. On the other hand there is an increase of \$1,000 in police pensions, the net result being a decrease in the vote for pensions of \$21,694. On vote 3, there is a decrease of \$13,200 owing to higher exchange on the salaries of Governor and staff. There is a further small decrease of \$362 due to minor alterations in the establishment of constables and watchmen. There is an increase of \$1,000 for the renewal of furniture at Government House, the net decrease on the whole vote being \$12,562. In the Colonial Secretary's Department there is a decrease of \$5,336 due to higher exchange on the salaries of the Colonial Secretary's staff less a small sum due to increments and to an additional telegraph clerk. There is a decrease of \$1,323 due to higher exchange on the salaries of cadets; with an increase \$180 for minor alterations in other charges the net decrease becomes \$6,479. In the Registrar General's Department higher exchange less stipulated increments on sterling salaries results in a decrease of \$2,850. There is a decrease of \$2,190 from the re-organisation of the subordinate staff and the substitution of a Portuguese for an English clerk, and the census to be taken this year, being mainly provided for in this year's estimates, causes a further decrease of

\$2,600. For minor alterations in other charges there is a decrease of \$391, the total decrease on the vote being \$8,031. In the Auditor's Department there is a decrease of \$2,190 due to higher exchange on the salaries of the local auditor and assistant local auditor and home charges, and an increase of \$675 caused by the substitution of an assistant local auditor for an auditor's clerk. The net decrease is \$1,515. In the Treasury higher exchange on the salaries reduces the estimate by \$4,410. \$3,000 has been cut out this year as it has not been necessary to make provision for the administration of the Widows and Orphans Pension Fund. On the other hand \$2,400 has been added as payments to police sergeants in the New Territories for exercising some supervision over the work of shroffs there. We have suffered this year from a very serious defalcation, and this provision for supervising collection of revenue is one of the means we are taking to provide against such occurrences. An increase of \$1,691 is due to the introduction of the grading scheme, and to alterations in the subordinate staff. \$200 is for minor alterations in other charges. The net decrease on the Treasury vote is \$3,119. In the Hongkong Post Office higher exchange on the amount paid for mail subsidy results in a decrease of \$25,058. An increase in personal emoluments is due to new scales of salaries provided for the Superintendents of the Money Order Office, and the Registration and Parcels Branch, and the Superintendent of Mails, also to additions to the establishment of clerks. These increases amount to \$9,019. There is also a small increase of \$376 for minor alterations in other charges. The net result of this is that the Hongkong Post Office will cost \$15,663 less next year than it did this. On the other hand Postal agencies in China will cost \$13,243 more. This is mainly due to the provision of \$12,898 for an agency in Tientsin. This agency was urged on the authorities at home by the London Chamber of Commerce as being required for correspondence between Tientsin and London, and was supported by the Chamber of Commerce here as tending to the convenience of British merchants in China, and therefore to the enhancing of British prestige. I have remarked that when British prestige is to be enhanced in China, and when some expenditure is involved thereby, the Hongkong Government is called upon to bear that expenditure. The larger part of this expenditure is due to transit charges. The increase of \$2,125 for the Post Office at Shanghai which was recently enlarged is for additional rents and taxes. \$686 is required in excess of last year's vote on account of minor changes in the personnel at Amoy, Canton, Hankow and Hoihow. A decrease of \$2,466 is due to higher exchange and alterations in sterling salaries. The

net result of these charges is, as I have said, that the Postal agencies of China will cost us \$13,243 more next year than they are expected to do this. Under the Post Office vote there is a heading for special expenditure of \$4,100 for engraving plates. The purchase of these plates is expected to save an expenditure of some £280 a year. The net result of the decrease in the Hongkong Post Office Items, of the increase of expenditure on postal agencies in China, and of the special expenditure, is to increase the total Post Office vote by \$1,680. In the Harbour Department estimate the expenditure of \$15,400 on buoys is omitted, the work having been completed in the current year. There is a decrease of \$5,527 due to higher exchange and changes in staff, and of \$2,000 for repairs to the *Hygeia*, \$1,000 of which has been transferred to the medical vote, and \$1,000 of which is not required. There is a decrease of \$1,575 owing to the Peak and D'Aguilar signal stations having been transferred to the Royal Navy. This action was taken at the request of the Naval Commander-in-chief, and as far as the Colony is concerned its result is satisfactory. A decrease of \$720 is due to quarters having been provided for a boarding officer in the new Harbour Office. \$700 less expenditure is anticipated on small stores. \$800 decrease is due to provision for certain stores made in 1906 not having to be repeated in 1907. \$266 saving is the net result of minor alterations in other charges. On the other hand there is an increase of \$2,000 contribution to the Royal Navy on account of their taking over the signal stations. Another increase of \$2,000 under the Harbour Department vote is for fog signalling. As hon. members will remember, we have had on two occasions this year to take special votes for this service. The remaining item of difference, an increase of \$900, is for electric fans for the new Harbour Office. The net result of these changes is that the Harbour Department will cost \$22,088 less next year than is anticipated this. For the Observatory a \$3,050 decrease is due to higher exchange and automatic changes in personal emoluments. The small increase of \$236 is for certain arrangements for getting the daily register better printed and sent out with more despatch. The net decrease is \$2,814. In the Judicial and Legal Department the decrease of \$17,995 is mainly due to high exchange on salaries. In the Police \$31,740 less expenditure is required for personal emoluments mainly due to higher exchange. Advantage has been taken of a change in the police-school masters to substitute dollar salaries for the present exchange compensation salaries. The small decrease of \$88 is for minor alterations in other charges, and the addition of \$3,000 is for repairs, and for coal and oil for police launches. The net decrease in the Police

Department vote is \$29,828. In the Fire Brigade there are two items of special expenditure. One for \$5,200 is for street fire alarms which have been advocated very often in this Chamber; the provision inserted in the estimate is not for a complete system, but will suffice to apply the London system to part of the town and thus show us whether it is the best system to adopt. The further special expenditure of \$4,000 is for additional despatch boxes. We rely here much more on hydrants than on fire engines, as the engines necessarily move slowly in the streets, but to make the hydrants effective it is necessary to have an ample supply of despatch boxes. In the original draft estimates I included, in accordance with a promise I had made to this Council, a sum of \$50,000 for an additional floating fire engine. It would have been an additional insurance to have had this engine, but in view of the fact that our present floater is rarely used, and of the financial exigencies of the budget, this item was cut out. There is an addition to the ordinary expenditure of \$1,800 for a new boiler for one of the land engines, and a small decrease of \$280 is due to minor changes in the personnel. The net decrease in the fire brigade is \$10,720. In the Prison vote the decrease of \$9,897 is due to higher exchange, less increments and additional language allowances. \$4,000 less will be required for provisions next year owing to there being fewer prisoners in jail. Owing to this fewer number it will not be possible to carry out the washing of the hospital by prisoners, and \$700 is therefore not required for fuel and soap. \$500 less is included for incidental expenses. The total decrease of the vote for the prison is \$15,097. In the Medical Department a decrease of \$14,907 is due to higher exchange and automatic changes in personal emoluments. \$5,000 is the amount entered in 1906 and not required again for furnishing a six months' reserve of surgical and medical appliances. \$700 is saved by the completion of the new staff quarters which have enabled the Government to give up a rented house hither-to occupied by some of the nurses. An increase of \$2,700 is due to the hospital washing not being done in the jail. An increase of \$2,400 is for the half salary of an additional medical officer who will reside at Kowloon. The other half of his salary will be paid from the railway loan. One increase of \$1000 is for provisions for and another of equal amount is for repairs to the *Hygeia*, the latter amount being transferred from the Harbour Department. \$1,000 is for experiments on the effect of artificial light on bacteria which the Bacteriologist thinks may have some useful result. \$325 increase is the net result of minor alterations in other charges. The total decrease in the Medical Department vote is \$12,182. In the Sanitary Department a decrease of \$23,652 is due to higher exchange and automatic

changes in personal emoluments. \$8,872 is saved on this vote by no provision being made for district plague hospitals under the Medical Department. We came to the conclusion that it would be better to grant a sum of \$2,000 to assist the Chinese with their plague institutions rather than vote a larger sum to our hospitals which they would not use. \$20,103 is the decrease on other plague expenses, and \$4,450 in disinfectants and disinfecting stations. \$1,888 is saved by the more economical working of bath houses, \$1,500 in cemetery incidental expenses and \$775 in minor alterations in other charges. We over-estimated this year by \$1,000 the cost of the electric lighting of the Central Market. These decreases would have resulted in a very large saving on the sanitary vote next year but for a \$24,824 increase in the scavenging contract. As it is the net decrease on the vote is \$37,416. In the Botanical and Forestry Department the decrease of \$926 is due to higher exchange, partly counterbalanced by the appointment of an Indian chief forester. In Education the decrease of \$12,094 is due to higher exchange and automatic changes in personal emoluments. An item of \$500 was inserted in last year's estimates to provide for laboratory expenses for the Collegiate Course at Queen's College. As I explained to the Council the other day the Collegiate Course failed and this item is not wanted. On the other hand there is an increase of \$4,299 for evening continuation classes. An increase of \$640 is for language allowances and bonus to masters, and one of \$408 is due to minor changes including the starting of a school at Ping Shan already approved by the Council. The net decrease in the Education vote is \$7,367. On Ecclesiastical and Charitable Allowances an increase of \$6,705 is due to transfers from other votes. The remainder of the increase (\$2,000) is due to a contribution towards Chinese plague hospitals. In the Transport vote there is no change. In Miscellaneous Services \$14,000 has to be paid as interest on the Widows and Orphans' Pension Fund, which was not taken over by the Government. \$5,000 additional has been put in for refunds of revenue required on account of vacant houses. The printing vote is increased by \$700 and an item \$540 is put in for language studies for which we found it necessary to make special votes this year. On the other hand there is a saving of \$7,000 on stationery; \$6,426 has been transferred to charitable allowances and a decrease of \$3,810 is due to equalisation of exchange on remittances. On account of the higher rate of the dollar \$594 will be saved in payments of grants in England and \$500 on the Crown Agents' commission. A small decrease of \$489 in contributions in connection with signalling messages is due to arrangements made this year

in connection with the establishment of the new Harbour Office. In the military contribution, which you know is one fifth of the ordinary revenue of the Colony, there is a decrease of \$110,074. In the Volunteers vote there is a decrease of \$2,700 for clothing for recruits and outfit allowances which in future will be provided from corps funds. The Government gives a very generous capitation grant which is now being expended in constructing the Volunteer Headquarters. We do not propose to reduce this grant, but it is desirable that it should not again be allowed to accumulate. The decrease of \$2,398 is due to higher exchange and a change in the holder of the office of armourer sergeant. \$2,100 additional provision is made for ammunition and for a subtarget rifle. \$550 is additional capitation grant on account of increased strength. The net decrease in the volunteer vote is \$2,448. In the Public Works Department a decrease of \$30,620 is due to higher exchange on salaries and the increase of \$7,750 to automatic changes, and the operation of the grading scheme Building overseers' salaries have been raised to bring them into line with those of sanitary inspectors. The remaining increase of \$884 is for minor alterations in conveyance and language allowances. The net decrease in the Public Works Department vote is \$21,980. In Public Works Recurrent increases of \$4,000 for the maintenance of buildings, of \$9,000 for the maintenance of roads and \$4,000 for the maintenance of water works are due to new buildings, roads and water works. The new item of \$12,500 is for typhoon damages. That amount is based on the average spent on repairs on account of typhoon damages in past years. Hitherto it has been customary to take a special vote for this but it is more satisfactory to include the item in the estimates. The decrease of \$12,000 for the maintenance of lighting is due to a reduction in the price of gas which we have succeeded in obtaining from the Gas Company. The net increase on public works recurrent is \$28,300. In Public Works Extraordinary, whereas for buildings in 1906 we inserted \$480,100 we have inserted only \$381,500 in the estimates for 1907, or nearly \$100,000 less. This has been rendered possible in the first instance by the completion in the current year of the Harbour Office, the Western Market, the Mongkok Tsui Market, the Shanghai Post Office, and five small buildings. I do not propose to go on with the new prison at the present time. It appeared to be a matter of urgent necessity two years ago when we hardly knew what to do with prisoners, but fortunately the number is so much reduced that the existing prisons are not only not overcrowded, but we have been able to close the branch prison. In these circumstances the projected new prison could reasonably be cut out of the estimates. We have

retained in the estimates the same amounts for proceeding with the Supreme Court and Post Office. These amounts aggregating \$320,000 are those we considered we could effectually spend in pushing on the two works as much as possible. Then we have had to include amounts for certain buildings already in progress or for which contracts are let. The expenditure on these buildings, viz:—Latrines and Urinals, Time Ball Station at Kowloon, Post Office at Wanchai and Kowloon Mortuary, which will be incurred next year is \$31,500. Then there are two new buildings it is proposed to put in hand. One is the Land Office at Tai Po. This is absolutely necessary in order to prevent the risk of destruction of all land records pertaining to the New Territories, and the estimated cost is \$15,000. The other is a market at Quarry Bay, the estimated cost of which is also \$15,000. This was recommended by the Sanitary Board. The continuation of the Supreme Court and the Post Office, the completion of buildings already in hand, and of these two new buildings, bring the vote up to \$381,500. For communications last year we estimated \$216,800. This year we have only estimated \$99,000. Last year we included, however, two items in connection with the railway amounting to \$100,000 which will eventually be repaid to the revenue from the railway. We expected to complete the Conduit Road extensions this year. This will not be possible, but the work will be finished with the amount inserted in the coming year's estimates, which is comparatively small to what was inserted last year. We have still got an item for extending Robinson Road, Kowloon, and one for roads in the New Territories, and we have slightly increased the item for forming and curbing streets as this work has to keep pace with the erection of new buildings. Drainage, for which last year you voted \$70,000, is estimated this year at \$80,000, \$10,000 having been added owing to the amount for miscellaneous works of this nature not having proved sufficient for doing all required in a year. For extensions of gas-lighting the same small amount of \$2,500 is inserted. Miscellaneous works stand at \$90,100 against \$70,600 which stood in the estimates for 1906. Of this, \$20,000 is for a permanent shelter for Blake pier in accordance with my promise to the Council some time ago. In the original draft estimate it was also proposed to renew the Queen's Statue pier, but we will have to let that remain for another year. The other miscellaneous items are \$22,000 for completing certain piers commenced this year, \$35,000 for minor works, \$5,000 for the renewal of survey marks in the New Territories necessary to prevent boundary disputes, and \$9,000 for reclaiming the Taipo fish pond, to prevent what we believe will be an important place in

the future getting into an unsatisfactory sanitary condition. Under the Public Health and Buildings Ordinance I have estimated only \$20,000 as against \$160,000 this year. This \$20,000 is entirely for compensation we have to pay under Section 180 of the Ordinance. No amount has been included this year for the resumption of insanitary property for which \$150,000 was voted last year. I will refer to this omission presently. For waterworks provision has been made for \$536,600 against \$558,000 last year. \$286,300 of this amount is required for the completion of the Kowloon Gravitation Scheme, and the Tytam Tuk First Section. \$200,000 is for starting the Tytam Tuk Second Section in accordance with my promise to the Council (applause).

I think I have now explained the items of estimated expenditure sufficiently to assist hon. members in following them in the printed estimates before them, and I will now proceed, as I did last year, to set forth the proportion of the total expenditure which has been allotted to the different heads of service Whereas in 1906 5.96 per cent. of the expenditure was allotted to non-effective charges, in 1907 6.33 per cent. of the expenditure is told off for these. *General Administration* including the Post Office in 1906 took up 15.12 per cent.; in 1907, 15.95: Public health in 1906, 11.15; in 1907, 11.45: Public instruction in 1906, 2.73; in 1907, 2.82: Public order in 1906, 13.41; in 1907, 13.92: Defence, 19.69; in 1907, 19.85: Public works in 1906, 31.4; in 1907, 29.68. You will see therefore there is a slight increase in the percentage on all the main divisions except on public works on which there is unfortunately a decrease; but 30 per cent. of our total expenditure is nevertheless a fairly satisfactory amount to devote to public works. We spend rather more than one-fifth of our income on non-effective charges and general administration rather more than three-tenths on public health, public instruction and public order; one fifth on defence and three-tenths on public works.

Before sitting down I propose once more to follow the precedent of last year and put before members a few facts and views on the policy of the Government. Dealing in the first instance with *General Administration*, I wish to explain to them what is being done in a matter which greatly interests the majority of the Council—the official majority—and that is compensation for the decline in the dollar value of sterling salaries. As I informed the Council on 17th May last I telegraphed to the Secretary of State and put before him a suggestion for such compensation on a definite scheme. The reply of the Secretary of State was not encouraging. He said he was not prepared to consider any general scheme for compensating officers owing to the rise of the dollar. I then set forth the reasons why I considered such compensation —

which of course could not be claimed under the agreement entered into by civil servants—would be expedient, and I made various detailed suggestions how I thought compensation might be given in a manner fair both to the Colony and to its servants. I was only able to send that despatch home on 13th July, and have not yet received a reply. In another matter, that of dollar salaries, I have had a somewhat freer hand. I took up this question of salaries of subordinates soon after arriving in the Colony in 1904 and in 1905 introduced a grading scheme of salaries into the Post Office, Harbour Department, Magistracy and Education Department. In the estimates now before you that scheme has been extended to all the departments. You will remember it involves increments in junior grades being given annually instead of biennially, and increments in senior grades being double what they were before. It also provides a more constant flow of promotion. I consider the present scheme a fair one to the clerks; salaries of between £50 and £220 are reasonably good salaries for men who have entered the service with the qualification of an elementary education in Government schools. The salary of a Chinese clerk here compares favourably with the salary which an English clerk of similar training gets in London. There is one further improvement I am desirous of making in the subordinate service, and that is that entrance to it should be by competitive examination, instead of as at present by the somewhat haphazard selection on the advice of some senior clerk in the office. I may mention in connection with the salary of dollar officers that in 1904 the total amount of those salaries was \$543,472 whereas in 1907 it will be \$663,486; that is to say we pay 22 per cent. more for our junior clerical staff now than we did three years ago. There is a third class, that of the messengers and coolies, whose salaries have been under consideration. A system of good conduct pay was introduced into the Post Office and produced fairly satisfactory results. It has now been extended to the messengers and coolies of all departments. Passing from the question of general administration to that of *Public Health*, I have to say that whereas I possibly may not be quite so satisfied as I was that the very stringent sanitary measures we adopt have much effect in preventing and checking the prevalence of plague, still I believe that owing to those measures this Colony enjoys better health than other Far Eastern ports. One has only to compare the figures in connection with the health of Hongkong with those of Singapore, Saigon or Manila to see that this is so. The sanitary measures to which I refer are now the subject of an inquiry by a Commission which, as the Council is aware, I appointed on the 10th May, to go into this important matter and inform me whether we could make any change in the

administration of our laws which would leave them as effectual but less irksome. The Commission, judging from the interim report submitted to me, are working with great energy and conscientiousness, and I trust that their labour will be beneficial to the public of the Colony. Unfortunately their investigations have brought to light the possibility that the law has not always been administered by Sanitary Department Officers and subordinates with complete honesty. I hope, and I am sure I am expressing the hope of the whole Council, that those persons against whom charges have been brought will be able to clear themselves effectually of those charges. It would be sad if in any body of Englishmen we should fail to find that scrupulous honesty which used to be, and I hope still is characteristic of the English nation. The third matter I wish to speak about, in connection with public health, is my unfulfilled promise to carry on continuously the resumption of insanitary property. Since I arrived here in 1904 we have cleared out two extensive blocks of buildings—the Kau U Fong and Mee Lun Lane resumptions. In clearing out these blocks we have displaced a considerable population. There is not much building going on, and one wonders what has happened to that population—whether it has left the Colony or crowded into neighbouring houses; neither result would be particularly satisfactory. We endeavoured to sell the Kau U Fong property by auction, but when we put it up there were no bidders. These facts seemed to indicate that we should pause before clearing out further areas, and when added to this there arises the difficulty of cutting down the expenditure so as to be covered by the revenue I decided to omit from the estimates the item for resumption of insanitary properties. The principal change this year in *Public Instruction* is the introduction of evening continuation classes at Queen's College. I have already explained to the Council the object of these. Otherwise I am continuing to move in the direction indicated last year of improving the education that we give to Chinese boys rather than extending the number to whom we give it. We have done away with the junior classes at Queen's College and extended the senior classes. I hope that the three district schools, at Wanchai in the east of Victoria, Saiyingpun in the west of Victoria, and Yaumati at Kowloon will be more feeders to Queen's College than they used to be. I look forward to the time when we can also make Anglo-Chinese schools at Aberdeen, and in the east and west of the New Territory feeders to that college. I think that when that is done and when all our schools are provided with English masters, a good English education will be available to any boy in the Colony whose parents choose to let him have the advantage of it. In the matter

of *Public Order*, I have already referred to the decrease of prisoners in the jail. The Captain Superintendent of Police has not yet explained to me what causes this decrease, but it is decidedly very marked. During the first eight months of 1905 the average number of prisoners in jail was 721, while during the first eight months of 1906 it was 516, a decrease of 205. There is also a decrease in the number of destitute Europeans in the Colony, on which subject members will remember there was much discussion and some legislation last year. I think the legislation then enacted, and the other measures taken at the same time, have not been without effect. During the whole of last year 56 vagrants were dealt with as such in the House of Detention, this year to date there have only been 25. With regard to *Defence* I have to inform the Council that I am expecting the arrival here in a few days of a joint naval and military Committee under the presidency of a distinguished officer, Sir John Owen, to go into the question of the sufficiency or otherwise of our armaments. We have in the course of the year increased our defensive strength to some extent by adding to the number and efficiency of the Volunteers. Whereas on this date last year there were 264 Volunteers on this Reserve Association numbered 186, at the present time there are 277 Volunteers while the Reserve Association numbers 249; in all 450 civilians were last year available for the defence of the Colony, this year the number is 526. I am not entirely satisfied with this result. I should like this Colony to set an example to the rest of the Empire in this matter. and although probably it will not be possible for it to be enacted. I hope that before I leave the Colony it will be recognised, that every British-born male in the Colony must prepare himself for its defence (applause). In the matter of *Public Works*, and dealing in the first instance with the Canton-kowloon Railway, I am able to inform the Council that negotiations are at length proceeding between the Chinese authorities and the representative of the British and Chinese Corporation for a loan for the Canton section. Our section is making progress, though possibly not as rapidly as I should like. The Council may rest assured that I shall watch the work very closely. (Applause). In the matter of Water Works, we have, as I have stated, allotted \$200,000 for Tytam second section. It may be possible to spend more than this. If so I shall not hesitate to come to the Council for a special vote. One of the items which I wished to appear on the estimates for this year, but which does not appear, is the typhoon shelter. So long as we have those water works on hand, to which I have referred, there is very little chance of doing anything in connection with this shelter unless the Chamber of Commerce should suggest raising the Light Dues to provide

funds for its construction, in which case such a reasonable suggestion might be adopted (applause). When going through last year the public works that were most necessary I alluded to the deepening of the harbour. We then thought that this was of most serious importance, but a survey which was made for me by the kindness of the Naval Commander-in-chief has satisfied me, and has satisfied, as I understand, the Chamber of Commerce that the harbour is not appreciably silting up. There are slight alterations in the sea bed, but the total area of deep water is not suffering diminution. It was a great relief to the Government and to the shipping authorities to realise this. I have already confessed to several broken promises. There is yet another which I must mention. I promised that we should provide for laying Ice House Street with wood pavement in these estimates. The necessary amount has not been included, but I shall be prepared to bring up a special vote for it. The consideration of public works leads one naturally to that of the progress of *Industries* in this Colony. The current year promises to be a very important one in this respect. Mining in the New Territory is now apparently advancing beyond the prospecting stage, and if it proves to be the success that its promoters anticipate the Colony will greatly benefit thereby. Another great industry is to be started this year by the Hongkong Milling Co. at Junk Bay, to which we wish every success. (Applause.) Speaking last year on the subject of industries I referred to the assistance which was given to their promotion by exhibitions. Since then we have completed an exhibition of the products of Hongkong and of those of South China which pass through Hongkong in the Imperial Institute in London. An exhibition of industrial arts in the Colony has been arranged for, and we have also started again the annual flower show.

Gentlemen, I thank you for the attention with which you have listened to my somewhat halting remarks. I also take this opportunity of expressing my thanks for the advice which has been given me not only on the subject of these estimates, but on other subjects, and not only by the official but by the unofficial members both in this Council Chamber and outside of it (applause).

The motion was agreed too.

PREPARED OPIUM ORDINANCE.

The ATTORNEY GENERAL moved the first reading of a Bill entitled "An Ordinance to amend the Prepared Opium Ordinance, 1891."

The COLONIAL SECRETARY seconded, and the motion was agreed to.

CODE OF CIVIL PROCEDURE.

The ATTORNEY-GENERAL moved the second reading of the Bill entitled "An Ordinance to amend the Code of Civil Procedure." In doing so he said—The reason for the introduction of the Bill is so obvious that it is not necessary for me to say much at this stage, except to explain that the object of the Bill is to bring into line, as far as expedient, the procedure of the Supreme Court in this Colony with that of the Supreme Court in England. The chief object of assimilating the procedure which is obvious to all who have practised in the courts is that the decisions of the Courts in England upon rules of practice and procedure shall be applicable to cases that arise on similar rules in this Colony, and that the judge of the Supreme Court here will be guided by the considered decisions of the Courts in England. The Bill deals practically in its entirety with one matter, that is, the alteration of the present procedure with respect to service out of jurisdiction. The alterations proposed by the Bill have been proposed on account of the necessity which appears to the Chief Justice and the Puisne Judge of the change advocated to bring our procedure more into line with that of England. There is one portion of the procedure with respect to service out of jurisdiction in which it is proposed to make a sharp difference to that in existence, and to follow more closely the spirit of the corresponding section of the English code. It is proposed that Section 42 of the principal Code be repealed, and another section substituted. Sub-section E. of that section will be found to be the same as Section 42 (e) of the Code of Civil Procedure. At present service out of jurisdiction may be ordered in every case where the cause of action arises in the Colony. That used to be the practice or something like it under the old Common Law Procedure Act., but differences of opinion were expressed between the Courts of Common Pleas and the Courts of Queen's Bench as to the meaning of "cause of action." One Court held the cause of action to be the contract. The other Court held, more properly, in my opinion, that the cause of action is the breach of the contract. There could be no action unless the contract has not been observed. The cause of action is not the contract but the breach. That is the view taken by the Chief Justice and that is in his opinion sufficient to call for an alteration of the present system. The other changes in that section are practically verbal. They give legislative effect to the practice that has been to my knowledge followed for at least four years in the Colony, which provides that notice of writ instead of service of writ be given to a person out of jurisdiction, and who is not a British subject. The seventh clause

of the Bill is new. Nothing of the sort appears in our Code. As I have said, the principle of the Bill is to bring our practice and procedure into line, as far as applicable, with that of the Courts of England.

The COLONIAL SECRETARY—In seconding the motion that this Bill be read a second time, I wish to make a few remarks to the Council on certain matters which not only occurred to myself, but which were suggested to me from outside. I hope that my remarks will not be taken to be didactic or hostile. I don't wish to teach anybody anything and I don't wish to be hostile to any particular person. I think that this Bill before the Council for amending the Code of Civil Procedure should be framed to make that amendment as complete as possible. The matters on which I wish to address the Council fall into two categories. The first includes matters which arise out of the Bill, and the second includes matters which, though they do not arise strictly out of the Bill, yet would fall within the scope of the Bill as a Bill to amend the Code of Civil Procedure. Dealing with the first category, the Bill as a whole is one to which I think no objection can be taken, but there are certain points in which I think it should be amended. The first point to which I would direct attention is section six, which proposes to amend the whole of Section 42 of the Code. Section 42 reads—(1) "service out of the jurisdiction of a writ of summons or notice of a writ of summons may be allowed by the Court unless the case falls within the provisions of Ordinance No. 1 of 1851." I think, Sir, when the Bill is referred to the Standing Law Committee that that Committee will come to the conclusion that these words "unless the case falls within the provisions of Ordinance No 1 of 1851" are useless. Ordinance No 1 of 1851 is an Ordinance which provides that Chinese born in China would not be allowed to litigate in this Colony on a cause of action which arose in China unless the defendant had resided in the Colony for six months. If the jurisdiction does not arise there is no need to insert these words. Again, if circumstances have arisen which confer jurisdiction on the Court, under Ordinance No 1 of 1851, I think it is a *fortiori* unnecessary to exclude that Ordinance from the operation of this section. I see no reason why, under these circumstances, if a defendant runs away to China the plaintiff should be defeated in bringing an action simply because he is not allowed to serve the writ out of the jurisdiction on the absent defendant. The second matter arising primarily out of the Bill before the Council is a matter to which the Hon. Attorney-general has already referred, Section 42(1) (e) He proposes to substitute that sub-section for the existing sub-section which says "service out of the jurisdiction, etc.," [reads]. The difficulty suggested

by the Attorney-general is what is a cause of action. I will deal with the suggested difficulty as to the cause of action. I think I can say in an experience of many years in this Colony that this matter has not troubled a single judge up to the present moment, and I think it is not likely to give any trouble to any judge in the future. So far as the difficulty of deciding what is a cause of action is concerned, I think that the reason for the alteration of the sub-section is not valid. I can show good reason why the present sub-section should not be tampered with. If the Standing Law Committee will look at the present sub-section they will find that that sub-section contains no restriction such as that the contract the breach of which gives rise to a cause of action must be a contract which by its own terms ought to be performed within the jurisdiction. In that respect the present sub-section has a wider scope than that proposed to be substituted for it. Moreover, the present sub-section provides not only for the case whether the contract is made outside the Colony or within the Colony, and the breach occurs within the Colony, but also that if the contract was made in the Colony *i.e.* within the jurisdiction, service out of the jurisdiction would lie though the breach may have occurred elsewhere. Therefore these two important principles, namely, that breach is not necessarily confined to breach within the jurisdiction and secondly that the contract the breach of which causes the action must not necessarily be a contract which according to its terms ought to be performed within the jurisdiction, render the present sub-section of greater scope than the sub-section which it is proposed to substitute for it. If we examine the reason for the English practice, I think we shall find that England being adjacent to the Continent where there are civilised countries who have civil tribunals of recognised status, if a man comes to a Court in England to institute an action for a breach of a contract which ought to have been performed outside the jurisdiction of the English Courts, and the breach of which occurred outside the jurisdiction of the Courts in England, he would be told—you have your proper remedy in the Courts of the country where the breach of contract has occurred and where the contract ought to have been performed. When we come to this Colony I think the circumstances are totally different from the circumstances in England. Putting aside any relation with Manila or with other parts of the world, our immediate relations are with China. I think nobody, Sir, will contend that the civil tribunals of China are yet in a state to offer proper redress to the Westerner or to the Chinese who are British born, neither do I think that anybody will contend that at present the Occidental residents of this Colony should be deprived of the right which the tribunals

of this Colony afford them and be referred to the civil tribunals of China for redress. To show, Sir, that these are not merely my own opinions, or the opinions of the people of this Colony, but the opinions of the Government of China itself, I would refer to the British Commercial Treaty of September 1902, Article XII, which reads "China having expressed a strong desire to reform her judicial system and bring it into accord with that of Western nations, Great Britain agrees," etc. I think I have given sufficient reasons in support of my contention that the present section has a wider scope than the proposed sub-section. I should be the last, Sir, to say that conformity to English procedure is not a laudable thing, but when English procedure is brought into conflict with the interests of the people most concerned, then I plump for the interests of the people of this Colony rather than for conformity to English practice. The present sub-section was deliberately inserted by the committee of men of experience—though it included myself—who had long legal practice in this Colony, and for no light reason should there be any attempt to substitute for it a section which is not so good. These are two matters which arise out of the Bill itself. In the second category are matters which do not arise out of the Bill. I had thought of certain amendments which might be suggested to the Standing Law Committee, and only this morning I received several additional suggestions. An amendment which does not arise out of the Bill concerns Section 371 [reads]. Now, Sir, that section is taken out of the old Hongkong Code which dates back as far as 1873, and the practice until recently on that section has been uniform. The practice has been to give to the judgment creditor the option of whether he will enforce his judgment by means of imprisonment or by means of attachment and sale of property. I don't see why the plaintiff should be deprived of what in my opinion is his right to imprison the debtor on a judgment for money instead of being compelled to attach and sell his property. That practice has been endorsed by judges and it has not been held to be illegal, and I don't see why it should be set aside. I understand, Sir, one argument is that the only Form in the Schedule is Form 30 which, by-the-by, is not marginally noted against Section 371 but against 399. The contention is that that Form is part and parcel of the Ordinance and does not empower the Court to allow a creditor to enforce the judgment for money by means of imprisonment, but only by means of attachment and sale. Apart from the consideration that that Form 30 does specifically apply to Section 371 I would beg to bring to the notice of the Standing Law Committee Section 709. So far as the Forms may be incomplete, all Forms at present in use may be used for

the purpose of carrying out this code. When this code came into operation there was a Form which allowed immediate execution of the judgment by the imprisonment of the debtor, if he would not pay up. There seems to be no valid reason why the practice hitherto in force under Section 371 should be changed. It is held that there is discretion in this matter. I cannot see where discretion comes in. If it is considered that the practice of the Court should be maintained and the question of discretion put beyond doubt, I would suggest that the section might well be amended as follows. If the judgment is for money the creditor might *at his option* enforce it either by imprisonment or by the attachment and sale of the defendant's property or by both if necessary. The second matter not arising directly out of the Bill is concerned with Chapter XXV of the Code which deals with the subject of arrest and attachment before judgment. There again I understand that the practice dating back to 1873 has been recently overruled. In the old days, and I believe still in one division of the Court, the judge has either issued or refused to issue a warrant, but now there has been a refusal to issue the warrant and a substitution of a summons for a warrant. The procedure, Sir, has been that the plaintiff takes out his writ of summons. He comes before the Court on an *ex parte* summons, backed up by affidavits, and the judge having assured himself by such investigation as he considered necessary that there was probable reason for believing the defendant was about to leave the jurisdiction has issued a warrant to the bailiff to bring the defendant before the Court that he may show cause why he should not give security for his appearance. To substitute for that a procedure the result of which allows the defendant time to run away in the interval between the issue and the return of the summons—a direct invitation to run away, in fact,—is not in my opinion called for or justified: in one case recently, I am informed that between the issue and the service of the summons a man had time to hire a launch and, putting several thousand dollars on board, get out of jurisdiction. That seems to me contrary to the letter and spirit of this section and contrary to the experience in this Colony that the proper method is to issue a warrant in the first place so that the man shall not be able to escape. Several suggestions have been made as to the way in which the Chapter should be amended. Some are in favour of amending it by putting it beyond a doubt that there shall be no discretion in the Court to issue a summons at all, but that "the Court shall issue a warrant." On the other hand it has been suggested that in Line 5 of Section 566 the words "*ex parte*" should be put in, and that in Sections 567 and other sections a discretion to issue a summons in cases where

the Court on investigation does not consider it necessary to issue a warrant be allowed. Also that the necessity for investigation by the Court should be dispensed with, the affidavits being satisfactory. My point is that as the matter stands at present a very clear pronouncement is wanted that the uniform practice of the Court should be adhered to, and that there is no discretion to issue a summons. I suggest for the serious consideration of the Standing Law Committee that some alteration should be made in the Sections 567 and 573. No discretion should be allowed about issuing a summons the service of which is nothing but giving notice to the defendant to run away. Another matter deals with Chapter Xvii which pertains to foreign attachment. It may be within the memory of some members that Sections 457 to 463 were recently under the consideration of the Chief Justice when he delivered judgment on 7th November 1905. A difficulty had arisen as to whether Section 458 as to priority of writs of foreign attachment which reached the bailiff was applicable to cases of attachment of immovables. The Chief Justice held that it was applicable, but in his judgment indicated that the heading of the chapter was erroneous, and secondly he pointed out that the question of priority of writs of foreign attachment was difficult, and that the Code was not free from doubt. I would suggest to the Standing Law Committee that that is a matter to which they might give their consideration and add an amendment to the present Bill. There are other points with regard to Sections 158 and 168 of the Code. At present these seem inconsistent one with the other. When the Code was passed Section 168 allowed no pleading subsequent to the statement of defence without leave of the Court. That section was amended and a reply was allowed to be filed within three weeks of the date of the service of the statement of defence, and no pleading subsequent to the reply was to be pleaded without leave of the Court. I would suggest that the words "may before reply" be substituted in Section 158 for the words "may within four days after service of the statement of defence" in order to bring it into conformity with the English Code, which in this case, is useful. Another matter relates to Section 423 (1), which deals with the claims of third parties to attached property. That was taken out of the Indian Code. Under the last dozen words a difficulty has arisen as to the relative position of the claimant and of the judgment creditor. That difficulty was settled in India by an enactment which struck out the closing words and substituted the words "as if the claimant were a party to the suit." Another matter pointed out to me, Sir, was Section 443 (3) and (4). It has been suggested that these sub-sections should be considered in the light of Section 79 (6) of the old Code. Another point is Section 278, in which it has been suggested to me, also at short notice.

that the English rules (2 to 15) in Order 27 might well be incorporated in the Code in lieu of Section 278. It is suggested that Order Xx, Rule 1 (a) might very well be introduced, because by that rule a special endorsement is considered in England to be a statement of claim, whereas here in the case of a specially endorsed writ a statement of claim is to be delivered in the same way as in an ordinary action. These, sir, are all the points I have to bring before the notice of the Standing Law Committee when it sits. I know, Sir, there is a strong feeling among the legal community that opportunity should be taken of this Amending Bill to include all matters of practice which call for amendment. With these remarks I beg to second the motion.

The HON. MR. HEWETT—At our last meeting you stated, Sir, when the Bill was read a first time, that it would be referred to the legal practitioners. A very short time has passed since then and it has not been possible for the members of that profession to thoroughly consider the Bill now before the Chamber. They have considered it to some extent, and yesterday I was approached by several legal gentlemen who asked me to lay their views before the Council. Since then some of the practitioners in the Courts have evidently also approached the Hon. the Colonial Secretary who is better qualified to speak on this subject. I think, Sir, it is only right that I should endorse, so far as one without legal knowledge may, what has been said by the Hon. the Colonial Secretary with regard to Section 42 (e). The objections taken to it have been fully explained by him. It is unnecessary for me to refer at length to the point which has been very clearly explained already. I would point out the difficulty which would arise by changing the present wording in the Code Section 42. To my mind there is no reason why the Code should be altered. I speak as a business man not as a legal man. Suppose a man enters into a contract to supply goods in China, say goods to be delivered and paid for in Canton. The contract was originally made in Hongkong. Under the existing Code should the contract not be properly carried out it is open to the plaintiff to proceed against the defendant in the courts here, although the breach of contract would not have occurred within the jurisdiction of the Court. It seems to me somewhat inconsistent consistent that the judges of the Court—I understand the Chief Justice has to some extent promoted this Amending Ordinance—should have made such a proposal, because if my memory serves me right the present judges and their predecessors have time after time during the past years complained of the difficulties that business people have in recovering against absconding debtors from Hongkong. Yet it appears by this proposal that those difficulties are very largely

increased. I fail to understand why such proposal should be made. Again in Sub-section 2 of this Amending Section 42 there are the words "whether such defendant is a British subject or not." Now, Sir, it is extremely difficult for any Chinese, European or American resident in the Colony to state whether any Chinese resident here is a British subject or not. If this proposal is adopted it will appear as if the Bill is going out of its way to increase the difficulties of a plaintiff proceeding against a defendant. These words are interpolated in Section 42 (2). Otherwise the two clauses are exactly the same. These are the two points on which solicitors are practically agreed. There are many other points in the Bill which they would like to be considered, but the Colonial Secretary has expressed the views which they laid before me that if an Amending Ordinance is to be brought in it should be made thoroughly effective. It seems sound commonsense that there being no urgency for the Bill being rushed through, time should be given for greater consideration, so that there will be no occasion for introducing a second Bill when the subject has been more fully considered by the members of the legal profession. There are many points in the existing Code which apparently need revision, but the only one to which I will refer is the question of issuing a summons instead of a warrant. Under Section 567 of the existing Code, as I am informed by those who understand the law, there should be no doubt as to the powers of the Court, and I am also informed that recently that procedure has been upset and the rule that no warrant can be issued without a summons being issued in the first place is now followed. As we are all aware the large proportion of Chinese creditors are in the habit, when they find themselves in difficulties, of passing into China, where no warrant can reach them. When a debtor receives a summons, he does not wait for the warrant, but immediately removes himself and his property from the Colony. This to my mind is another instance of inconsistency on the part of those who have brought in this innovation. I would not have taken up time in referring to these points only I have been asked to do so by certain members of the profession.

The Hon. Mr. GRESSON—If this Bill is read a second time does that mean it becomes law?

His EXCELLENCY—Oh, no. I think the best thing to do is to refer the Bill to the Standing Law Committee which has power to recommend that the Bill be not proceeded with or to introduce any amendments that properly come within the scope of such a Bill. We are not very competent to deal with the matter in the whole Council. It is proposed that we should have the Bill read a second time and then referred to the Standing Law Committee.

The motion was agreed to.

The ATTORNEY -GENERAL moved that the Bill be referred to the Standing Law Committee.

The COLONIAL SECRETARY seconded, and the motion was agreed to.

AMENDMENT OF LUNACY ORDINANCE.

The ATTORNEY -GENERAL moved the second reading of the Bill entitled "An Ordinance to amend the Lunacy Ordinance, 1906."

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

The ATTORNEY GENERAL moved that the Council resolve itself into committee.

The COLONIAL SECRETARY seconded, and the motion was agreed to.

On the Council resuming

His EXCELLENCY—I have to report that a Bill entitled "An Ordinance to amend the Lunacy Ordinance, 1906," has passed through committee without amendment.

MERCHANT SHIPPING ORDINANCE.

The ATTORNEY -GENERAL moved the second reading of the Bill entitled "An Ordinance further to amend the Merchant Shipping Ordinance, 1899, and for other purposes." He said—The object is to make effective provision for preventing obstruction in the harbour, and making better provision for the issuing of licences to the masters of trading junks.

The HARBOUR MASTER—I rise, Sir, to second the resolution. With reference to Section 2 of the Amending Ordinance, the sub-section referred to has been expanded to include the words "master and vessel" in addition to "owner, wharf and landing place." This is necessary in view of the frequent congestion caused by steam launches lying alongside or blocking the approach to vessels lying at anchor in the harbour. Hitherto there has been no special regulation dealing with this matter and it has always been a great difficulty to ensure a clear gangway. The power it is proposed to confer on the masters of vessels will no doubt be as much appreciated by them as by the public who probably have all experienced at times the difficulties of going on board steamers to see their friends off. Underlying any new measure that may be brought forward in respect to the junk trade is the undeniable fact that it is of importance to the prosperity of Hongkong that the utmost freedom should be allowed to such trade which is compatible with public security. Bearing this axiom in mind, and having arrived at a period when it is thought that the existing law in respect to junks can with safety be amended, this has been done, and in the Bill now before the Council it will be seen that its new provisions confer great advantages to the junk community and is not without its *quid pro quo*

to the Colony. The principal features in the new Ordinance are:—The abolition of sureties and a reduction in the number of permits. With regard to the first named, the existing law, which was framed before the New Territory was taken over, provides that a junk licence shall not be granted unless the intending licensee shall enter into a bond together with one or more sureties resident in the Colony. This was necessary as a means of exercising control at a time when a junk, cargo or other Chinese boat had only to slip over the border line to, say, Sham-shui-po or Kowloon city to be under Chinese protection. The need no longer exists as boats would now have to proceed considerable distances before getting clear of our territorial waters, besides having to run the gauntlet of the water police, whose organisation can be relied on to cope with any cases of emergency that might arise. Another reason for dispensing with sureties is the difficulties that undoubtedly are experienced by junk owners in procuring them. The process has been found to involve a kind of monopoly as well as a system of squeezes which it is only right that junk owners should be relieved of. With regard to the number of permits that it is found practicable to reduce, the present system involves endless visits to the Harbour Office or Station before the requirements of the law can be fulfilled. Thus:—A visit on arrival to take out an anchorage pass; a visit to obtain a permit to unload in a certain locality; a visit to obtain a permit to reload in a certain locality; a visit to obtain a clearance and so on. The tediousness of having to obtain so many different permits falls more heavily on the unlicensed than the licensed junk as the latter can cover most of them by the taking out of a special permit, which is a sufficient warrant for the doing of any act mentioned therein. While therefore in the Amended Ordinance the special licence remains and serves as an inducement for all junks to take out licences, provision is made for unlicensed junks, in lieu of permit, to take out a certificate on deposit of which on arrival a receipt is given entitling the owner to discharge and load for one voyage, and which later by endorsement serves as a clearance. The *quid pro quo* I alluded to is in respect to a more uniform system of charges for junk licences on a graduated and slightly higher scale, which by reason of the abolition of sureties and certain of the permits will not be appreciably felt by the junk community, and should favourably affect the revenue from this source. There may be some minor points which I shall be pleased, if necessary, to answer when the Bill is in the Committee stage. I do not think there is any more to be said respecting its main features.

The motion was agreed to.

The Council then went into committee.

The ATTORNEY -GENERAL proposed an amendment to Clause 2, by inserting the words on the second line

"without the written permission of the Harbour Master."

This was agreed to.

Hon. Mr. E. OSBORNE referred to the nuisance caused by junks and sampans lying at the Praya wall and preventing other vessels landing.

The Bill was left in committee and the Council resumed.

AMENDMENT OF NEW TERRITORIES LAND ORDINANCE.

The ATTORNEY -GENERAL moved the second reading of a Bill entitled "An Ordinance to amend the New Territories Land Ordinance, 1905." He said—The Bill is necessary in order to make it clear that the jurisdiction of the Land Officer in the New Territory extends to the recovery of rent for land, and that the jurisdiction of the summary division of the Supreme Court is ousted.

The COLONIAL SECRETARY seconded, and the motion was agreed to.

The Council then went into committee to consider the Bill in detail.

On Council resuming, His Excellency reported that the Bill had passed through committee without amendment.

PRAYA RECLAMATION FUND.

The ATTORNEY -GENERAL moved the second reading of the Bill entitled "An Ordinance to transfer to the General Revenue certain sums forming part of the Praya Reclamation Fund." He said—The title of the Bill tells the Council its object. It is owing to the Praya Reclamation account having been closed that certain sums are due to the Colonial Government.

The COLONIAL TREASURER—I second it and would add that the object of the Bill is to prevent the payment of 20 per cent. to the military. That is the real object of the Bill (laughter).

His EXCELLENCY — This has not been done surreptitiously, but with the approval of the Secretary of State and concurrence of the Lords Commissioners of the Treasury, and of the Army Council.

The motion was agreed to.

The Council went into committee to consider the Bill in detail.

On the Council resuming,

His EXCELLENCY reported that the Bill had passed through committee without amendment.

REGULATION OF CHINESE.

The ATTORNEY -GENERAL moved the second reading of the Bill entitled "An Ordinance to amend the Regulation of Chinese Ordinance, 1888." He said—The object of this Bill is to empower the Government to extend part three of the Regulation of Chinese Ordinance to any part of the Colony.

The COLONIAL SECRETARY seconded and the motion was agreed to.

The Council then went into committee.

On the Council resuming,

His EXCELLENCY reported that the Bill had passed through committee without amendment.

His EXCELLENCY—The Council stands adjourned till 2.30 p.m. on Thursday, 20th September, when I propose to proceed with the second reading of the Bill to amend the Prepared Opium Ordinance of 1901, and the third reading of the Lunacy (Amendment) Bill, the Merchant Shipping (Amendment) Bill, the New Territories Land (Amendment) Bill, the Praya Reclamation Fund Bill, and the Regulation of Chinese (Amendment) Bill. I propose to await the report of the Standing Committee of Law before preceeding with the amendment of the Code of Civil Procedure Bill, and to leave, in accordance with custom, the Supply Bill for a fortnight before bringing in the second reading, if that course is convenient to members.

