

20TH APRIL, 1911.

**PRESIDENT:—**

HIS EXCELLENCY THE GOVERNOR, SIR FREDERICK J. DEALTRY LUGARD, K.C.M.G., C.B., D.S.O.

HON. MR. C. CLEMENTI (Colonial Secretary).

HON. MR. C. G. ALABASTER (Attorney-General).

HON. MR. A. M. THOMSON (Colonial Treasurer).

HON. MR. W. CHATHAM, C.M.G. (Director of Public Works).

HON. MR. A. W. BREWIN (Registrar-General).

HON. DR. HO KAI, M.D., C.M.G.

HON. MR. WEI YUK, C.M.G.

HON. MR. POLLOCK, K.C.

HON. MR. E. A. HEWETT.

HON. MR. E. OSBORNE.

HON. MR. H. KESWICK.

MR. R. H. CROFTON (Clerk of Councils).

**Minutes**

The minutes of the last meeting were read and confirmed.

**New Member**

MR. C. G. ALABASTER took the oath and assumed his seat as a member of the Council.

**Financial Minutes**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table Financial Minutes (No. 23 to 25), and moved that they be referred to the Finance Committee.

THE COLONIAL TREASURER seconded, and the motion was agreed to.

**Financial**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the report of the Finance Committee (No. 5), and moved its adoption.

THE COLONIAL TREASURER seconded, and the motion was agreed to.

**Papers**

THE COLONIAL SECRETARY, by command of His Excellency the Governor, laid on the table the report of the Police Magistrates' Courts for the year 1910, also the report on the British section of the Kowloon-Canton Railway for the year 1910.

**Kowloon-Canton Railway**

HIS EXCELLENCY—Gentlemen, this is the fourth successive year that I rise to make a statement as to the progress and the cost of the railway. The expenditure on this undertaking is so large in proportion to our revenue that I have always thought it advisable to treat it in a manner usually accorded only to the colonial budget—a course which is, I believe, in accordance with the wishes of this Council and of the community in general. The report of the Chief Resident Engineer has been laid on the table with the accounts for the last year, and I shall endeavour to explain such items as appear to require explanation and to invite your attention to some of the salient points. The task is not an easy one without being prolix, and I would ask you when I deal with figures to follow me as closely as you can in the tables in the report. In order that our procedure may be in accordance with the standing orders which govern our procedure in this Council I will move the resolution as printed in the business of the day, in order that members who wish to ask any questions and to express their views on the railway may have an opportunity of doing so.

The estimated total cost to complete the railway (including interest on the capital sum during construction) was last year put down at \$12,371,495. That, you will see, is in column 3 on page 9 of the report. The estimated total cost for completion now appears in column 6 as \$12,296,929, a decrease on the total estimated cost of last year of \$74,566, and to this estimated decrease we must add the cost of the projected light line between Fanling and Shataukok, which is \$72,008, because this is a separate work and has not hitherto been included in the estimates of the railway. I will speak of it more in detail in a few minutes. Adding these two sums we get a total decrease in the estimated cost of completion of \$146,574. In the next table on pages 10 and 11 you will find a statement in detail of the various excesses and savings in the new estimate over the estimate which was presented to you this time last year. The first important item in that list is under heading IX. *e* and *f*, "loco. and coaching and waggon rolling stock." From this \$181,944, we must deduct \$20,000, which is included as part of the cost of the Fanling railway, and we thus have an excess over last year's estimate of \$161,344. This increase in the cost of rolling stock is in order to meet the requirements, both in locomotives and in coaching stock, for the through connection to Canton. I may mention in this connection that it has been already agreed that the British and Chinese sections shall each find its own rolling stock in proportion to its mileage.

The next large item is under "construction plant," heading IX. (a). You will see there is a sum of \$109,961, which has been written off for depreciation of plant required during construction, that is to say, that the total net cost to the railway of plant required for construction now stands at \$211,845, as shown in the total column on page 9.

HON. MR. HEWETT—Excuse me, your Excellency. I think you have given us the wrong page number. I cannot follow it.

THE DIRECTOR OF PUBLIC WORKS—  
Pages 12, 13, 14 and 15.

HIS EXCELLENCY—I regret the error, pages 12 to 15 are the ones to which I refer, but we must take those pages in conjunction

with page 9. Referring to page 12, you will see that a sum of \$109,961 has been written off the item of "construction plant" for depreciation and realisation of plant during the year, and the net cost is now shown in column 6, page 9, as \$211,845, and not as it was last year at \$101,884. That is to say, it has been increased by the sum of \$109,961. The third large item of excess is contained in the last five entries in column 6, page 9, under the headings "Stores China" and "Stores suspense." The first three of these items total to a sum of \$113,395, and if you turn to page 7, you will see that that sum covers a quantity of stores which are available for renewals and extensions, and to provide sidings and spares for the line after completion. The last two items under "Stores China" and "Bricks" total to \$76,446. These stores are expected to realise \$32,000 on sale, just as the stores under "construction plant" are expected to realise one lakh, and that has been taken as a credit (\$132,000, at the foot in italics). This represents the sum which is expected to be realised from sales of stores whenever any purchaser may be found, and you will notice that the amount has been written down by \$18,000 from the sum of \$150,000, at which it stood last year. Adding these various sums—the amount by which construction plant has increased — the total under "Stores China" and "Stores suspense" and the \$18,000 written off from the amount expected to be realised by sales—we have a total of \$317,802 excess on the old estimate of last year on account of stores and plant. Out of that excess the railway will have in hand stores to the value of \$113,395 for renewals and repairs to the line after completion. If we add to that sum the amount I first spoke of for rolling stock, viz., \$161,344, we get a total excess on these two large items of \$479,146.

This excess is much more than wiped out by large savings on two other items. The first, \$391,346, is under "Land" on page 12. That saving arises from the fact that the amount paid for the resumption of land north of Salisbury Road, which was at first debited to the railway, is now debited to Public Works Extraordinary, and borne by the revenue of the Colony, because it is uncertain where the terminal site will eventually be. The total amount which has

been borne by the revenues of the Colony under Public Works Extraordinary on account of the resumption of land north of Salisbury Road is \$747,285. The second large item is under the heading "Exchange" [page 14 heading X (8)] and amounts to \$263,350. That arises from the fact that the rate of exchange during the year was much higher than was anticipated at the time when the 1910 estimates were framed, and payments in sterling were consequently less in dollars. The rest of the items of excesses and savings in the table on pages 12 to 15 are comparatively small amounts, of which explanation is given in the margin, and I think I need not trouble the Council with any further details.

The total cost of the railway, therefore, including the Fanling light line, now stands at \$12,296,929, and this is roughly about the amount of the sum which this Colony borrowed and lent to the Viceroy of Wuchang. Half of that loan has been repaid and already spent on the railway. The remainder is in course of repayment by annual instalments during the next five years.

Our section was, as you know, opened on the 1st October last, in spite of some delay which was caused by the non-receipt of under frames from the Crown Agents in London. The tables on pages 17, *et seq.*, of the report show the expenditure and the receipts for the last three months of the year on open line account. You will see that the earnings amounted to \$33,980, which included \$7,000 for conveyance of material to the Chinese section. The estimate which we had formed of receipts for six months was only \$20,000, and therefore the amount we actually realised is nearly three and a half times as great as we had expected. Expenses amounted to \$33,147, exclusive of interest on capital. That shows a small profit of \$833. The interest on capital for those three months amounts, roughly, to about \$96,500, and that sum has to be met from the current revenue of the Colony, less the small profit of \$833.

The estimate of expenditure debitable to loan account during the current year, 1911, is the amount shown in column V. on page 9 and contained in the Resolution now before the Council, *viz.*, \$412,501. With regard to

open line account and interest on capital, the colonial estimates for the current year provide a sum of \$593,108, which includes \$410,000 for interest, but includes nothing for the sinking fund, which ought to have been provided for. Mr. Lindsey has revised the estimate for open-line working, and his revision shows a number of variations, but the total is very nearly identical with the estimate of last year and differs only to the extent of \$1,722. The estimate of receipts during the present year in our printed estimates was \$107,000. The Chief Resident Engineer estimates that receipts will, in point of fact, amount to at least \$176,000, an increase of \$69,000 over the estimate formed last year. There will therefore be in the current year a sum of \$418,830 to be made good out of the current revenue of the Colony, and if we add to that a sinking fund of one per cent. there will be approximately debited against the revenue of the Colony in 1911 a sum of \$550,000.

These, gentlemen, are very dry figures, and I have no doubt you will be interested to hear what general deductions I draw from them. In the first place, I may say that traffic has very largely exceeded our anticipations, and it is confidently hoped that when the Chinese section is opened the receipts from the railway will be very much larger than we ever dared to anticipate. These are the opinions of men who have studied the returns both of our own railway and of that part of the Chinese section already thrown open. For my own part I do not venture any opinion. The Chinese section is expected to be opened by the end of August, and we shall not therefore have any complete account of the working of the whole railway until the end of the year 1912. Mr. Lindsey anticipates that the earnings for that year ought to amount to at least \$370,000. If that is realised the deficit, including the sum payable for the service of the loan, *viz.*, interest and Sinking Fund, will be reduced to about \$360,000 or \$370,000. That is the burden which the taxpayers of this Colony will have to bear annually on account of the railway, which in its turn will, I hope, largely increase the prosperity and trade of this Colony indirectly, and I trust also that this deficit, at present so heavy, will be annually and rapidly decreased as the proceeds from the railway increase.

The cost of working the railway would, of course, be very largely reduced if the whole line was worked as one single business concern under joint management, which was our original intention, for the unnecessary duplication of staff would be avoided, and reduction of such expenses would enable us more successfully to compete against water transport. Negotiations for a working agreement are now in progress, and it would be therefore improper and unusual that I should refer to them in any detail, but the Council will be anxious to know, generally speaking, what is being done, and as far as I can do so I will explain the progress up to date. About a year ago Mr. Wei Han was appointed as Director of the Chinese section and to represent the Chinese Government in the negotiations for a working agreement. On our side I appointed Mr. Lindsey and Mr. Clementi to undertake negotiations and discussions with him. We drew up a draft working agreement upon which I consulted some high railway experts while at Home. They pronounced it a sound one. On the way out I discussed the question at considerable length with His Excellency the Director of Railways, Liang Shi-Yi, but we did not arrive at any final result. Mr. Wei Han last year resigned his appointment, to our very great regret, and was succeeded by Mr. Chao, with whom negotiations have been carried on in a most friendly and courteous spirit. I trust they will eventuate in a satisfactory agreement.

The next point to which I would ask your attention is the item Workshops, for which a sum of \$63,454 appears in the estimates in addition to a sum of \$60,000 required for machinery and equipment. The Chief Resident Engineer says that at least one-third of the former sum would be required for the erection of a running shed, and of a loco. superintendent's office and stores, which under any circumstances would be necessary. The total cost for workshops and equipment may therefore be put at about \$101,000. The Government has been subjected to some criticism for its neglect to foster local industries in regard specially to these workshops. It has been said that we should have employed the Docks or other agency to undertake the repairs instead of doing them ourselves, and the Chairman of the Dock Company, who occupies a very prominent

position both in the Colony and at this Council table, said the other day that the work could be done "as efficiently and much more cheaply" by the Dock Company. Not only the shareholders of that Company, but also the general taxpayers, suffered from the course adopted by the Government, which was unnecessary and involved excessive expenditure. I feel sure the hon. member will be glad if I take this opportunity of explaining so far as I can, the reasons for the action of the Government.

A proposal to run a siding in to the Dock Company's machine shops was made fully two years ago. It had my own personal and most cordial approval, but we found that the siding involved great difficulties and considerable cost. We discussed the matter in the Executive Council and a decision was eventually deferred until the arrival of Mr. Barry, who represented our consulting engineers, and who came to this Colony some two years ago. He gave it as his opinion that it would be cheaper and better to run our own workshops. In the meantime many tenders for work had been put out for competition, and we have found the tenders submitted by the Dock Company considerably higher than those of others. Therefore, I think the general taxpayer will agree with me that it would have been unwise to have given a monopoly to any single firm in the Colony. That, of course, is apart from the siding difficulty, and also from the fact that the railway experts were unanimous in saying that rolling stock should not if possible go out of their own supervision. The railway has in any case to employ a locomotive superintendent and an engineering staff which will be available for employment in the workshops, and therefore the cost of repairs will be very largely covered by the salaries and charges which appear in the permanent establishment of the railway. We were not unmindful, gentlemen, of the desirability on every possible occasion of employing local industry. Therefore, we gave a contract to the China Light and Power Company to supply the whole of the power required for the shops, instead of attempting to generate it ourselves.

The facts of this matter therefore appear to be: First, that the question of employing

the Docks for repairs of rolling stock was exhaustively considered and found to be impracticable and inadvisable in the interests of the general taxpayer; secondly, the cost of shops and equipment amounts to only a lakh out of a total of over \$12,000,000 for the railway, and repairs will be largely executed by the railway staff themselves, and must, therefore, assuredly be done more cheaply than could possibly be the case if they were executed by any private company in the Colony; in the third place, we have fostered local industry by giving a contract to the China Light and Power Company. I hope the hon. member will be satisfied with this explanation and that the Council will agree that we have done our best in the interest of the general taxpayer, and also of local industries. The hon. member's words have been widely quoted, not only in the local Press, but also in a Home paper, *Capital and Commerce*. Therefore, I thought it advisable to make a somewhat detailed explanation of the matter.

While I am on the subject of explanation I will take the opportunity to remove what I venture to think is another misapprehension. At the annual meeting of the Wharf and Godown Company held on the 4th March last the Chairman feared that the Government would utilise the railway reclamation for the purpose of establishing wharves and godowns which would compete with the Company, and he urged the Government to be as generous as possible in the matter of sidings. The reclamation was a necessary part of the railway scheme, and it was decided upon before I came to the Colony. I may recall to your mind incidentally that the contract for that reclamation and the very large cutting at Hunghom was given to a local firm.

Now I think the Government would have to plead guilty to the charge of sacrificing the interest of the taxpayer if that reclamation for which he has paid was not fully used. The rental of wharves and godowns, or other uses to which the reclamation may be put, represents the interest on the capital expended by the taxpayer in forming that reclamation, and it is undoubtedly the duty of the Government to do its best to get an adequate return for money spent by the Colony in its formation. I may say at once, however, that

the Government has no idea of building either wharves or godowns on the reclamation unless and until the development of the railway should justify and necessitate such extensions. I think it would be obvious to anyone who has taken the trouble to read the *Gazette*, and saw therein a notice that the Government were offering various portions of the reclamation for lease or rental, that it is not the intention of the Government to build wharves and godowns to compete with those of private companies. I can assure the Wharf and Godown Company, also the Dock Company, both of which are industries which have been established for a great number of years in this Colony, and of which we are all extremely proud as having added largely to the prosperity of this Colony, that the Government is not blind to the mutual assistance which they and the railway can afford to each other, and I may also add the Star Ferry company, with whom we have recently made an arrangement. But a broad-minded spirit is necessary in dealing with such mutual arrangements, and that liberal spirit should not be confined to the Government, who is acting in behalf of the taxpayer, but should also be shown by the companies themselves. That, I am sure, we shall get from both these large companies in all dealings we have with them in the future.

In the matter of sidings, which was also alluded to in the speech to which I have referred, we have done our utmost. We have already brought a siding from the station at Hunghom to the nearest of the Wharf and Godown Company's godowns, but it is not altogether satisfactory either to them or to us. I may also say that other companies' interests are involved, and very often what one company wants another company objects to. I have found occasionally that the only line of action upon which companies would agree was that all compromise and concession should be made by the Government, which is simply representing the taxpayer. The existing siding, however, is only a temporary one, for we thought it wisest to await the completion of the working agreement and the opening of the Chinese section, when we shall be able to judge of the traffic we may expect and what its demands will be; that is to say, in what particular localities and at what times of day

traffic may prove to be heaviest. The problem is a new one to Hongkong, and I think it would be unwise to adopt premature conclusions. We will spend our money when and as we find it absolutely necessary to do so. The Wharf and Godown Company have already had proof that the Government is most desirous of working in every way with them, for they have been employed in the matter of the King's warehouse for opium and liquor and also in regard to railway offices.

It is very seldom, gentlemen, that I have an opportunity of offering explanation on matters in which the action of the Government has been criticised, and I trust both the hon. member and the Council in general will consider the explanation I have offered to be a satisfactory one and will agree that we have done our best in somewhat difficult circumstances. And I would venture to appeal to persons of weight in this Colony, and also to the local Press, that when they wish to make criticisms regarding the action of the Government they will endeavour if possible to ascertain first what the actual facts are. That information is always at their disposal any time they like to ask me. Criticism based on accurate facts is always valuable, but criticism not so based, I sometimes think, makes us look neither dignified nor sensible in the eyes of our neighbours.

While on the subject of sidings I may add that we have constructed one to Holt's godowns, and we have it in contemplation to construct one to the Cement Factory and one to the Standard Oil Company. These, I hope, will foster local industries; but it is not solely to foster local industries that they have been constructed, but because the railway hopes to secure an adequate profit for the Colony by securing freights.

I will turn now, gentlemen to the light line to which I alluded at the beginning of my speech. You are aware that for the last three years the Government has been constructing a road from Castle Peak Bay to Shataukok, and in order that the road might be available as soon as possible for use I gave instructions to construct it in the first instance only eight feet broad. The bridges and culverts are, however, of the full breadth of 14 feet, and the land required to be resumed is of sufficient area for the road to be broadened to 14 feet. We

have ascertained that there is a very large traffic between Mirs Bay and Samchun, just across our frontier. Therefore I think if a light two-foot line is constructed between Fanling and Shataukok it will secure a great access of traffic to the railway. We have on hand a large quantity of old metre gauge and 2ft. rails and sleepers, together with two small engines which it is proposed to utilise. We shall have, however, to purchase a certain quantity of additional material to complete the line. The cost of widening the road will be borne by Public Works Extraordinary out of the public revenue, and the grade will be limited to 1 in 50. Separate accounts will be kept of the working expenses of this light line, and if it proves a success, as we fully anticipate, we may be justified in extending it on to Pingshan and possibly to Castle Peak Bay. The administrative value of this light railway must not be overlooked, viz., the time and money saved and the increased efficiency in administration by the rapid transport of police and other officers who have duties to do in the New Territories.

In conclusion, the railway is now estimated to be completed for the round sum of \$12,300,000, and included in this is a sum of \$113,000 odd, which has been invested for renewals and repairs to the line when opened. But this estimate does not include the cost of the terminal station which was included in the early estimates. There is, however, on the estimate, as you will see, one lakh for any railway jetty or necessary sheds which may have to be constructed. I propose during the course of the year to close the loan account, and any further charges for sidings, warehouses, or rolling stock will be debited to the general revenue of the Colony. The cost of such works, however, as a matter of accounting will be charged to what is called the Railway Capital Account, and not to open line maintenance. That is immaterial so far as the annual estimates are concerned, because in any case they are a charge on the Colonial revenue. I think, gentlemen, I have covered all the salient points in this report, but any further information which any member of Council may desire I shall be glad to give if I can.

HIS EXCELLENCY then moved the resolution as follows:—It is hereby resolved

that the sum of dollars four hundred and twelve thousand five hundred and one and cents fifty-nine (\$412,501.59) be advanced out of funds in the custody of the Government for the construction of the Kowloon-Canton Railway (British Section) during the year 1911."

THE COLONIAL SECRETARY seconded.

HON. MR. HEWETT—I rise to a point of order. I did not understand by your reference following the question of the budget as to whether we should be called upon to vote on this resolution this afternoon, or whether it is to be postponed until next meeting, and if postponed whether unofficial members will have the right of speaking.

HIS EXCELLENCY—It was intended to pass the resolution this afternoon, and any member can speak now and I will reply; but if it should be desired by unofficial members that the resolution be deferred until next meeting I shall be glad to do so.

HON. MR. HEWETT—Your Excellency, that being so, whether this resolution goes to this meeting to-day or not is apparently a matter still to be settled. It is very obvious that unofficial members at all events cannot possibly be expected to express an opinion on the vote now before us, or the very valuable statement which your Excellency has put before us, for the very good reason that the report has only been before us for about ten minutes. Therefore it is only right that we should have time to consider the question and make any remarks which may occur to us at a later date. I am perfectly certain that all the unofficial members—although I do not speak for them—will endorse what I say with regard to the carefully prepared and illuminating remarks which your Excellency has been good enough to give us, and which, when carefully considered, will put us in possession of the financial side of the question. Still, I think we ought not to be called upon to vote on this resolution this afternoon. Practical work on the railway was begun before your Excellency arrived here, but from the first day of your arrival you have devoted every possible spare moment of your time and given all the necessary personal supervision you possibly could to this railway. If there has been any money wasted or any loss of time it is certainly not due to want of

any exertion on your Excellency's part. That, I think, all are agreed upon. At the same time I again feel called upon to make some criticism on the way this railway has been constructed, and cannot accept the statement made by your Excellency that the interests of the ratepayers have not suffered during the course of the construction of this railway, the original estimate for which was something like between five and six million dollars. The whole community, realising the importance of being linked with China by rail, urged for many years that a railway should be constructed at the earliest possible date. Therefore the whole community is responsible for the construction of the railway, but it is not responsible for the way in which it was constructed, nor for the cost incurred. The cost is now estimated, including everything, at something like  $12\frac{1}{2}$  million dollars, some 100 or 150 per cent. more than the original estimate. That railway is 22 miles long, running over comparatively simple country, close to an important shipping centre, and costs the incredible sum of something like £50,000 per mile. I doubt if any other railway in the world, with the exception of one or two in South America, have ever cost such a price, and I cannot see why ours should have cost such a terrible sum of money. I certainly think that those who are responsible for the construction and expenditure have not had the proper interests of the ratepayers before them, and I cannot understand how it is possible they can say they have done the best they can in the interests of the ratepayers. That I say without any fear. Your Excellency referred with great satisfaction to the unexpected increase in the revenue for the few months during which the railway has been working, and I trust that unexpected increase will continue. Your Excellency said it was larger than you dared to expect. On the other hand, we have got to remember that the cost of the railway is infinitely larger than we dared to fear. One sets off against the other. At the very most, if you get six per cent., as this increase in revenue appears to show is possible, you will really be doing very well, but that does not seem to be sufficient for proper upkeep and working expenses, to say nothing of amortization, Your Excellency made rather special reference to my hon.

friend (Hon. Mr. Keswick) the Chairman of the Dock Company, and I think it is only right to remind you, though he was not here at the time we had the discussion on the last budget, that I myself, speaking on behalf of the unofficial members and with their entire approval, made exactly the same criticism as my hon. friend made in his capacity as chairman of the Dock Company with regard to the construction of workshops. It is not a question of granting a monopoly to the Dock Company, and I feel satisfied that the business community here will support the opinion which I have expressed. We have two big dock companies here with permanent staffs, and there is very often a slack time, and if necessary the Admiralty Dockyard would, no doubt, help the Government out of a hole. There are also many small dockyards all fully equipped with good machinery thoroughly up-to-date and qualified men. It seemed to us, and it still seems to me, that there is no necessity for a railway 22 miles long to go to the expense of keeping large staffed workshops which cannot possibly be kept fully employed. I make that statement without the slightest hesitation, in spite of the fact that so great an authority as Mr. Wolfe Barry is up against me. I am perfectly certain that that is the feeling of most of the business people in this community. It is the running expenses which are so heavy in these workshops, for machinery deteriorates quickly, particularly if it is not kept working. Your Excellency made reference to certain public companies such as the Standard Oil Company, Messrs. Butterfield & Swire, the China Light and Power Company, the Cement Company, The Dock Company and the Wharf and Godown Company. With the exception of the Wharf Company, in which I hold a few shares, I have no interest in any of these concerns so it must be admitted that I am not biassed or prejudiced when I criticise the weak policy of the Government in this particular respect. I think it only right to make these remarks, because last September in discussing the budget I expressed similar views on behalf of the unofficial members, but my hon. friend opposite was not in the Colony at the time. We entirely endorsed the sentiments he subsequently expressed in his capacity as chairman of the Dock Company. The matter of discussing this question or the passing of an opinion on the voting of nearly

half a million is one which I think we ought to have further time to consider. Therefore I would ask your Excellency to be good enough to postpone the vote on this resolution until the next meeting of this Council.

HON. MR. POLLOCK—I entirely support the hon. member opposite in his request that this resolution be postponed for a week. I understand there will be another meeting next Thursday.

HIS EXCELLENCY—I shall be glad to postpone the passing of this resolution until next meeting. I understand hon. members desire it to be taken next meeting?

HON. MR. POLLOCK—Yes.

THE COLONIAL SECRETARY—I shall be glad if the hon. member who represents the Chamber of Commerce will give me the reference to his former speech.

HON. MR. HEWETT—It is in the budget speeches of October or November last year.

The debate was adjourned.

### **Wireless Telegraphy**

HON. MR. HEWETT, pursuant to notice, asked the following question:—

"With regard to the installation and operation of a station for Wireless Telegraphy in this Colony, and in view of the fact that the commercial community is becoming restless at the apparent inaction of this Government, will the Government state definitely what steps it may be prepared to take to furnish what is now an absolute necessity for a Colony the greatest part of whose trade and life is connected with shipping?"

THE COLONIAL SECRETARY replied—  
The correspondence on this subject is of a confidential nature, but the honourable member may be assured that there has been no inaction or lack of initiative on the part of this Government. So long ago as the end of 1909 His Excellency the Governor took steps to investigate the question in conjunction with Vice-Admiral Sir Hedworth Lambton and appointed a small Committee consisting of Naval and Military experts and the then  
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Public Works with Sir F. H. May as Chairman, to report as to the best site in the Colony for a wireless station, the cost and other matters. The report of the Committee was forwarded to the Secretary of State with His Excellency's recommendations on March 1st, 1910, and there has been an interchange of confidential correspondence since that date. There are really two separate questions involved, viz., the advisability of establishing a high-power station, and the proposal to establish a short distance station of low power. On the former question no decision will be reached until after the Imperial Conference which meets next month in London, for it is obvious that questions affecting many Colonies are involved. As regards the latter questions it is understood that His Majesty's Government have already come to a decision, but a temporary delay has occurred due to certain natural difficulties which are believed to exist in Hongkong, and it has been necessary to defer for a short time the final conclusion of the matter. His Excellency has been in telegraphic communication with the Home Government on the subject for some time past.

#### **Stamp Amendment Ordinance**

THE ATTORNEY-GENERAL—I beg to withdraw the first motion standing in my name, which is the first reading of a Bill entitled, "An Ordinance to further amend the Stamp Ordinance, 1901." It contains a very short amendment to the Stamp Ordinance, but yesterday the hon. Colonial Treasurer suggested a large number of amendments, and I thought it best with the permission of your Excellency and the Council to allow the first reading of the Bill to stand over until those amendments have been considered.

#### **Flogging Amendment Ordinance**

THE ATTORNEY - GENERAL moved the first reading of a Bill entitled, "An Ordinance to amend the Flogging Ordinance, 1903."

THE COLONIAL SECRETARY seconded.

HIS EXCELLENCY — Gentlemen, the Bill to amend the Flogging Ordinance of 1903 is intended to introduce the Home Act of 1863—generally called the Garotters' Act

—which makes robbery with violence and armed robbery punishable by flogging with the "cat." I regret very much to say that these crimes have become very prevalent of late in this Colony, and in my opinion the time has come when a really deterrent punishment ought to be introduced to put an end to them. I have consulted His Majesty's Government, and they agree that this Bill, which limits the number of strokes to 24, should be introduced, and if it meets with the approval of this Council (as I have little doubt it will), I hope the judges in this Colony will make full use of their powers.

The cowardly criminals who enter houses and gag women, and board junks carrying inoffensive and unarmed crews, will, I hope, in future be sure that they will receive a flogging with the "cat" in addition to a long sentence of imprisonment. The Assistant Superintendent of Victoria Gaol, whose long experience makes his opinion of great weight, tells me that the ordinary punishment of birching on the breech is no deterrent whatever, and the Captain Superintendent of Police, Mr. Badeley, told me that short sentences of imprisonment were equally futile. Criminals of this class are perfectly ready to run the risk of the temporary discomfort of birching on the breech and of a short period of imprisonment, still further reduced by the "Mark system." They confidently expect that they will be at liberty again within three years or so, and they threaten anyone giving evidence against them that they will subject them to their signal revenge when they come out of prison. This makes people who are subjected to these outrages most unwilling to give evidence which will lead either to the capture or conviction of criminals, and the task of the police is consequently rendered much more difficult than it ought to be.

On the other hand, Mr. Badeley tells me that convicts who have an actual period of imprisonment of from five to seven years (exclusive of the period remitted for "Marks") are taught a trade, and when they come out of gaol are generally in great demand at good wages as skilled artisans. In his experience he can hardly recollect a case of a long sentence convict returning to goal. Long sentences in themselves are not a

sufficient deterrent, but it is hoped that the application of the "cat" combined with a long sentence will put an end to crimes of this nature.

It is over a year ago now since the hon. member on my left (Hon. Mr. Wei Yuk) who represents the Chinese community told me that he and other leading Chinese thought that crime was more prevalent than they could ever recollect it to have been before. I lost no time in taking such steps as I could to make a thorough investigation, and to devise means to put an end to this state of affairs. Shortly afterwards I was absent from the Colony on leave, but the Officer Administering the Government, Sir Henry May, did not allow the matter to rest. He instituted what I may call a campaign of banishment against a large number of men who were members of Triad societies, or known to be living on the proceeds of gambling or prostitution, or otherwise characters against whom no evidence could be got sufficient to secure a conviction by a court of law. These undesirable aliens were banished wholesale, and between June and October 366 such persons were got rid of from the Colony, in addition to which a number of others were banished on the expiration of their sentences as they came out of gaol.

The police, too, for some time past have been very active in the suppression of gambling, not only because gambling is an offence *per se*, but also because it is known that these gambling houses are the resort of criminals suspected of much worse crimes. Amongst other steps taken section 9 and 10 of Ordinance No. 3 of 1888 were revived which had long been in disuetude. Under that Ordinance householders are compelled to give the Registrar-General the names of temporary tenants in their houses, and the revival of these sections had a most excellent effect in enabling the police to locate bad characters, and recommend them for banishment, or obtain convictions against them in Court. The application of the Banishment Ordinance has not been relaxed. We are still doing our best to rid the Colony of criminal aliens, most of whom have been resident here for a period of a few days or months only, and return them to the country to which they belong.

Also many other means have lately been instituted with a view to the suppression of

crime. One of them is the Bill before you, and I may add that I have it in contemplation to ask the Secretary of State whether the infliction of flogging with the "cat" cannot be extended so as to include some of the worst forms of kidnapping. We have all read in the papers, and I could quote to the Council, instances where children have been kidnapped and brutally murdered because the ransom demanded was not immediately paid. Why the forcible abduction of a human being, combined with threats to murder, should be differentiated from thefts of goods and chattels with violence, I have no legal qualification to explain. Kidnapping for prostitution is another crime which is hardly less revolting and which is becoming more and more common. I could again quote to the Council many instances which have occurred of a most revolting kind quite recently in this Colony. I hope my representations to the Secretary of State will carry the conviction to him which entirely possesses my own mind on the subject. This crime of kidnapping is becoming very much more common in this Colony, and children stolen in China are even held to ransom in this Colony. Previously children stolen here were held to ransom in China, but now children are abducted from China and held to ransom under the British flag in a British Colony. I think you will agree with me that no efforts can be too strong to put an end to such a disgrace as this. (Applause.)

I have agreed to increase the police force by one European detective inspector, and eight Chinese detectives, together with 12 Chinese constables, at a total cost of \$6,866, which will be met during the present year by savings from the police vote. This will enable the system, which at present prevails in the Central district of placing each district under the charge of a Chinese detective, who is supposed to know all the bad characters in his district and to be responsible in a measure for them, to be extended to the east and west of Victoria and also to Kowloon. I also have it in contemplation that the Captain Superintendent of Police should be allowed to recruit over strength to a small extent to replace vacancies which are unfilled. This will not involve any increase in the estimates, but it will mean a decrease in the savings which annually accrue from the police vote. T h e a v e r a g e

savings for five years of the whole vote stand at \$31,591. I think a portion of that sum could well be devoted to maintaining the police force at its maximum strength.

Another means for the suppression of crime is increased co-operation between our police force and that of Canton. I took occasion the other day when I made an official visit to the Viceroy to speak to him and explain my view of the mutual benefit that would accrue by reciprocity in this matter. I found him most willing and eager to co-operate. He promised to send down an official of high standing to discuss the many details with me. I am glad to say that that official — Mr. Wei Han — arrived this afternoon. There are other minor points, such as restriction of the movement of small craft in the harbour by night to check theft, extension of the period of banishment, and others the purpose of which would be defeated if discussed in public. I hope all those in their degree will tend to the efficiency of the Police in their primary function of suppressing crime and safeguarding citizens in the enjoyment of their lives and the safety of their property in this Colony. (Applause.)

The motion was agreed to.

#### **Correction of References Ordinance**

THE ATTORNEY - GENERAL moved the first reading of a Bill entitled, "An Ordinance to correct certain references to previous Ordinances passed in the years 1902 and 1903."

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

#### **Registered Partnerships Ordinance**

THE ATTORNEY - GENERAL moved the first reading of a Bill entitled, "An Ordinance to establish Registered Partnership Customs."

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

HIS EXCELLENCY—Gentlemen, the Bill which it is proposed to read a first time to-day is an attempt to solve a question which has been continuously before the Government

since the year 1874. In that year the Chinese community twice petitioned the Government for a Bill to register Chinese partnerships. A Bill was accordingly drafted by the Attorney-General, and the clauses dealing with this matter were approved, I understand, by the Chinese community. The Bill was, however, dropped, in 1875, because it was considered that it did not thoroughly solve the question. In 1877 and 1878 the Chamber of Commerce in its turn petitioned the Government to make it compulsory that members of Chinese hong should be registered. The Governor of that day, Sir John Pope Henessey, refused to proceed with the Bill because he had been advised by certain Chinese whom he had consulted that it was not advisable, and the matter was again dropped for several years. In 1882 the Chinese again petitioned the Government, and again in 1891 a further petition from the Chinese was submitted to the Government, but at that time the Straits Settlements were engaged in the discussion of a Bill on identical lines. It was thought advisable to await the result of their deliberations, which lasted until the year 1896, when the abortive Bill was dropped in the Singapore Legislative Council.

In 1900 the Chamber of Commerce again took up the matter, and a committee was appointed under the presidency of Mr. Wise, upon which both the hon. members who represent the Chinese to-day in this Council had seats. That committee reported that it was impracticable to give effect to legislation on this subject, and gave as their reasons: First, the difference between English and Chinese law regarding the liability of partners in insolvent concerns. They said that the Chinese would not register their real names, and this would lead to fraud and litigation. In the second place, they said a Bill on these lines would involve enormous expense in finding out who were the real partners. In the third place, they stated that such legislation would drive away capital from the Colony and interfere with trade. On the report of this committee the matter was again shelved.

In 1897 a partnership Ordinance was passed relating to European concerns, and the particular difficulties of Chinese partnerships were entirely ignored. The present Chief Justice, in a judgment delivered, I

think, the year before last, alluded to this matter and pointed out that the existing partnership Ordinance was most inadequate, as it took no cognisance whatever of Chinese customs in regard to partners. In September, 1909, therefore, the present Bill was drafted, and it has been continuously under discussion since that date, for both the Chinese, as I have explained, and the Chamber of Commerce were equally anxious that a Bill should be eventually put through. I will leave my hon. and learned friend the Attorney-General to explain to the Council when the second reading takes place how the various difficulties have been dealt with in the present Bill.

At the time when the committee reported in 1900 or 1901, Mr. Thorburn remarked in a minute that no legislation could be devised on this subject unless it were "heaven-inspired." Without claiming any divine inspiration for the present Bill we still hope it will afford a practical working basis and remove a difficulty which has been chronic in this Colony for a large number of years, so that Chinese business customs can receive the sanction of the law so far as it is practicable and advisable that they should. No doubt in a matter so full of difficulty we shall not arrive at once at a final conclusion, but as defects show them-selves amendments can be included which it is hoped will eventually solve the difficulty which has for over thirty-seven years been a subject of debate in this Colony (Applause.)

The Bill was read a first time.

### **Summary Offences Amendment Ordinance**

THE ATTORNEY-GENERAL moved the first reading of a Bill entitled, "An Ordinance to further amend the Summary Offences Ordinance, 1845."

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

The objects and reasons state that section 9 of the Principal Ordinance in the Revised Edition was taken from section 20 of Ordinance No. 8 of 1858 and by section 28 of that Ordinance offenders against section 20 were liable to a penalty of fifty dollars besides the expenses of removal. In the Revised Edition the penalty was, evidently by

mistake, changed to five dollars only. This Bill corrects the mistake.

### **Widows' and Orphans' Pension Ordinance Amendment**

THE ATTORNEY-GENERAL moved the second reading of the Bill entitled, "An Ordinance further to amend the Widows' and Orphans' Pension Ordinance, 1908."

In doing so he said — The Principal Ordinance of 1908 was based on a draft which was sent out by Mr. Secretary of State Lyttleton in April, 1905, and in that draft were the words which this Bill proposes to insert in the Principal Ordinance. For some reason, which it is impossible to understand, they were omitted, and the omission has been discovered by Mr. Young, the actuary employed on the valuation of the fund. He pointed this out to the Colonial Office, and the Colonial Office has asked us to amend the Bill accordingly and has at the same time instructed Mr. Young to proceed with the valuation on the assumption that the Bill would be so amended.

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

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

On resuming,

THE ATTORNEY-GENERAL reported that it had passed through committee without amendment, and moved that it be read a third time.

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

### **Electricity Supply Ordinance**

THE DIRECTOR OF PUBLIC WORKS moved the second reading of the Bill entitled, "An Ordinance for regulating the supply of Electricity for Lighting and other purposes within the Colony of Hongkong and its Dependencies." In doing so he said—It is not necessary, I think, for me to supplement the objects and reasons which are appended to the Bill. It is not proposed to proceed with the committee stage this afternoon, and if the Bill passes its second reading now it will be referred to the Public Works Committee.

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

THE COLONIAL SECRETARY then moved that the Bill be referred to the Public Works Committee.

THE DIRECTOR OF PUBLIC WORKS seconded, and the motion was agreed to:

HIS EXCELLENCY—Council will adjourn until Thursday next.

#### FINANCE COMMITTEE.

A meeting of the Finance Committee was held afterwards, the Colonial Secretary in the chair. The following votes were passed.—

#### Public Works Department

The Governor recommended the Council to vote a sum of one thousand three hundred and fifty-nine dollars and forty-five cents (\$1,359.45) in aid of the vote Public Works,

A. — Public Works Department, Personal Emoluments, Director of Public Works, Personal Allowance, £150.

#### Medical Departments

The Governor recommended the Council to vote a sum of two hundred and fifty dollars (\$250) in aid of the vote Medical Departments. C. — Institutes, Other Charges, for the following two items:—

Apparatus and Chemicals, .....	\$200
Fuel and Light, .....	50
Total, .....	\$250

#### Post Office

The Governor recommended the Council to vote a sum of Two hundred and fifty Dollars (\$250) in aid of the vote Post Office, A.— Hongkong Post Office, Other Charges, Repairs to Steam Launch.