

17TH OCTOBER, 1918.

**PRESENT:—**

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT, HON. MR. CLAUD SEVERN, C.M.G.

HIS EXCELLENCY MAJOR-GENERAL F. VENTRIS (General Officer Commanding Troops in China).

HON. MR. A. G. M. FLETCHER (Colonial Secretary).

HON. MR. J. H. KEMP (Attorney-General).

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

HON. MR. E. R. HALLIFAX (Secretary for Chinese Affairs).

HON. MR. C. MCI. MESSER (Captain Superintendent of Police).

HON. MR. T. L. PERKINS (Director of Public Works).

HON. MR. D. LANDALE.

HON. MR. P. H. HOLYOAK.

HON. MR. HO FOOK.

HON. MR. H. W. BIRD.

HON. MR. CHAN KAI-MING.

HON. MR. S. H. DODWELL.

MR. A. DYER BALL (Clerk of Councils).

**New Member**

The Hon. Mr. S. H. Dodwell took his seat as a member of Council *vice* Mr. E. Shellim.

The Minutes of the last meeting were confirmed.

**Epidemic Meningitis**

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid upon the table Sessional

Paper, No. 10—report on the investigations of the outbreak of epidemic meningitis in Hongkong by 1st Lieut. Peter K. Olitsky, M.R.C., U.S.A., of the Rockefeller Institute for Medical Research, New York.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—I do not intend on this occasion to deal in any exhaustive way with the very interesting and instructive report written by Lieutenant Olitsky as a result of his investigations of the outbreak of epidemic Meningitis in Hongkong in the early part of this year which has been laid before you to-day. I think, however, that hon. members will agree that the Colony is indebted to Lieutenant Olitsky for the painstaking care with which he studied, during quite a short period, conditions entirely new to him with the result that he has been able to give some very practical advice as to how this threat to the public health may best be met.

The portion of the report that will appeal most strongly to the ordinary reader is that contained on pages 7 to 10, namely, the course of the epidemic and the factors contributing to its dissemination, especially the facts as regards overcrowding on pages 9 and 10. I feel sure that honourable members will realise what the work entailed in getting rid of such overcrowding, quite apart from the expenditure, would amount to. The task of correcting the errors of the past will, however, have to be faced if the community is to be protected against epidemics of serious disease. In this connection I would direct attention to the interesting comparison on page 16 of the report between the overcrowding in Hongkong and Canton and to the statement in paragraph C (1) of the summary on page 21 that the greater number of cases developed in cold weather as compared with hot weather is due to overcrowding becoming greater in cold weather and not to any effect of cold weather on the meningococci.

The recommendations made by Lieutenant Olitsky have, of course, been carefully considered. Steps have been taken to prepare the serum for the treatment of epidemic meningitis and in the quantity suggested. As regards the treatment of the patient it will require careful and continuous persuasion to get the serum used; and in the event of an epidemic every effort will be made to provide the patient with methods of Western treatment, including the use of serum. The prevention of pharyngeal infections and influenza can only be effectively achieved by keeping the individual in the best possible state of health, by segregating the sick from the healthy and (what is more difficult, in fact, at present practically impossible) by avoiding overcrowding. The employment of masks could only be resorted to in special circumstances, as in hospitals, for example. Prophylactic vaccination as a method of prevention is still in the stage of enquiry.

During the epidemic this year a leaflet was drawn up and translated into Chinese dealing with certain efficacious measures capable of being easily carried into effect, but it was not distributed. Should there unhappily be a return of the disease in epidemic form this method of propaganda, in conjunction with oral advice, would probably be the most effective way of educating the population. There I will leave the report for the present, and I feel sure that honourable members will wish to record their sense of the obligation this Colony is under to the Rockefeller Institute for the valuable assistance rendered by it in this matter.

### Finance

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid on the table Finance Minutes Nos. 79 to 82 and moved that they be referred to the Finance Committee.

THE COLONIAL TREASURER seconded and this was agreed to.

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid on the table report of proceedings of the Finance Committee, No. 7, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

### Government's Discussions with Unofficial Members

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—It will be convenient, I think, to make a short statement at this meeting of the Legislative Council regarding certain matters that have been the subject of discussion between the Government and honourable unofficial members during this year.

In January last information was requested regarding the organisation and pay of the Police Force, the Fire Brigade and the Preventive Staff of the Department of Imports and Exports, and at a later date honourable unofficial members submitted to the Government a list of recommendations which was discussed at a meeting held on the 23rd of May.

The question of the rates of pay in the Police Force has been settled temporarily by the grant of a ten per cent. allowance, while the question of the rate at which pensions should be granted is still under consideration, and, I hope, will shortly be decided.

The next matter was the organisation of the Fire Brigade both as regards personnel and equipment. The efficiency of the volunteer portion of the brigade has been increased by relieving the men of certain other duties, which they had been performing. Additions have been made to the equipment including two powerful motor pumping engines that have been ordered from America. It has for a long time been recognised that the present site of the Fire Station in Victoria is too cramped and that a station is required at Kowloon. A suitable site in Victoria is already in the possession of the Government, and it is probable that a good site can be found on Crown Land in Kowloon.

After the murder of Sergeant Glendinning at Tai O honourable unofficial members endorsed the recommendations made by the jury at the Coroner's enquiry, and asked certain questions as to the patrolling of the waters of the Colony and the visits of inspection made to outstations. The Government replied as follows:—

(a) The practice of having two European Officers at Tai O was interrupted owing to the war. It was proposed to resume it at once. It was not considered that the Cheung Chau Station or

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the Police Stations on the mainland were so isolated as to require the presence of two European police constantly stationed there. Circumstances had arisen, and might again arise, rendering the presence of two or more European police at a station necessary.

(b) Enquiry was being made as to the possibility of obtaining the necessary telephonic material. It has since been ascertained that the material can be got from Japan, and the work of linking up the island stations with the mainland is now in hand.

(c) It was not considered necessary to provide at any of the four island stations a steam or motor pinnace, as the expense would be out of all proportion to the usefulness of the craft. Four police launches were employed in the patrol of the waters of the Colony beyond the limits of the harbour. The island stations were visited by patrol launches some fifteen or sixteen times a month. Details of visits of inspection by Police Officers were supplied.

Honourable unofficial members, in reply, recorded their unanimous opinion that Cheung Chau was of sufficient importance to render it advisable that a second European Police Officer should be stationed there. The Government has not found itself in a position to give effect to their wishes.

In July Mr. Lau Chu-pak requested that provision might be made for the application of the Grant Code system to the vernacular schools subsidised and managed by the Confucian Society, as the schools were supplying a distinct want. Arrangements have accordingly been made for the giving of a grant to the 18 Confucian schools and to the 11 Tung Wa Schools. I should like to take this opportunity of thanking those Chinese gentlemen who have so generously contributed to the support of these schools.

A number of other questions have also been under discussion in the course of the year between the Government and the unofficial members, as for instance the housing scheme for Civil Servants and the choice of a site for the European Young Men's Christian Association Building.

### **Opium Ordinance, 1918**

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, "An Ordinance to amend the Opium Ordinance, 1914, and the Opium Ordinance, 1917." In doing so, he

said — The Bill proposes to make certain amendments in the two existing Ordinances, some of which are formal while others are of a more substantial character. In Sections 46 and 49 of the Opium Ordinance, 1914, in dealing with tonnage of steam ships rather ambiguous expressions are used. In one section the term used is "tons burden." In the other section the word used is simply "tons." Clauses 2 and 3 of the present Bill propose to make it quite clear that in these two sections the tonnage referred to is what is known as "net register tonnage." Clause 4 of the Bill corrects a slight drafting error in the Opium Ordinance, 1914. Clause 5 of the Bill deals with the Opium Ordinance, 1917. That Ordinance made it an offence to be in possession of labels, wrappers, or marks resembling the labels, wrappers, or marks used on the opium sold by the Government. The clause was drawn too widely because it included cases of possession of marks resembling Government marks but not resembling Government marks with any fraudulent intention. Clause 5 of the Bill, therefore, proposes to amend that provision so that the resemblance aimed at will be resemblance amounting to colourable imitation. Clause 6 of the Bill stops another gap in the defences against fraud in connection with the Opium Ordinance. It provides that every person in possession of labels and wrappers which were at one time attached to Government prepared or dross opium and which have been detached from Government receptacles be guilty of an offence. The object of detaching such labels and wrappers is, of course, to use them again in a fraudulent way by attaching them to receptacles containing non-Government opium. Clause 7 provides that in the case of any person found possessing any box or package containing opium the onus shall be thrown on him of proving that he did not know that such box or package contained opium.

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

THE ATTORNEY-GENERAL then moved that Council go into Committee to consider the Bill clause by clause.

The Bill passed through Committee without amendment, and, upon Council resuming, the Attorney-General moved the third reading of the Bill.

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

### The Budget

THE COLONIAL SECRETARY moved the second reading of the Bill intituled "An ordinance to apply a sum not exceeding ten million six hundred and five thousand three hundred and forty-five dollars to the Public Service of the year 1919."

THE COLONIAL TREASURER seconded.

HON. MR. D. LANDALE—I propose to follow the usual procedure and, as the senior Unofficial Member for the time being, to address the Council on behalf of all Unofficial members. There are one or two matters to which I wish to refer on my own behalf which I will indicate later, and other Unofficial members have some matters they also wish to speak about.

I need hardly say that we all endorse your expressions of sympathy with Sir Henry and Lady May, and sincerely hope that the improvement in their daughter's health will continue and that the Governor will be able to enjoy a much-needed rest and holiday.

I think the Government are to be congratulated on the very satisfactory state of the Colony's finance. There has been a great improvement in this respect during recent years and much credit is due to those responsible for the administration. It should not, however, be lost sight of that some of our revenue is not derived from a permanent source and that taxation which is permissible in war-time will have to cease as soon as the war ends.

The first matter to which I wish to draw attention is the form in which the estimates are presented and to ask that radical alterations be made in this form. I do not think it can be contended that it is either businesslike or clear. As an instance, I would ask you to refer to the third item on page 8 which reads:—"Assessed taxes, Ordinance 6 of 1901, approved estimate 1918, \$1,857,400, estimate 1919, \$2,010,340." This amount includes the earnings of certain Government undertakings such as waterworks and should be detailed in such a way that the working result of any one of them could be seen. It is important that proper statements of individual works be shewn, particularly so as Government undertakings tend to increase. The first cost of a work should appear in such statements and not, as at present, be entirely

lost sight of.

It is a laborious business to extract from the estimates as now presented the cost of the working of many Government departments and undertakings, and it would almost seem that the purpose is to befog the enquirer rather than to assist him. Some comments in the Press the other day illustrate what I mean. Owing to the figures of the Public Works Department and the Water Works being mixed up it is very difficult to say what the cost to the Colony of either Department is.

I feel quite sure that our able Colonial Treasurer could greatly improve matters were he allowed a free hand; if not, let expert chartered accountants be employed.

The monthly financial statements of assets and liabilities are very difficult to understand. For instance, the shipping control account is shewn on the 30th June as a liability of \$81,509.47 when it is well known the result will be a very profitable one to the Government. It is difficult to say where the sinking funds of the two loans are and we should like to know and to be assured that the sinking fund for the Sterling Loan is invested in that currency.

The value of property purchased by the Government for staff occupation or other purposes is not shewn as an asset, which, I think, is wrong, and the position would be more correctly set out by including valuation of such property. I do not think it is right that the value, for instance, of quarters which amounts to a very large sum should be lost sight of. The rents charged for the recent Government purchases of house property at the Peak show a return of about 5 per cent. on the capital only without providing for any depreciation. We are in favour of providing quarters, but we would like a record of the cost kept.

We presume that the Government have considered the question of the conversion of the Sterling Loan into one of local currency at the existing high rate of exchange, a financial transaction which *should* not be beyond the powers of the Government's bankers. A redemption by purchase at a considerable discount could no doubt, be effected as regards a large portion of this Loan. There would be no loss in interest by investments of the

balance in 5 per cent. War Loan pending complete redemption. The saving to the Colony comparing recent rates with that of 2/- to the dollar would be in the neighbourhood of \$5/6,000,000.

I notice that it has been estimated that receipts from land sales will amount to \$200,000 during the year—not a very large sum, for which, in my opinion, the land policy of the Government is to blame. The result of the present policy of short leases, for which a high premium is demanded, and a high Crown Rent imposed, in addition to onerous terms for road making and drainage, is the present shortage of better-class houses. This policy was no doubt inaugurated in the interest of the community as a whole, and to prevent, as far as possible, profit being made in land transactions. While a very small annual benefit, as shewn by the estimated figure of \$200,000, may have been secured to the community it has been done at very great inconvenience to those who wish to live in better-class houses, and the effect upon land transactions, as far as existing leased property is concerned, has been exactly the opposite of what was intended, for, the supply of new houses having been interfered with, the value of house property has been forced up both from a rental and sale point of view by the ordinary rule of supply and demand.

The Government's policy having checked the natural supply of houses it is for them to undertake the laying out of sites and the leasing of these prepared sites at low Crown Rents to those who desire immediately to build. In what I have said regarding land sales I am speaking entirely for myself; it is a matter which I have not discussed with the other Unofficial members. There is another point which requires consideration. Very large properties situated in the centre of both the City of Victoria and Kowloon are in occupation of the War Department. Many of these sites must be quite unsuitable for military purposes or for military quarters and the whole matter requires looking into with a view to an exchange of property whereby the Garrison would find more suitable quarters and the business community more space for development.

We shall be glad to hear that the Government intend to take this matter up.

*Storm Signals.*—On page 40 we have the estimated cost of the Royal Observatory and I would like to point out that we do not think the

best results in the interests of shipping will be obtained by the Hongkong Observatory having a different Storm Signal Code from that in use at the Coast Ports of China. Before this new Code was adopted, the matter was not sufficiently clearly explained to those who represent shipping here. Without going into the merits of the dispute between the Royal Observatory and the Coast Inspector in Shanghai I may say that I think they both disregarded the interests of those who have to pay if accidents result from the confusion they have created. An Observatory is of little use unless it is working in harmony with neighbouring stations, and we wish the Government to take up this question of Storm Signals with the authorities in China and arrange for the use of identical codes. Every precaution should be taken to avoid typhoon disasters and a heavy responsibility rests upon both the Royal Observatory here and the Meteorological Authorities in China in this respect.

It is a matter for regret that so many conditions and distinctions have been attached to the War allowance, to the payment of which we had previously agreed and, upon further consideration of the subject, we wish the whole question referred back to the Secretary of State for the Colonies and a recommendation sent from us that the War Bonus as from 1st January, 1918, should be 10 per cent. on the present amount received by each member of the Civil Service, whether permanently or temporarily employed, without condition or distinction. In the meantime we propose to move in Committee a supplementary vote of a sufficient sum for this purpose.

We consider that a Committee should be appointed to enquire into and revise, where necessary, the scale of pay drawn by the entire Government Service. This should be done without any further delay, as it is a matter that will probably take some considerable time to go into. The same Committee might also enquire into the working of the Widows and Orphans Fund, regarding which we are not at all satisfied that the contributors are being fairly dealt with, but my hon. friend who represents the Chamber of Commerce proposes to ask for some information on this subject.

We consider the amount of \$2,500 set down for afforestation in the Northern district as inadequate and would like to see a larger sum spent upon this work.

We still are not satisfied that the Fire Brigade has an adequate permanent staff or that the equipment is sufficient and up-to date, and we would like an assurance from the Government that this very important matter will be further considered and attended to.

As regards education, Mr. Pollock referred to this matter when the Supplementary Estimates were under discussion before this Council, and other hon. members have something to say on this subject. Generally speaking, we would be prepared to vote a larger sum for education.

As to a better class school for which there appears to be a demand. Personally I would rather see some scheme drawn up and approved whereby some arrangement could be made by which the parents of European children, who under existing circumstances cannot afford to send their children to a cooler climate for their education, would be enabled to do so without additional cost rather than that public money should be spent upon establishing an expensive school here, where the climate is unsuitable for children. For instance, would it not be possible to subsidise some school at Weihaiwei, so that the fee charged the parents would be the same as if the school were situated in Hongkong?

We now come, sir, to the estimates for the Public Works Department, and as my hon. friend who now represents the Justices of the Peace is an expert in such matters he will be able to make more valuable criticisms than I can. I, therefore, intend to refer only briefly to a few of the items under the heading "Public Works Extraordinary." Before doing so, however, I would like to read you an extract from a speech I made in this Council on the 23rd October, 1913, when the estimates for the year 1914 were under discussion.

"The first matter I would like to refer to is one that has been called attention to by the hon. member who represents the Chamber of Commerce. Shortly after I had the honour of becoming a member of this Council, His Excellency the Governor announced that I had been appointed a member of the Public Works Committee. That, sir, is practically the last I have heard about this Committee. As far as I know, apparently it rarely, if ever, meets, and as far as I

know it has not been consulted regarding the very large expenditure on public works which are proposed in this Budget. The unofficial members of this Committee are quite willing to give any such advice and assistance as they can in connection with these public works and regarding such works as the Public Works Department undertake, and they do not appreciate the figure-head position which is at present accorded to this Committee, which must originally have been created for some useful purpose."

The result of that speech was that when the Committees were re-arranged for the following year I was not appointed to the Public Works Committee but was appointed by H.E. the Governor a member of the Law Committee—a subject which I know very little about.

Now, sir, it is the unanimous desire of the unofficial members of this Council that the estimates for the Public Works should in future be submitted in the first instance to the Public Works Committee and fully explained to them and discussed by them before they come before this Council. We would like to see the Public Works Committee enlarged so as to comprise all the unofficial members of Council.

If the inauguration of this procedure does not meet with approval here, or is beyond the power of H.E. the Governor, or the Officer Administering the Government for the time being, which I cannot believe it is, we wish the proposal submitted to the Secretary of State for the Colonies and his sanction obtained thereto. For all such expenditure on buildings—as the Central Police Station extension, Imports and Exports Office, Quarters for European officers on Leighton Hill, Quarters for scavenging coolies, comprised in items 1, 2, 3, 5 on page 97—we would all like to see the plans before being asked to vote the money. We particularly wish to know in what way the \$50,000 asked for this year for the Imports and Exports Office is going to be spent. We wish to know how it is proposed to construct this building, and are most strongly adverse to any piece-meal construction such as was adopted in building the Law Courts with such disastrous results. A contract for the complete construction of a building such as this should be let by tender to be finished within a year or eighteen months. Any other method we consider unnecessary and wasteful.

We hope the construction of this building does not foreshadow a continuation of the irksome demands of this office, which are only put up with as a war measure and have very largely increased the clerical labours in all shipping and other offices. It must not be lost sight of that Hongkong owes its prosperity to the fact that until quite recently it was a free port, and the sooner it becomes again a free port the better.

I would like again to protest against the system under which all such public works are paid for out of revenue. The only businesslike way of supplying the Colony with such works is by means of short loans in local currency with adequate sinking funds, which would provide the amount required for each year while more equitably distributing the burden of repayment. We would like to see a scheme of the kind adopted.

The Unofficial members of the Sanitary Board have represented to us the absolute necessity for the provision of a poultry market and we wish a sum of \$50,000 included in the Estimates for that purpose.

The programme for road construction we welcome, but it was with very much regret that we listened to the reply of the Government to the question asked by the hon. member who represents the Justices of the Peace regarding the road from Pokfolum to the Peak, suggested by the Automobile Association acting under the best expert advice. I could have understood the reply had the Director of Public Works, for whom I have a great respect, been here, for his somewhat Victorian ideas of the development of the Colony are well-known, but for this reply to be given with a young and energetic Acting Director of Public Works at the head of the Department is amazing. We take it the reply means that the Government does not wish to construct the road, for although they say they know of a better, nothing has been put in the estimates for this better road—on that side of the hill, at any rate.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—There is provision for a road up the Peak in the estimates.

HON. MR. LANDALE—No provision for a road on that side of the hill. We should be sorry to think that this proposed shelving of the matter is due to pique, and that our road will be trotted out a few years hence as a fresh proposal from the P.W.D. The road would open up many good building sites and would pay for itself in a short time. Motor access to the Peak is much wanted,

and we therefore wish \$100,000 added to the estimates for this road.

We would like to have some particulars of the very large amount put down for reclamation at Samshuipo.

We notice with surprise that no provision has been made for the Eastern Reclamation scheme, and we are quite at a loss to understand the very dilatory way in which the Government has handled this matter. The overcrowding in the Wanchai District is notorious, and the offensive condition of the foreshore all along the Praya at low tide is also only too well-known. As the cost of this very much needed public work in a great measure will fall upon the Marine Lot-holders public economy does not enter largely into the question, and we would like to know the cause of the delay and to see the work immediately commenced.

We are glad to hear that the outlying Police Station at Tai O is to be connected by telephone.

The telephones at all Police Stations should be connected with the Central Exchange and direct communication thus established, instead of, as at present, through the Central Police Station. We should like the Government to take immediate steps to effect this connection with the Central Exchange.

We think the station tower at Kowloon has been long enough without a clock, and we would like to see this rectified and a suitable clock that would show the time by night as well as by day placed in the position which has already been provided for it.

With regard to the Military Contribution, we are still very strongly opposed in principle to the method of assessment but for patriotic reasons we do not propose to press the matter until after the war.

The injustice inflicted upon the *personnel* of the Fleet and the Army by the rate of exchange at which the Naval and Military Services are paid in Hongkong has been represented, as you know, sir, to the Government at Home, and so far has not been adequately adjusted. We feel very strongly on this point, and would like to know whether any reply has been received from the Secretary of State for the Colonies. We consider that the amount required for this exchange compensation would be a fair charge on the revenues of the Colony during the war and demobilisation of the Army.

As far as I can make out from the somewhat cryptic figures which I have received from the Colonial Treasurer, the working of the British section of the Kowloon-Canton Railway has shown a loss of \$2,500,000 to date. I do not wish to blame the officials who manage the British section of the line, but I am not convinced that the Government have done everything in their power to improve matters.

It is well known that the management of the Chinese section leaves much to be desired, that the junction of the line with the Kwangtung Railway is necessary for improved earnings, and also the completion of the Hankow Line to the Kwangtung border. Now, have the Government energetically attempted to bring about any of these things which are so essential to the future of Hongkong? I am not sure that they have done so. I am afraid they are so wrapped up in the Municipal administration of this place that these larger trading matters are neglected. I think the Colonial Office, having many other matters to attend to, are not interested in British trade with China, of which Hongkong is the chief depot. I think the Government of this Colony is out of touch with the Foreign Office, who look after British trading interests elsewhere in this part of the world.

With a multitude of Government Departments—the Colonial Office, the Foreign Office, the Overseas Department of the Board of Trade, the Ministry of Commerce—we have not even yet got a Commercial *Attaché* in Hongkong; we have no scheme for improving British trade after the war.

In this Budget no provision is made for even the commencement of the works required to fit this place for the terminus of a great Continental Railway, and three or four years is all that is necessary to complete the connections once an agreement between the Governments of Great Britain and China has been arrived at.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—To what connections do you refer?

HON. MR. LANDALE—The connection of the Hankow railway with the Kwantung railway and the Kwantung railway with the Canton-Kowloon railway. I do not know, sir, whether you have read the recently published report on the provision of a great harbour in China of sufficient size and depth of water to provide for

the confidently expected great increase of trade on the Pacific Ocean. In that report the cost of providing such a harbour at Shanghai or Tsingtau is estimated at Tls. 100,000,000—or say £20,000,000—and it is considered by a competent authority that it would cost about the same amount to improve the Hongkong Harbour to the same extent. It is ships with a draft of from 40 to 50 feet that are expected. This matter of Harbour improvement requires the earnest consideration of the Government and would form a fitting subject for submission to and discussion by the enlarged Public Works Committee to which I have already referred.

With the improved position in Europe and the prospect of an early termination of the war it behoves us to seriously consider the work that it will be necessary to take in hand after peace has been declared—a peace which we sincerely trust will be worthy of the sacrifices made by those who have fought and by those who have died in the great cause for which the Allies have been fighting—the freedom of the world.

HON. MR. HOLYOAK—Sir, in studying the estimates it cannot fail to have struck any of the unofficial members—and I know it has not failed to do so—that the salaries of Government officials almost throughout the Service are inadequate. That this is recognised by the Government is proved more or less by the fact of the constantly recurring "duty pay," which is added to the salaries, I conclude, by the Government because the Government recognises that the salary given is insufficient. Be that as it may, we all think that the time has come for a revision of salaries on modern lines and in tune with the expenses of the day. Under "Administration" we should like to see an item included for the provision of a good motor-car or cars for Government House. The day has gone past when you can meet visitors to these shores with the somewhat antiquated method of Government House chairs, and, in keeping with the spirit of the day, we should like to see a first-class car provided as part of the equipment of Government House. And, if it is not out of place to mention it, we should be pleased if Government House was brought more up to date in the matter of furniture. It is probable that in the course of the coming days, at the close of the war, distinguished visitors will pass more frequently through Hongkong than has been the case in the past, and these things are things which tend to make impressions which cannot be destroyed.



Under the head of "Education," the report of the Committee appointed by the Government to inquire into the teaching of Government schools, which was laid before this Council in May of last year, contained the following criticism with regard to the Saiyingpun school:—

"It is most unsuitable, being between two busy roads on a very narrow site. . . . . The accommodation is insufficient and cannot be extended . . . . . A new school should be built."

Now, sir, I have looked in vain in the Estimates for any indication that the new school unanimously suggested by that Committee has been in any sense provided for, or even that the temporary accommodation which has been in existence in the shape of two matsheds ever since 1912 is to be replaced by a permanent building more suitable for teaching, in case another site, as recommended, cannot be found immediately. I visited this school with my hon. friend who represents the Justices of the Peace only a few days ago, and I have no hesitation in saying that the matsheds in which education is carried on in that school are not suitable and are resented by Chinese parents. I think provision should be made for rebuilding the school, or for the alteration of the present structure. The school is known to be doing well, and it is crowded. You are turning away scholars because you cannot accommodate them, and attempts are made to persuade them to attend other schools, but the scholars prefer to go to this one. In connection with the same question I would suggest that the grade of this school, in justice to the Headmaster, should be raised to the same grade as that of the Ellis Kadoorie School, because at the present time you have a master teaching a considerably larger number of boys at a smaller salary.

HIS EXCEELENCY THE OFFICER ADMINISTERING THE GOVERNMENT—You mean the grade of salary?

HON. MR. HOLYOVK—Yes, I presume the grade of school influences the salary.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT — The Schools are of exactly the same grade.

HON. MR. HOLYOAK—My hon. friend the senior unofficial member for the time being has touched on the necessity for making some provision for the sons and daughters of Europeans who, owing to existing circumstances, are unable to send their children Home to be

educated. That there is likely to be a more or less permanent and growing population of this character is a fact that cannot be denied, and that we must provide for their education cannot be denied either. Whether it should take the form of an assisted school, such as my hon. friend recommended, or whether there should be provided a thoroughly up-to-date Central school, where a finished education can be given to boys and girls such as would fit them for after-life, is a matter for future discussion, but it is a matter which, I submit, deserves the very serious consideration of the Government.

Under Public Works Extraordinary I am glad to find at last a sum of money for the improvement of the Lunatic Asylum, which has long been under consideration. I could have wished that this had been part of a larger scheme to improve the whole of the Hospital system. I have already dwelt on the unsuitability of the present Hospital, and my hon. friend who represents the Justices of the Peace has dealt with the value of the site from the building point of view and has suggested the removal of the Hospital to a more suitable site from the health point of view. That the present Hospital can hardly be regarded as curative from the European point of view cannot be denied. I should like, also, to see some reference to development in connection with Victoria Hospital. The questions which I asked some months ago in Council received replies which were, I considered, eminently unsatisfactory, and I had hoped that the questions would have borne fruit in some way in the Estimates this year. The Hospital was originally intended for Europeans, and it certainly was intended for taking in maternity cases. For a very considerable time past these cases have been denied entrance, and I submit that the Hospital in Barker Road is not fulfilling the intention of the people who subscribed the funds in the first place, or achieving the object which it might achieve in connection with the public health. I shall propose, unless the Government sees its way to deal with this matter, that there be a Committee to inquire into the whole question.

Under the heading of "Roads," I would like to offer congratulations to the Government upon the remarkable progress made on this side of the Island in improving the roads for motor traffic. Last year I criticised sharply—and, I think, with justice—the money spent on roads on the other side at the expense of the improve-

ments on this side. Since that time an energetic policy has been pursued, and there has been a remarkable development in the road improvement between here and Deepwater Bay, upon which, on behalf of the unofficial members, I beg to tender heartiest congratulations to the Government. In the Estimates for the year 1919 I do not notice any reference to the road from the Dairy Farm to Aberdeen Dock, a part of which is still very dangerous. I hope in the coming year it will be possible to provide such improvements as will make the whole of that road in good condition. We hope, also, that Kennedy Road will be open to motor-cars, or, if the whole of it cannot be opened, that at least the first part of it will be in view of the fact that very shortly it will be the terminus of the Peak Tramway for some months to come.

I come now, sir, to consideration of "Charitable Services" and the grants-in-aid to charitable institutions, and I would suggest, sir, that votes towards the Alice Memorial and Affiliated Hospitals be increased from \$300 to \$1,000. The Hospital is doing excellent work, and is in need of funds, and in view of the work it is doing, I submit that it should receive larger support than it gets from this Government.

I was somewhat astonished to find \$15,000 allocated in the Estimates to German charitable institutions. That can only refer, I presume, to the fact that it is intended to carry on work which was taken over from German institutions such as the Hildesheim Mission for the Blind and the Berlin Foundling House. If this be the case I am amazed that the Government should use the word "German" in connection with it, seeing how offensive that word is to all right-thinking persons. It would have been better to describe the money as going in support of charitable institutions taken over from Germans.

My last criticism is in respect to the Widows and Orphans' Fund. I think the Government must be aware of the extreme dissatisfaction that seems to exist throughout the Civil Service in connection with this Fund, and therefore I am sure it will be prepared to deal sympathetically with what I have to say. As far as I can make out from the Estimates, the sum of \$53,000 was estimated as the revenue, and the outgoings were placed at \$27,000, which leaves a profit for the year 1919 of \$26,000.

That, I presume, it is intended to use as revenue. As far as I am aware this Fund began in 1891. Four per cent. was taken from the salaries of all Civil Servants and six per cent. was added by the Government. In 1908, by order of the Secretary of State, the Fund was taken over by the Government and administered, and since that time six per cent. has not been credited to the Fund. My statements are open to correction. I mention these matters because I have had deputation after deputation during the last six months, and if the Government is not aware of the great dissatisfaction and the great suspicion that exists in connection with the administration of the Fund the sooner it recognises it the better. The contention, apparently, is that, if the original funds had not been taken over by the Government, by this time the compulsory deductions enforced and the six per cent. Government addition would have grown now to something like a million dollars or over, and that therefore the pensions to individuals would be on a very much higher ratio than at present. Further, there is a very considerable grievance at the fact that a bachelor has to pay into this Fund, willy nilly, and if he dies a bachelor he regains no part of what has been compulsorily taken. I submit that is a gross injustice.

On behalf of the Civil Servants I ask for a full statement and explanation of the present position, which seems to me to call for a very full investigation. If the needs require a revaluation of the Fund a Committee of Inquiry should be formed to revise the whole matter.

HON. MR. HO FOOK—Sir, I rise to endorse the remarks of the hon. member representing the Chamber of Commerce in reference to the Saiyingpun School and the salary of its Headmaster. I wish at the same time to touch upon the question of vernacular education in this Colony. At the beginning of 1917, in order to meet a long-felt and much-needed want, the Confucian Society, supported by the generosity of certain Chinese gentlemen, opened a number of free Chinese schools in different parts of the Colony for the education of the children of those who would otherwise be unable, through poverty, to send them to school. Mr. Lau Chu-pak, in his capacity as President of the Society, represented the

matter to the Government, and asked that the schools be brought under the Grant-in-aid scheme. Although the representation was made as far back as March, 1917, I am sorry that no provision for this very necessary expenditure has been made in the Estimates now before us. It is no exaggeration to say that the children of the Chinese labouring class to-day have smaller chances of receiving even an elementary education in their own language than those of a decade or so ago when, as some of you may remember, the Government maintained a number of free Chinese schools. There must be thousands of children here whose fathers belong to this class, and who are British-born subjects, and the State owes them the duty of giving them at least an elementary vernacular education so as to enable them to become useful members of society. I am, therefore, strongly of the opinion, which, I know, is shared by the leading members of the Chinese community, that the Government should re-establish free vernacular schools, and assist those free Chinese schools, which owe their existence to private enterprise, by bringing them under the Grant-in-aid scheme. If it is now too late to make provision for the latter in the Estimates for next year, I suggest that a supplementary vote be taken as soon as possible.

Arising out of the consideration of the estimated expenditure under "Law and Order," I desire to make some suggestions for the suppression of serious crimes in the Colony. Murders, armed robberies, cutting and wounding, and burglaries seem to be on the increase, and I think that the number of such offences can best be reduced by stronger measures being taken to prevent the smuggling of arms into Hongkong and the unlawful possession of deadly weapons. Some measure of success might be achieved in this direction if notices in English and Chinese, warning passengers against infringements of the Arms Ordinance, were posted up on board the steamers calling at this port. I have no doubt that owners and agents of such steamers would gladly co-operate with the Government in this matter. In the case of persons who are known to the Authorities to be undesirables and without regular employment, but who cannot for want of evidence be deported, the Government might take power to require them to furnish security for their future good

behaviour, or, in default, to quit the Colony.

I am glad, sir, that in your Budget speech you expressed appreciation of the good work done by the Police Reserve in supervising the search of passengers' baggage at the various wharves. Since they were put on this work some five months ago on the recommendation of a Committee on which I had the honour to serve, not a single complaint of "squeeze" against the searchers has come to notice. On behalf of my Chinese colleague and myself as representing the Chinese community I desire here to record our grateful thanks.

HON. MR. H. W. BIRD—Sir, I wish to fully associate myself with the words which have fallen from my colleagues, and to join in the congratulations to the Government on the budget which is now before us. I propose to make a few further remarks, which the other Unofficial members may or may not agree with, on several matters which I consider of great importance. I regret to see that the Government proposes to spend \$24,000 on additions to the Lunatic Asylum—a building which is totally unsuited for its purpose. Why these premises and the Government Civil Hospital have not been pulled down years ago is a mystery that perhaps the Government will explain. Both these buildings are a standing disgrace to the Colony, and I urge the Government immediately to take in hand the formation of a site for the erection of an up-to-date hospital and attendant buildings which will be worthy of the Colony for years to come. I have suggested a site at Kennedy Town which, together with the large lot to the eastward at present occupied as a timber yard, presents great possibilities. It would be easily accessible for stretcher cases by motor-ambulance, which means of conveyance ought, to my mind, to be adopted even for the present hospital—for out-patients by tram, and harbour cases by launch. Before making my suggestions I consulted a well-known doctor who has had long connection with a hospital, and the only objection he could see to the scheme was the fact that the slaughterhouse was close at hand. I submit that that building could easily be located elsewhere. If, however, the Government will not look with approval on this suggestion, I have another to make, viz., that when Morrison Hill is cut down to pro-

vide the filling for the Praya East reclamation a large area be reserved there for the Hospital and Asylum, and I would further suggest that the site be kept slightly raised above the level of the surrounding buildings. This position, with a view over the harbour on one side and the Wong-nei-chong valley on the other, would, to my mind, be a good alternative, though personally I consider Kennedy Town the better of the two.

As, however, the Government finds that it must increase the accommodation of the existing Asylum, I would ask them to provide a separate house for cases suffering from the effect of alcohol. On one of my visits as a Justice of the Peace I saw a man there suffering in that manner, and he was placed in a ward with a lot of lunatics. I cannot imagine anything more likely to send anyone off his head than to find himself in such company. Surely, sir, it cannot be right that such cases should be herded with those who are permanently insane.

As regards the Praya East reclamation I would like the Government to see whether some scheme cannot be devised so that, when the ground is built upon, a uniform design for houses on the front be agreed upon. I think that if a committee of architects were formed and a uniform type of design were drawn up we should then have a fine front to display to the harbour instead of the ramshackle appearance which obtains on the Praya to the westward.

I see the provision of the urgently-needed fowl market has been ignored in the estimates. One would have thought that the case made out by the Unofficial members of the Sanitary Board was strong enough to have ensured the necessary money being forthcoming for this much-needed accommodation without the matter having to be brought up again, and I think that those members, of whom my friend opposite is one, must be justly disappointed that, after a Committee had been appointed to inquire into the matter and strong representations made, nothing has eventuated. Perhaps the member of the Board who asked for "a fowl's paradise" frightened the Hon. Director of Public Works, as the estimate given for providing the necessary accommodation seems to bear no relation to the sort of place that is really wanted; \$50,000 would be ample for the purpose, and if, as estimated, a rental of \$300 a month can be realised then it is a good financial transaction for the Government.

I would have liked to see a small sum

allocated for the purpose of providing some better means of displaying the names of the streets in the Colony, particularly on the upper levels and in the outlying districts. I have seen quite an artistic method of dealing with the subject carried out in combination with the lampposts. No one will dispute the fact that the lamp-posts in the Colony are far from being things of beauty, and yet there is no reason why they should not be artistic, and, with the name of the street worked in with the design so that it faces one as one passes to and fro, an effect can be obtained which is both pleasing and useful. I offer the suggestion to the Government in connection with the vote of \$12,000 which is partly for providing additional lamps. There is a sum of \$5,500 allowed in the estimates for a crematorium. We should like to see the plan laid on the table so that we may be sure of what we are going to get for our money—whether sufficient accommodation is provided, or whether we shall have to spend more money in the near future.

There is one other matter which I wish to say a few words about, viz., the Housing problem. It was not to be expected that one would find anything in the budget more directly relative to the subject than the provision of new roads opening-up new areas for building purposes, because, up to date, no concrete proposals have been put forward, and I have no doubt that the Government is waiting for private enterprise to give them a lead over the fence. The provision of new roads is the first step in the right direction, but don't let the Government stop at that and think their work is finished—that is the starting point. The next step is the leasing of suitable sites at a reasonable cost. By "suitable" I mean sites that are easily developed; not the kind where a quarter of one's capital is sunk in retaining walls and foundations. Fairly level ground, easy of access, is what is wanted. And whilst on the subject of sites I will ask the Government to do all they can to help owners and architects over the disposing of surplus spoil where there is considerable cutting to be done in the formation of a site. It this spoil has to be carried down and put into junks the cost of making a site is very greatly increased and forms one of the reasons why building is so expensive. Finally, I suggest the Government lend the money for the erection of houses at a low rate of interest. At Home and in various other places in the Empire the Government is, and has been for

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money for housing schemes. In New Zealand there is an Act of Parliament called the Government Advances to Workers Act by which a man can borrow money from the Government to make a home for himself. In England vast sums of money have been lent for this same purpose by the Public Works Loan Commissioners, which body gets its funds from the National Debt Commissioners, and there are other instances too numerous to mention here. Therefore, I see no reason why this Government should not do something similar. It seems to me that if the employers of labour and others who are desirous of having an inexpensive home of their own were to meet together and form some sort of Co-operative Building Society on the lines of those existing in nearly all the big cities in England some workable scheme might be evolved; but to command success, any scheme must have the Government's sympathy and cooperation—not only must you provide suitable sites at a reasonable price, but you must train the nullahs, lay the main drains, give us water and light and easy means of access. I would ask you, sir, not to dismiss this matter from your thoughts without grave consideration. The subject is one which is attracting world-wide attention. Every newspaper one takes up has reference to it. Madras has just started a housing scheme, and Singapore will probably be the next. Therefore, I would ask you to consider whether it would not be advisable to appoint a Commission to go into the question. If this is done, I feel sure that useful results will follow. There is one thing that this war has taught us, and that is to think more largely than before. Schemes that would have taken our breath away before the war have been carried out successfully and with no great difficulty. "Where there is a will there is a way," and I see no reason why, as far as public works matters are concerned, we should not strike out the word "impossible" from our vocabulary.

HON. MR. CHAN KAI MING — Sir, the views and suggestions of my Chinese colleague have my cordial support. As an old resident, I well remember the free Government vernacular schools mentioned by him. There are still living several prominent members of the Chinese community who received the rudiments of their education at such institutions. It would be interesting to speculate what the honourable member of this Council for whom I am now acting, would have become, had he not had the chance of a free vernacular and English education in his young days. The probability is that Hongkong would have lost one of its most

public-spirited and useful citizens. There may, at this moment, be many youngsters among the poor who, if given the same opportunity, might one day rise to positions of honour similar to those attained by our friend, and render important services to the Colony. A system of education which neglects the up-bringing of the children of the poor must be wrong, and the sooner it is remedied the better it will be for the good name of this prosperous and otherwise progressive Colony.

With regard to the question of a wholesale poultry market, I also find myself in agreement with the honourable member representing the Justices of the Peace. I was a member of the Sub-Committee of the Sanitary Board mentioned by him, and I know how real and insanitary the nuisance complained of is. I am sure that if the officials who have authority to deal with and dispose of this matter were to spend a couple of hours in Ko Shing or Li Shing Street while sorting of poultry is in progress, they would have the nuisance stopped in very quick time.

After all, the amount necessary for building the market is not so very large an outlay that the Colony cannot bear it especially when it will bring in a not inconsiderable revenue. I therefore urge that the work be proceeded with at once.

HON. MR. S. H. DODWELL—The ground has been so well covered by other unofficial members that there is only one point I wish to raise, but that I think is an important one. It has reference to the controlled ships' accounts which were lightly touched on by the hon. senior unofficial member of the Council. I presume that the fact that these controlled ships' accounts do not appear separately, does not mean that the local Government purposes appropriating the proceeds. I take it the accounts will not only be kept separate but that the proceeds will in due course be handed over to the Home Government.

THE DIRECTOR OF PUBLIC WORKS—I think most of the points raised by the Unofficial members in connection with Public Works are covered by a general statement regarding the shortage of the staff in the Department. Out of a total of 20 engineers we have 13 at the present  
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Out of a total of 30 overseers we have 18. With respect to the Imports and Exports offices the sum provided covers the building on the Connaught Road front. It will be completed within 15 months from July 12th of this year. Respecting the query as to why the whole scheme could not be carried out at the same time, the job has been divided in this particular way in order that the work of the Imports and Exports Department may be disturbed as little as possible. If the whole scheme had been undertaken it would have been necessary to provide temporary accommodation for the whole staff elsewhere in addition to living quarters for many other employes. Another consideration was that by dealing with the block on Connaught Road first we were able to push forward the work rapidly and at the same time were given an opportunity to proceed with the drawings for the main block. As a matter of fact, therefore, the whole scheme will be completed more quickly in this way. The same argument applies to the method of constructing the Police Station. By the time the foundation was finished, the contracts were ready for the superstructure, and if the iron work had not been delayed in America the whole building would now be finished. With reference to the Sham-sui-po reclamation, the total area is 525 acres of which 280 acres are building land. It is estimated that under that scheme more than 5,000 houses can be built. The part being dealt with at the moment comprises 70.78 acres, with a building area of 38 acres. It is calculated that this will be completed in about three years. On the building area 36 to 40 houses will be built per acre. The total cost of this part of the scheme is estimated at \$730,000. The delay in proceeding with the Praya East reclamation is due to the fact that certain negotiations with lot holders are incomplete and also, to a certain extent, to the absence of engineers for carrying on this work. Mr. Jaffe and Mr. Duncan, who are associated with this work are returning soon to the Colony. Their leave is up at the beginning of next year. A question has been asked with reference to the telephones to the New Territory. If the telephones are connected direct with the telephone office, you will have to switch through to the Police Station and your line will be subsidiary to the Telephone Exchange, which does not appear desirable. If you have two exchanges, you have to have two

lots of wires, and it will be necessary to have a cross-switch somewhere. It might sometimes not be desirable that messages coming over on private wires should be available to those at the public switch-board. With reference to the carrying out of the plan of the Automobile Association—a matter to which the hon. senior unofficial member referred, and whom I would wish to thank for his compliments—the matter is receiving consideration. The plan is only a skeleton one, and some detailed surveys will be necessary before the whole thing can be dealt with. At the present moment, however, as I said before, the Government has more than it is able to do. H.E. will doubtless refer to the Saiyungpun school and to the question of placing those suffering from alcohol in the same wards with the insane in the Lunatic Asylum. With respect to the Crematorium, it is partly my fault that the matter has not been put before the Public Works Committee. It was left to me to bring before the Committee and only the fact of extremely heavy pressure of other work kept me from doing what I should have done.

THE COLONIAL TREASURER—I wish to make a remark in connection with the criticism regarding the form in which the accounts are presented. As a matter of fact, the reason for the form adopted was explained some years ago. Cash balances only are taken into account. The form is adopted from the regulations made by the Secretary of State. In connection with the loans, it was suggested that there is no information about the Sinking Funds. Every information with regard to the state of the Sinking Funds is given as on the 31st of December each year and a statement is laid on the table with the annual accounts. That statement was laid on the table in May last.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—The question was whether we might make use of the high exchange value of the dollar.

THE COLONIAL TREASURER—That is another point. That is a suggestion which may be considered. I have no remark to make at present on that.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—It should be remembered that sterling securities are very much depreciated.

THE COLONIAL TREASURER—Everything will have to be taken into consideration. Another important point to which reference has been made, is the Widows and Orphans Pension Fund. As a matter of fact, I quite agree with the statement put forward by my hon. friend opposite that the time has now arrived for a fresh valuation of the Fund. It is very likely that we shall find that the figures in the present schedule are much smaller than the Fund could well afford, but it is absolutely impossible to say for certain without a valuation by actuaries and experts in these matters. It is obvious that the six per cent., although it does not now form a book entry, must be included in the figures of the schedule; that is to say, the six per cent. is taken as the basis of interest on which all the tables are calculated, and the result must be embodied in the table. It is impossible, however, to say at present how the Fund stands without a real valuation. It is no good taking the Estimates and saying the balance is on one side or the balance is on the other. Attention has also been called to the Controlled Ships Account. That account is kept quite distinct and separate and is put as a liability of the Government.

THE COLONIAL SECRETARY—The hon. member representing the Chamber of Commerce has asked for a full statement regarding the Widows and Orphans' Pension Fund, and the Treasurer has outlined the position, stating that a valuation is required, but has not given the details which will enable hon. members to understand how the present position has come about. In 1908, when the Fund was taken over, a sessional paper was laid on the table which contained a sketch of the history of the Fund up to that date. As the hon. member has stated, the Fund was established in 1891. Using the words quoted in the sessional paper:—

"To prevent the possibility of widows and orphans of deceased Colonial officials being left destitute through the omission or inability of the latter to make proper provision for them, Funds were established—during the eighties and early nineties—in Ceylon, Mauritius, the Straits Settlements, the Federated Malay States, Hongkong, Jamaica, Trinidad and British Guiana; and all permanent officers were required to contribute 4 per cent. of their salaries to the Fund. The Government made in effect a large

contribution to the Fund by agreeing to pay interest at the high rate of 6 per cent. on the monies belonging to the Fund which were deposited with it. Pensions were paid to widows or orphans of contributors according to Pension Tables prepared by Actuaries based upon the best mortality statistics available.

"Early in the present century it became evident that the Fund system, though necessary to enable the pension system to be started, was not altogether satisfactory, and the policy of successive Secretaries of State recently has been to get the Colonial Governments to take over the Funds and to guarantee the pensions in return for the 4 per cent. contributions.

"The proposal that the Government should take over the Fund was first placed before the Hongkong Government by the Secretary of State in July, 1902, and in February, 1903, your predecessor wrote stating that the Executive Council and the Directors of the Fund unanimously agreed to the adoption of that course. Correspondence followed—mainly as to whether the Pension Tables recently introduced in Ceylon might properly be adopted in Hongkong when the Fund was taken over—but in April, 1905, Mr. Lyttelton forwarded a draft of an ordinance to effect the transfer of the Fund and asked that it might be introduced as soon as convenient."

That proposal was put before the Civil Servants, A Committee composed of Sir Henry Berkeley, Dr. F. Clark, Mr. L. A. M. Johnson, and myself, was appointed to enquire and report upon the proposal. We reported in November, 1905:—

- (i.) That the Service is unanimously opposed to the proposal that the Fund should be transferred to the Government.
- (ii.) That a majority of contributors are in favour of a compulsory insurance scheme in place of the present Pensions Scheme.
- (iii.) That a minority prefer that the existing scheme should continue, but are of the opinion that the pensions are insufficient in view of the large amount of the total annual contributions. They further suggest that the daughters of deceased officers should be supported from the Fund until marriage instead of until the age of twentyone years only.

"With regard to the question of the transfer of the Fund the Committee desire to point out that the Government has, under Section 13 of Ordinance No. 30 of 1890 and Section 5 of Ordinance No. 3 of 1900, guaranteed that all contributions shall during the continuance of the Fund bear interest at the rate of 6 per cent. per annum.

"Under present circumstances the Government employs the Fund for purposes of General Expenditure paying 6 per cent. compound interest for the use of the moneyp. The Committee understands that it is now proposed that the Government should continue to use the money but should cease to pay interest upon it.

"The Government is apparently of the opinion that the annual expenditure in respect of pensions and cost of management will ultimately equal if not exceed the sum of the annual contributions together with interest on the capital calculated at 6 per cent. The Civil Service on the other hand anticipate that the capital of the Fund will increase so largely as to make it possible at some future date to revise and to increase the rates of pension; and they are prepared to undertake for themselves the risk that the Government now proposes to undertake, namely that the expenditure may eventually exceed the income.

"With regard to the second of the Committee's findings it is urged by a majority of the contributors that each officer is in natural justice entitled to the eventual return with interest of that portion of his salary which he has been compelled to surrender. They suggest in place of the existing scheme a scheme of compulsory individual insurance based upon the present 4 per cent. reduction of salary with the stipulation that the policies shall be held by the Government or by a Board of Directors and that an officer shall have no power to alienate his policy from his wife or children or to discontinue his payments thereon."

The Government accepted the recommendation that the fund should not be transferred, and Ordinance 17 of 1906 was passed, whereunder the Ceylon Tables and certain minor benefits were introduced, while the fund remained in the hands of the contributors. This Ordinance was sent home, and it was disallowed. The Secretary of State, towards the close of his dispatch, says:—

"I will now proceed to explain the reasons for the abolition of the Fund. By this course the

interests of members of the Fund are in no way injured. The Government binds itself to pay pensions according to Pension Tables mentioned in the Ordinance, and the rates contained in those Tables are based on the assumption that compound interest at 6 per cent. is, and will continue in effect to be, paid by the Government. The only advantage which Government obtains is that it is relieved from the necessity (inherent in the old system of these Funds) of contributing 6 per cent. compound interest on surpluses, should such exist, which had the effect of continuously increasing the surpluses and of throwing on the Government a larger burden than was reasonable or necessary. On the other hand if there were at any time a deficit, the funds system would tend to increase that deficit, since the Government contribution would then be calculated on a balance smaller than that needed to meet the future liabilities of the fund, and the Government contribution would therefore be less than the amount required to maintain an equilibrium between the assets and liabilities. Thus the normal condition of the fund must be one of more or less unstable equilibrium, and this unsatisfactory condition would be intensified through the small size of the Hongkong Fund. Besides those indicated above, the policy recommended has other advantages. The necessity for periodic costly and troublesome valuations is avoided. Moreover the experience of other colonies has shown that where distinct funds with separate accounts exist it is difficult to satisfy the members who when the assets of the Fund have reached a considerable figure are apt to think that the pensions can be considerably increased or the contributions reduced.

"I have felt it necessary to advise His Majesty to exercise his powers of disallowance in respect of Ordinance No. 17 of 1906 and it is disallowed accordingly."

The matter was referred again to the Committee and they reported in June, 1907, as follows:—

"That a large majority of members is strongly opposed to the Fund being taken over by the Government."

"As regards the contention that "the Government made in effect a large contribution to the Fund by agreeing to pay interest at the high rate of 6 per cent on the monies belonging to the Fund deposited with it" we would point out that the rate of interest charged on loans against first class security



by the Hongkong and Shanghai Banking Corporation since 1891 has been:

From	To the Public	To the Govt.
1.1.91-31.8.91	7 % per an.	5 $\frac{1}{2}$ % per an.
1.9.91-30.9.92	6 „ „	4 $\frac{1}{2}$ „ „
1.10.92-30.9.95	7 „ „	5 $\frac{1}{2}$ „ „
1.10.95-date	6 „ „	4 $\frac{1}{2}$ „ „

and on current account:—

From	
1.10.91-date	2 % per an. ”

"And it is within our knowledge that for some years past and for periods varying in length the Government's account with the Bank has been overdrawn as a result of currency transactions."

"It is also evident from the figures that the monies belonging to the Fund have possessed a marketable value during the whole period equal to and during part of the period exceeding the Government's contribution."

"Further, we have made enquiries and are informed on good authority that the Fund could be lent out on mortgage at the present time at as much as 8%-9% and that this form of investment would offer the very best security to the Contributors."

"We would suggest therefore as a means of relieving itself of the burden of paying 6% on surpluses that the Government might itself invest or appoint trustees to invest the monies belonging to the Fund in approved local securities."

The matter was referred again to the Secretary of State, and the reply was: "I may say at once that I am not prepared to consider the substitution of an insurance scheme for the Fund," and, again, "I have therefore come to the conclusion that the original proposal that the Government should take over the Fund and guarantee pensions on the Ceylon pension tables in return for the four per cent. contributions must be adopted, and I have to request that you will take steps at an early date to introduce and pass the necessary Ordinance." That was done, and Ordinance 15 of 1908 was duly passed. The Fund was taken over on the 1st of January, 1909, interest at six per cent. being credited up to that date. Hon. members have asked for the figures. I have worked them out roughly, taking the receipts the four per cent. contributions and

deducting the payments, expenses, pensions, etc. The capital sum would now be \$1,117,335. The interest on that would be \$67,000. In the figures before you to-day the estimated receipts are \$53,000. That gives an income of \$120,000. The expenditure before you to day is estimated at \$27,000. Although the Secretary of State has pointed out the undesirability of these valuations, I have no doubt he would be willing to consider the valuation of the Fund on the present basis. No doubt the Fund has been peculiarly fortunate in having no heavy pension calls upon it. One other matter I may mention. It is in connection with the Controlled Shipping Accounts. The money serves the purpose of an insurance fund against war risks. The whole money is kept available and apart.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—Before proceeding to deal with matters raised by hon. members which have not so far been dealt with I should like to state that the debate this afternoon has traversed more points and has been in every way more satisfactory than any I have listened to since I have been in the Colony on the second reading of the Supply Bill. It shows that hon. members are taking a very great interest, which the Government hopes hon. members will always take, in the affairs of the Colony. I was particularly struck by the suggestion of the hon. member on my right, who spoke first, that the suggested expenditure on public works should be submitted to consideration by the Public Works Committee before the Estimates are framed. The Government will always be prepared to receive suggestions as to the expenditure of public money, but it must be remembered that under the Royal instructions "every ordinance, vote, resolution or question, the object or effect of which may be to dispose of or charge any part of the revenue arising within the Colony shall be proposed by the Governor unless the proposal of the same by some other member shall have been expressly allowed or directed by him." I come from the Straits Settlements, where the Estimates are considered by such a Committee as the hon. member proposes. The Committee in Singapore consists of the Colonial Secretary and Treasurer with all the unofficial members. The Committee in Penang consists of the Resident Councillor and the unofficial members of Penang. They go systematically through the Estimates, item by item, possibly sitting three days a week, and the

Estimates have a thorough revision after their first introduction. They thus come back to the Council for the second reading in possibly a very much altered form.

This year I am glad to see hon. members have asked for information on certain points, and have brought forward a number of most interesting and most useful proposals, to which the Government will undoubtedly give their best consideration. With regard to the statement made by the hon. member who spoke first that the policy of short leases has resulted in a shortage of houses, I do not know what grounds he has for making that statement. A lease of 75 years, with the option of renewal for 75 years, cannot be regarded as a short period. It is not as long as a lease practically in perpetuity such as the 999 years' leases given in the early days of the Colony but it cannot be suggested, I think, that a 75 years' renewable lease, under such circumstances, would retard a builder in putting up any kind of premises. The policy pursued in recent years of insisting upon an adequate building covenant has had very good results. Pursuing the same subject, the hon. member on my right, and the hon. member who represents Mr. Lau Chu Pak, suggested, in addition to making roads and opening up areas for building, that the Government should level sites, build retaining walls, make drains, and do other things. Whatever the Government may do in Kowloon, where it may be possible, I think, according to the Government view, it is rather too much to expect on this side. An interesting question is whether there might not be some give and take in that matter, so as to facilitate the carrying out of building enterprises with greater speed than would be the case if the present system continued in force.

The question with regard to the Observatory I cannot go into at the moment. I note what has been said about the different storm codes by those well acquainted with the subject, and I trust some arrangement may be arrived at. On behalf of the Civil Service, I would thank hon. members for what they have said with regard to the salaries of public servants. It is proposed that the salaries of the whole Service should be revised, and the suggestions that have been made on that subject will have the consideration of the Government, probably at an earlier date now than would have otherwise been the case. The small sum for afforestation

has been mentioned. If it is found that a larger sum than that provided can be used without waste, the larger sum will certainly be asked for. Afforestation in the New Territories is an important subject, and if only keenness and assistance come from the inhabitants of these territories, it is quite possible that this scheme, which is being begun as a mere experiment, may develop rapidly, in which case the Government will not hesitate to come to the Council for more money. What has been said with regard to the Fire Brigade will be carefully noted for consideration. Then, various members referred to several points under education. I will deal first with vernacular education—a subject in which I, personally, am very interested and was interested for many years before coming to this Colony. In this Colony I have made several suggestions, and any delay which took place in dealing with the very generous proposals put forward by the Hon. Mr. Lau Chu Pak and others in connection with Confucian schools was, I am afraid, due to my anxiety to try and arrive at a satisfactory arrangement when I had so many other things to do that I could not deal with it properly. Now, it is proposed to give a grant, but nothing appears in next year's Estimates because the grants do not become payable until after the close of next year, although these schools come under the grant system. I think there is no doubt that the Government will consider the question of not only improving the vernacular schools, as they are doing in the New Territories at present, but will consider the question of making them free or with merely nominal fees. The site of the Saiyingpun school for years past has been recognised as unsuitable and the buildings as not large enough for the purpose, but it is felt that it would be a waste of money to spend further sums in trying to improve the present premises. I hope that before long the school will be moved to a larger and better site, and then the Government, no doubt, will find a good use for the present site of this school. The merits of the present Headmaster are thoroughly recognised, and he is a man who will get to the top of the tree in the Education Department without any doubt. The reason for the difference between the salaries of the Headmasters of the Ellis Kadoorie and the Saiyingpun school is merely that it was found opportune to appoint a cer-

tain master to the Ellis Kadoorie school. If he went to another post, his successor would be on the same salary as the Headmaster of the Saiyingpun school. There is no differentiation between the two schools in that sense. With regard to the removal of the restrictions of trade, the present rules under Import and Export are certainly irksome, but they are war measures. Nothing has been done, as far as I know, to alter the character of Hongkong as a free port.

HON. MR. HOLYOAK—Permits.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT — They do not alter the character of a port as a free port. There are no duties except such as are imposed in the Straits and elsewhere.

HON. MR. HOLYOAK—Tobacco.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—There is a tobacco duty in the Straits, and the people there are very jealous of the freedom of their port. It was suggested some time ago to alter it, and the suggestion raised a tempest. With regard to the poultry market, if you want a poultry market you can have it at once. We all know the conditions of Ko Shing Street and Li Shing Street. I have been there myself and have seen them, and I should certainly object if I lived there. The site that has been proposed, however, is not a very good one, but if hon. members are quite clear that they want it at once they can have it there. The clock for the railway tower is on order and I hope it will come out when the war restrictions allow. The metal in it weighs over a ton, which brings it within the class of goods which cannot be released at present. I trust we shall get an immediate answer from the Secretary of State with regard to the exchange rate of the dollar for payment of the Navy and Army here. I hope it will be as satisfactory as we all wish. As regards the joining up of the railway, I can only say that we have done everything we possibly can, and I shall be surprised if it does not come before long. We are ready to pay for it, and that ought to have some effect and as regards the Government not being prepared and not realising, as it was hinted, the development required here when the rail is joined up, I can say that is not the case, but as with so many other things the war has intervened. As soon as we can see our way, we shall get ready the necessary schemes. The suggestion of the hon. Chinese member who referred to the series of crimes will receive every consideration

from the Government. With reference to education again, the suggestion made by the hon. member who spoke first, will receive every consideration. His suggestion was not for the establishment of a central school for the sons and daughters of Europeans here, but that in certain cases it should be made possible to send the children away. Both sides of the question have to be considered. I am in entire sympathy with the question relating to a suitable hospital for Europeans. I did not fail to note the deficiency in this sense when I came to Hongkong, and if I can do anything in the matter I certainly shall. The road from the Dairy Farm to Aberdeen Docks is being widened, and I hope will be fine road before long. The proposal made by the hon. member representing the Chamber of Commerce with reference to the support given to the Alice Memorial Hospital will be considered. The German charitable institutions are the Hildesheim Mission for the Blind and the Berlin Foundling Home. They are still receiving this grant of \$15,000 in order to enable those in charge to carry on.

HON. MR. HOLYOAK — Are the German Superintendents still in charge?

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—No. The German adies still remain there and the children and they will have to remain there, I think. Are there any other matters which have been brought forward which I have not dealt with?

HON. MR. BIRD—I do not think it is quite correct to say that I suggested that the Government should build retaining walls. I suggested that the Government should provide suitable sites and by suitable sites I mean sites easy to develop. They should make roads where sites easy of development can be obtained. I did not suggest that the Government should build retaining walls.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—On this side we should have to have great faith and remove mounains. I will conclude by saying that every possible assistance will be given to hon. members with regard to the Estimates that may be required. All the Government desires is that interest should be shown and proposals made which will be of public benefit.

Council was then adjourned and the Bill considered clause by clause in Finance Committee, the Colonial Secretary presiding. The Bill passed through Committee without amendment.

The Committee then considered various Financial Minutes.

### **Cheung Chow School**

The Officer Administering the Government recommended the Council to vote a sum of one hundred and ten dollars in aid of the vote Education, *A.* — Department of Director of Education, Other Charges, Cheung Chau School, Rent.

THE CHAIRMAN—The old school was reported unsafe structurally and other premises were rented.

The vote was agreed to.

### **Fire Brigade**

The Officer Administering the Government recommended the Council to vote a sum of three hundred dollars in aid of the vote Police and Prison Departments, *M.*—Fire Brigade, Other Charges, Repairs to Engines and Plant.

The Officer Administering the Government recommended the Council to vote a sum of four hundred and twenty-four dollars in aid of the vote Police and Prison Departments, *B.*—Fire Brigade, Other Charges, Repairs to Engines.

THE CHAIRMAN—These sums are required for extensive repairs to the fire float due to the bursting of a tube in the boiler.

The votes were agreed to.

### **War Bonus**

The Officer Administering the Government recommended the Council to vote a sum of two hundred thousand dollars in aid of the vote Miscellaneous Services, Special War Allowance on Salaries.

THE CHAIRMAN—I understand the members wish to vote this sum and desire that a proposal should be sent to the Secretary of State that there should be a ten per cent. increase all round on all salaries.

THE COLONIAL TREASURER — The Officer Administering the Government stated in his address that hon. members had already considered this scheme. I do not recollect it; at what meeting was it discussed?

THE CHAIRMAN—It was considered by the Unofficial members.

THE COLONIAL TREASURER—At a private meeting?

THE CHAIRMAN—Yes.

THE COLONIAL TREASURER—Upon what principle is the discrimination made—10 per cent. for married men and 5 per cent. for bachelors.

THE CHAIRMAN—It is not so much an allowance on salaries as compensation for the increased cost of living, and it was thought that in the case of married men, possibly with children, the expenses would be higher than in the case of bachelors.

THE COLONIAL TREASURER — And what is the reason for the discrimination between those who get ten per cent. and those who get nothing at all?

THE CHAIRMAN—Everyone gets ten per cent. or five per cent. throughout the service.

HON. MR. HOLYOAK—The Colonial Secretary does not come in the scheme.

THE CHAIRMAN—No; there are five senior officers excluded.

THE COLONIAL TREASURER—What is the argument put forward?

THE CHAIRMAN — That their salaries are comparatively large, and the rise in prices has not so directly affected them.

THE COLONIAL TREASURER—How was the distinction drawn between those receiving about the same salaries?

THE CHAIRMAN—A broad distinction was made between those holding what are known as staff appointments and those who are not.

THE COLONIAL TREASURER—A distinction in name only. I think the vote comes under the wrong heading. It should come under charitable services.

The vote was then agreed to.

Council then resumed.

THE COLONIAL SECRETARY reported that the Finance Bill had passed through Committee without amendment, and moved its third reading.

THE COLONIAL TREASURER seconded and the Bill was read a third time and passed

Council then adjourned *sine die*.