

16TH JUNE, 1922.

PRESENT:—

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

HON. THE OFFICER COMMANDING THE TROOPS, LIEUT.-COLONEL W. N. NICHOLSON, C.M.G., D.S.O.

HON. MR. A. G. M. FLETCHER, C.M.G., C.B.E. (Colonial Secretary).

HON. MR. J. H. KEMP, K.C., C.B.E. (Attorney-General).

HON. MR. D. W. TRATMAN (Colonial Treasurer).

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

HON. MR. E. A. IRVING (Director of Education).

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

HON. MR. E. V. D. PARR.

HON. MR. A. O. LANG.

HON. MR. CHOW SHOU-SON

HON. MR. A. R. LOWE.

HON. MR. H. W. BIRD.

HON. MR. NG HON-TSZ

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

Minutes

The Minutes of the last meeting were approved and signed by the President.

Delays in Passing Plans

HON. MR. H. W. BIRD gave notice of his intention to ask the following questions:—

1.—In view of the fact that the Government refused to adopt the recommendations of the Committee appointed to enquire into delays in connection with the passing of plans as relating to those referred to the Governor-in-

Council, will the Government state the average period that now elapses between the time when the plans leave the Building Authority's Office, and the notification to that officer of the Council's decision?

2.—Does the Government claim that when plans are referred to the Governor-in-Council the provisions of Section 222 Sub-Sections (2) and (3) of the Public Health and Buildings Ordinance, 1903, are rendered null and void?

3.—If that is the case will the Government state on what grounds such claim is made?

Papers

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid on the table the Report of the Captain Superintendent of Police for the year 1921.

Finance

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid on the table Financial Minutes Nos. 38 to 41 and moved that they be referred to the Finance Committee.

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

The Telephone Charges

HON. MR. CHOW SHOU-SON in accordance with notice previously given asked the following question:—

Will the Government before binding itself depute a competent official to explain to the combined Committees of the Hongkong General Chamber of Commerce and the Chinese General Chamber of Commerce the terms of the Agreement with the China and Japan Telephone and Electric Co., Ltd., so that the commercial

community may realise whether the terms are just and equitable from their point of view as public subscribers to the Telephone Co.?

THE COLONIAL SECRETARY replied:—Certainly, Sir. Arrangements have been made for a meeting in this Chamber at noon on the 19th June, at which the Colonial Secretary will explain in detail the negotiations which have taken place, and the terms which it is proposed to offer to the Company. Members of this Council are invited to be present, if they so wish.

HON. MR. A. R. LOWE put the following questions standing in his name on the Agenda:—

1.—Assuming that the recent valuation by experts of the China and Japan Telephone and Electric Co., Ltd., undertaking in Hongkong is in the neighbourhood of £280,000 will the Government explain why this has been arrived at on the basis of a compulsorily acquired undertaking when the new local company to be formed to purchase same is to comprise the same shareholders, viz. (according to the latest records at the Supreme Court), the Oriental Telephone Co., and one other, and in view of this fact will the Government order a new valuation to be made on a commercial basis?

2.—Is the Government aware that according to the latest filed Balance Sheet 31st December, 1920, the "value of the goodwill and undertaking is put down at £103,000 and that the Auditors of the Company (Messrs. Price, Waterhouse & Co., C.A.) certify the balancesheet "subject to specific provision for depreciation and accruing renewals' which means that as a continuing company it is doubtful whether £103,000 is a fair value for the plant having regard to old age and partial obsolescence and that this reselling to itself at a profit of (say) £150,000 means the extortion of higher rates from subscribers largely to recoup the new Local Company for depreciation and obsolescence on the old plant?

3.—In view of the fact that the China and Japan Telephone and Electric Company, Limited, is in a sound financial condition, even without taking into account the assumed accretion in the capital value of its assets, and is now seeking to break the contract of 1905

on the ground that the £10 rate does not pay as well as the old \$100 rate, which latter rate if it had been continued would have proved a source of great profit to the Company during the regime of the high rate of the dollar, and bearing in mind that the new rates not only reinstate the old rate but are in themselves 40 per cent. to 54 per cent. higher will the Government claim damages based on the present value of the dollar, 2/6, *i.e.*, say 5,000 subscribers at \$20 each for the 7½ years remaining of the agreement expiring 1930, in all say \$750,000 or thereabouts?

THE COLONIAL SECRETARY replied:—

1.—Mr. Cook, who valued the undertaking in approximately the sum of £280,000, did not contemplate its compulsory acquisition, nor did he suggest that he had based his valuation upon such acquisition. The Government has made exhaustive enquiries regarding the commercial value of the undertaking and it does not consider that a further valuation would serve any useful purpose.

2.—The Government has had before it the 1920 balance sheet and it is satisfied that the present day value of the undertaking does not appear therein. For example land and buildings are put down at £20,566. 13s. 11d. whereas the Director of Public Works values them at a very much higher figure.

3.—The answer is in the negative.

The Rents Ordinance

THE ATTORNEY-GENERAL moved the third reading of the Bill intituled, An Ordinance to extend temporarily the provisions of the Rents Ordinance, 1921, with certain amendments.

THE ATTORNEY-GENERAL said—The Government have considered carefully the proposal made at the last meeting of the Council to exclude godowns, expressly, from the operation of the Ordinance but they have formed the view that it is not desirable to do so and that the Bill should be passed in its present form. Various forms of the

proposed amendment were discussed and the latest form reached was that clause 2 (b) of the Bill should be amended by the inclusion of a further sub-section, (vi.), to read as follows:— "Any building which in the opinion of the Governor in Council is primarily intended for the storage of goods, or as a factory or workshop." When that point was reached in the discussion of the proposed amendment it was suggested that the matter might very well be left to the general clause 24 under which the Governor in Council has power to exclude from the operation of the Ordinance any domestic tenement if he considers the circumstances sufficiently exceptional and that is the view which the Government has adopted, —that the question of the exclusion of any particular godown may be left to the Governor in Council, under clause 24.

One objection to the form I have just read out — the latest form of the proposed amendment—is this: It is true that it gives the Governor in Council a discretion, but it is in effect, I think, in the nature of a direction to the Governor in Council to exclude any godown which comes within those words, "primarily intended for the storage of goods," and it ties the hands of the Governor in Council rather before we really know the whole of the conditions. We know of only one case, and our knowledge of that particular case was not quite complete at the last meeting, because I understand that the tenants say that, so far from putting in persons to occupy the premises to make them a domestic habitation, the proposed lea now the subject of litigation, contains express words that the premises may be used either as a godown—I think it is—or for human habitation. I would like to add, Sir, that if any member wishes to press for the amendment of clause 2, or to discuss the form of clause 24, before he can do so it will be necessary for him to move that the clause in question be recommitted, and some other member should second that motion and then the whole Council will have to decide whether the Bill is to be recommitted or not. If the Council decides not to recommit the clause, the third reading is proceeded with. If the Council should decide on such a motion to recommit the clause a discussion would begin and the question whether it should be amended or not would have to be decided.

THE COLONIAL SECRETARY seconded the third reading; and no member desiring to discuss the question further, the motion was carried and the Bill passed accordingly.

The Indemnity Bill

The second reading was not proceeded with of the Bill intituled, An Ordinance to restrict the taking of legal proceedings in respect of certain acts and matters done during the war and to provide in certain cases remedies in substitution therefor.

THE PRESIDENT — The Council will adjourn *sine die*.

FINANCE COMMITTEE

A meeting of the Financial Committee followed, the COLONIAL SECRETARY presiding.

Telegraphic Connection with Canton

The Governor recommended the Council to vote a sum of \$1,400 on account of Kowloon-Canton Railway, Special Expenditure, Installation of telegraph instruments at Shum Chun and Kowloon Stations.

THE CHAIRMAN—It is desired to have direct railway communication with Canton. At present we only get it to Shum Chun. This will provide the extension.

Approved.

Cost of the Strike

The Governor recommended the Council to vote a sum of \$93,919 on account of Miscellaneous Service, Strike Expenses.

THE CHAIRMAN—Perhaps it will interest members if I go into this matter at some length. The expenditure is divided under various sub-heads, the principal one being food control, \$55,366.20. The first part of this is expenditure in respect of the food control at the Peak and at Kowloon. The Government bought the various supplies which were handed over to gentlemen who kindly undertook to distribute them, and there was a small loss in each case. The purchases were made from the Dairy Farm, Wiseman's and through the Sanitary Department, and sold to the residents. The loss at the Peak was \$1,005 and at Kowloon \$787.

HON. MR. A. R. LOWE—Was the loss occasioned by reason of the fact that you were selling under cost price or was it the expenses of administration?

THE CHAIRMAN—The goods were sold at cost price but there were various expenses in connection with it which were not charged. Then comes the main item of \$52,980 in regard to the food ship which was sent to Hoihow and Haiphong. The Government did its best to get the recognised dealers in cattle and vegetables to undertake this as a commercial venture, but they were unwilling to do so. As you know, the ship was sent just before the end of the strike and the Chinese would not help in any way at all. Messrs. Jardine, Matheson & Co. gave us very valuable assistance — which is highly appreciated—in letting us have the *Loong Sang* and in getting European officers and engineers to man it. We sent Mr. Fraser, a Government cadet, down to Hoihow on the 1st of the month, to buy cattle, pigs, poultry and eggs. He got down to Hoihow and made excellent arrangements for buying bullocks, vegetables and so on, and then a procession went round the town as the result of which there was a prohibition on exportation of foodstuffs from Hoihow. Of course, the dealers there were fully alive to the position here. Mr. Fraser made certain arrangements and then went on to Haiphong and there got a large quantity of vegetables and a certain number of cattle, and then went back to Hoihow and made further purchases. The Government did the very best it could under great disadvantages. It had higher wages to pay and the food cost more than in the case of Chinese for the crew; however, that was only a small item; in particular the dealers were fully alive to the situation and we had nobody accustomed to the trade to advise the Government in any way.

When the ship returned, the strike had been over some days and there were ample supplies in the Colony and all prices were very much down, and, therefore the cattle were sold at considerable loss, whereas there would have been a large profit had prices been maintained. The Government had been conserving a considerable quantity of cattle in the Colony, in addition, but when the strike ended these

were sold and, with more cattle coming in, the prices fell very heavily, with the result that there was a considerable loss on that head. Also, the vegetables, through the delay, went bad and that was a total loss. As regards eggs, which is a small item, there was considerable pilferage.

HON. MR. A. O. LANG—Was there delay in getting rid of the vegetables here?

THE CHAIRMAN—No, the ship had to go back to Hoihow to pick up cattle. It was at Hoihow first and was unable to load because of the prohibition there. Certain arrangements were made and then the ship went on to Haiphong for vegetables, eggs and poultry and then went back to Hoihow. Everything arrived in good condition and sold well at the time with the exception of the vegetables. The whole expenditure on that was \$52,980.

Then there is a further sub-head, food, \$5,010, in respect of local purchases and sales. We had to guarantee dealers here. We purchased a number of bullocks and sheep and sold them to the Army, Navy, the Civil Hospital, the Dairy Farm and the general public and then at the finish we auctioned off our stock. The total loss on that was \$1,580.

Under Miscellaneous Services Food Control Account there was \$548 for petrol. The next sub-head is transportation, 17,898,51. This includes hire of motor lorries, assembling and adjusting of lorries, hire of motor cars, hire of launches, \$12,943. That was for additional protection for the shipping in the harbour. We had a large number of launches on patrol work.

HON. MR. A. O. LANG—You did not collect that from the shipping companies?

THE CHAIRMAN—No, I want it to be clearly understood that what we collected from the shipping companies was the cost of the police and watchmen they had on board their ships for their own purposes. The Government decided that, for the general protection of shipping, these constant patrols were sufficient.

The European officers, and engineers were on board, but when the ships asked for particular assistance—to have police on board—that was charged to the companies. The hire of motor boats, cost of spirit, repairs, etc., amounted to \$17,898. The cost of coal and transport of coal came to \$5,759. This hardly comes under this vote at all; it is actually the cost of coal during the strike for Government consumption. The Government had to pay more than contract prices.

HON. MR. A. O. LANG—Was this only for Government consumption?

THE CHAIRMAN—Both for Government and for private consumption. The Government sold coal to the Union Insurance Society and they distributed it to the public. It was the whole of the coal specially handled during the strike. Feeding and accommodation of staff cost \$3,821. That includes provisions for naval ratings, Chinese staffs, and the purchase of cooking utensils, and providing accommodation. We had to keep a large staff in the offices and we provided them with food. Under miscellaneous charges, the Hongkong Volunteer Defence Corps cost \$4,251 whilst compensation allowances, amounted to \$1,425. This includes extra payment to the Government contractor at the Government Civil Hospital. Printing and stationery, reporting fees, Court fees, extra coolie hire, refreshments to delegates, etc., amounted to \$11,072. That made a total expenditure of \$93,919.

The vote was approved without discussion.

250 Rifles for the Police

The Government recommended the Council to vote a sum of \$6,000 in aid of the vote Police, Other Charges, Arms.

THE CHAIRMAN—This is a payment for 250 rifles; arms for the Force.

Approved.

Post Office Charges During the Strike

The Governor recommended the Council to vote a sum \$3,150 in aid of the following votes:—

Post Office, other charges coolie hire	\$ 900.00
Transport: Post Office	2,000.00
On account of Post Office, Special Expenditure, safe for Sheungwan Branch Office	250.00
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Total	\$3,150.00
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THE CHAIRMAN—The first two items were incurred during the strike. We had to pay considerably more for handling mail, and since the strike the hire of motor boats and launches has been raised. The Department is doing much more than it used in bringing mails from ships, instead of requiring the ships to land them. The safe for the Sheungwan branch office was required as they keep a certain amount of cash in hand over night, after the bank's closing time.

The vote was approved.

The proceedings then terminated.