

16TH OCTOBER, 1924.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR, SIR REGINALD EDWARD STUBBS, K.C.M.G.

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL SIR JOHN FOWLER, K.C.M.G., C.B., D.S.O.)

THE COLONIAL SECRETARY (HON. SIR CLAUD SEVERN, K.B.E., C.M.G.)

THE ATTORNEY-GENERAL (HON. MR. J. H. KEMP, K.C., C.B.E.)

THE COLONIAL TREASURER (HON. MR. D. W. TRATMAN).

HON. MR. H. T. CREASY (Director of Public Works).

HON. MR. A. E. WOOD (Secretary for Chinese Affairs).

HON. MR. E. D. C. WOLFE (Captain Superintendent of Police).

HON. MR. P. H. HOLYOAK.

HON. MR. CHOW SOU-SON.

HON. MR. H. W. BIRD.

HON. MR. R. H. KOTEWALL.

HON. MR. C. MONTAGUE EDE.

HON. MR. C. G. ALABASTER, K.C., O.B.E.

MR. S. B. B. McELDERRY (Clerk of Councils).

Minutes

The minutes of the last meeting were approved and signed.

Papers

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid upon the table the following papers:—

- 1.— Times for blasting operations in the vicinity of Quarry Bay, Police Station.
- 2.— Order under section 24 of the Rents Ordinance, 1922, made on the 2nd October, 1924.
- 3.— Order under section 7 of the Rating Ordinance, 1901, made on the 2nd October, 1924.

- 4.— Regulations under section 209 of the Public Health and Buildings Ordinance, 1903, made on the 9th October, 1924.
- 5.— Regulation under section 3 of the Vehicles and Traffic Regulation Ordinance, 1912, made on the 9th October, 1924.
- 6.— Regulation under section 6 of the Dogs Ordinance, 1893, made on the 9th October, 1924.
- 7.— Report of the Director of Public Works for the year 1923.
- 8.— Quarterly return of excesses on subheads met by savings under heads of expenditure. (Sessional Paper No. 8 1924).
- 9.— Abstract showing the differences between the approved Estimates of expenditure for 1924 and the Estimate of expenditure for 1925. (Sessional Paper No. 9 of 1924.)
- 10.— Financial statements in connection with the Estimates for 1925. (Sessional Paper No. 10 of 1924.)

Finance

THE COLONIAL SECRETARY—By command of H.E. the Governor I lay upon the table Financial Minutes 83 to 93 and move that they be referred to the Finance Committee.

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

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid on the table the report of the proceedings of the Finance Committee (No. 9) and moved that it be adopted.

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

Flags on the Cenotaph

HON. MR. H. W. BIRD asked the following question:—

Will the Government take the necessary steps to ensure that the flags are in position on the Cenotaph at all times except during typhoon weather?

THE COLONIAL SECRETARY replied— This can probably be arranged for, if it is the general desire, but as at present advised, the Government inclines to the view that it would be better to adhere to the present practice of placing the flags in position only on special occasions. Unless renewed at very short intervals the flags are likely to become shabby and unsightly as a result of continuous exposure to the weather.

HON. MR. BIRD—Sir, arising out of the answer, I think the Cenotaph without flags is not the Cenotaph at all. I think I am correct in saying that flags are always on the Cenotaph in London.

H.E. THE GOVERNOR—I am not quite sure as to the facts, but I believe they started by having flags always in position and then there was a period during which they were removed except on special occasions. I should be obliged if the hon. member will discuss the matter with the Director of Public Works.

The Budget

THE COLONIAL SECRETARY moved the first reading of a Bill intituled, An Ordinance to apply a sum not exceeding \$25,278,133 to the Public Service of the year 1925.

THE COLONIAL TREASURER seconded

The expenditure is specified in the Bill as follows:

Governor	\$	94,082
Cadet Service		325,843
Colonial Secretary's Department and Legislature		67,523
Colonial Secretary's Department and Legislature, Special Expenditure ...		450
Secretariat for Chinese Affairs		30,359
Audit Department		51,671
Treasury		76,542
Harbour Master's Department		491,322
Harbour Master's Department, Special Expenditure		714,750
Imports and Exports Department		1,021,183
Imports and Exports Department, Special Expenditure		30,250
Royal Observatory		42,401
		2,946,376
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		2,946,376

Royal Observatory, Special Expenditure		8,000
Miscellaneous Services		704,879
Judicial and Legal Departments		322,348
Police Force		1,787,637
Police Force, Special Expenditure ...		181,800
Fire Brigade		183,411
Fire Brigade, Special Expenditure ...		91,300
Prisons Department		451,972
Prisons Department, Special Expenditure		1,500
Medical Department		577,108
Medical Department, Special Expenditure		138,100
Sanitary Department		736,870
Sanitary Department, Special Expenditure		93,030
Botanical and Forestry Department ...		92,991
Botanical and Forestry Department, Special Expenditure		11,000
Education Department		989,874
Education Department, Special Expenditure		158,500
Volunteer Defence Corps		40,285
Volunteer Defence Corps, Special Expenditure		10,350
Public Works Department		1,490,959
Public Works Department Special Expenditure		85,000
Public Works, Recurrent		1,330,450
Public Works, Extraordinary		9,187,200
Port Development Department		121,376
Port Development Department, Special Expenditure		3,500
Port Works, Extraordinary		1,412,000
Post Office		383,131
Kowloon-Canton Railway		590,423
Kowloon-Canton Railway, Special Expenditure		518,160
Pensions		560,280
Charitable Services		68,323
Total		<hr/> \$25,278,133 <hr/>

H.E. THE GOVERNOR said—Honourable Members of the Legislative Council. In introducing the Budget last year I stated that the Expenditure for 1923 was expected to amount to \$21,579,530. This proved to be a very close estimate as the expenditure actually brought to account was only \$7,500 less. Revenue was at the same time estimated to reach the total of \$22,982,474 but a sum of \$24,783,762 was

actually received, the excess being due mainly to the high prices received from land sales and to the receipts from the Opium Monopoly being higher than the estimate. Revenue exceeded expenditure by just over three million dollars and the balance of assets over liabilities on the 31st December, 1923, was therefore increased to nearly sixteen million dollars.

Revenue for 1924 is expected to exceed the estimate made last year by about two and a half million dollars owing to the operation of the same causes as in the previous year. As I pointed out last year the estimate of opium revenue was purposely placed at a low figure in the hope—unfortunately still unrealized—that conditions in China would improve to such an extent as to admit of steps being taken to suppress the growth of opium, and thus to make it possible for us to introduce measures for the reduction of consumption without their being stultified by an increase in illicit importation.

Expenditure is expected to exceed our estimate by one million two hundred thousand dollars. This excess is due mainly to the fact that the amount provided for Public Works Extraordinary will in all probability be exceeded for the first time since 1917 and to the heavy initial payments for the construction of Typhoon Moorings, Patrol Launches and the Rescue Tug for the Harbour Department having to be made this year.

Expenditure during the remaining months of this year is expected to be very high and if these expectations are correct the balance of assets over liabilities, which reached the high level of \$18,193,520 at the end of June, will probably be reduced to about \$14,000,000 by the end of the year. I will refer at a later stage to the general financial position.

The specific sums which we expect to receive under each sub-head of revenue are shown on pages 6 to 12 of the estimates before you. The estimates which amount to a total of \$21,812,700 have again been made on a conservative basis, being some five lacs only above the estimate for this year, which, as I have said, will be greatly exceeded. We have again thought it right to act on the assumption that during the coming year, possibly as a result of the discussions which are about to take place at Geneva, some means will be found of reducing the consumption of opium, which will not merely involve the substitution of smuggled Chinese opium for the product prepared by Government. The estimated revenue from opium has

therefore again been placed at $3\frac{1}{2}$ million dollars.

The principal increases anticipated are under the heads of Light Dues, Stamp Duties, Tobacco Duties and Postage. Land Sales are expected to yield a much lower sum in 1925 than in the last few years, as there have lately been clear indications that the land-boom is now over, at any rate temporarily. Considered solely from the point of view of Revenue the end of the period of high prices at land sales is a matter for regret but, personally, I feel that it is better for the community that prices should revert to a level which will enable an adequate return to be obtained from capital invested in land and that the speculative element, which has been so prominent of late, should cease to bulk so largely in these transactions.

THE EXPENDITURE ESTIMATE

The expenditure for next year is estimated to amount to \$30,463,611 being an increase of \$5,538,944 over the original estimate for this year and \$4,342,759 over the revised estimate. The increases and decreases under each department are shewn in the Sessional Paper which has been laid on the table. The rate of exchange adopted for these estimates is 2s. 3d. as against 2s. 2d. in respect of the current year and the dollar equivalent of all sterling payments has therefore decreased slightly except as regards salaries which are payable at a fixed exchange.

HARBOUR MASTER'S DEPARTMENT

The votes for the Harbour Master's Department have been increased by nearly two lacs. The increase is necessitated by the ever-growing volume of shipping frequenting this port, while recent events have made it necessary to incur new and special expenditure amounting to over \$700,000. Two additional marine surveyors have become necessary, two new clerks have been added, and by the courtesy
o f t h e C r o w n A g e n t s

for the Colonies an experienced office assistant and accountant has been seconded for two years to supervise the accounts in this large department and to institute a proper system of filing the voluminous records dealing with shipping in all its aspects.

The votes for recurrent charges have been increased by about \$140,000 mainly owing to the transfer of the whole Police Fleet to the Harbour Master for the purpose of supervision, repairs and fuelling. A corresponding reduction is made in the Police votes. Under Special Expenditure provision is made for the completion of the Typhoon Moorings in the Harbour which were approved after the typhoons last year, for the construction of a Rescue Tug and for the construction and upkeep of the Patrol Launches for anti-piracy work.

IMPORTS AND EXPORTS DEPARTMENT

Increases in the Imports and Exports Department are due partly to normal expansion, one additional Revenue Office being necessary for the supervision of distilleries, etc., in the New Territories, and partly to the increased cost of materials connected with the manufacture of opium. A sum of \$30,250 appears under Special Expenditure to cover the final instalments and initial outfit of a new sea-going launch, the construction of which has been approved and is now proceeding.

THE ROYAL OBSERVATORY

Under "The Royal Observatory" provision is made for the purchase of new magnetic instruments. The continuous encroachment of buildings in recent years has rendered the position of the Observatory unsuitable for magnetic observations. The question was referred to the authorities at the Meteorological Office, London, and to the Admiralty who replied that it was highly desirable not only for scientific reasons but also in connection with the preparation of Admiralty charts, showing errors of compasses, that this part of the work of the Observatory should continue and should be supplemented by additional self-recording instruments. The Director is now looking for a suitable site removed from all disturbing influences where these instruments can be placed.

MISCELLANEOUS SERVICES

Miscellaneous Services show a reduction this year. No vote has been entered for the British Empire Exhibition. The question whether the Exhibition will be continued next year is apparently still unsettled. If it should be decided to continue it, it will be necessary

to consider whether Hongkong should again take part in it. The point is one on which two views are possible and I do not wish to commit this Government to any opinion until the Council has had full opportunity of considering the matter. Additional grants have been provided of £100 to the British Empire Leprosy Association, of \$1,500 to the Hok Hoi Library which it is hoped will become a centre of Chinese learning in this Colony, and of \$5,000 to the Society for the Prevention of Cruelty to Animals. This last vote represents a maximum sum and will not necessarily be expended in full. The arrangement which has been made with the Society is that the Government will contribute two dollars for every dollar which the Society receives in annual subscriptions and donations, up to a maximum of \$5,000. The Society, which has done excellent work and has now added to its responsibilities by taking charge of the new Dogs' Home in Kowloon, is in the opinion of the Government thoroughly deserving of public support.

The annual vote for Furniture for Government Offices and Quarters, which was in the past included in Public Works Extraordinary has been transferred to this head.

The vote for Rent Allowances has been increased considerably to cover first the Senior Staff who are granted rented quarters or rent allowances in lieu thereof under certain conditions; secondly, the Subordinate European Staff who have free quarters or a rent allowance where quarters are not available; and, thirdly, the Asiatic Officers of 10 years' service who have recently been granted these allowances.

The cost of Transport of Government Servants has previously been under-estimated and the vote has therefore been increased.

JUDICIAL AND LEGAL DEPARTMENTS

In the Judicial and Legal Departments increased provision has been made, after consultation with the Foreign Office, to cover the cost of the Registry of Companies in Shanghai. The opening of a Second Magistracy in Kowloon has necessitated an increase of staff which has already resulted in a more speedy despatch of business. The saving of time and expense to the Police will more than cover the extra charges.

POLICE AND FIRE BRIGADE

The Police Force continues to expand with the growth of the Colony and on account of the very unsettled conditions in the neighbouring parts of China. Two additional Assistant Superintendents have been appointed. One of these appointments arises from the normal promotion of a Probationer and the other officer is required to take charge of the larged force of guards on shore and for anti-piracy work afloat. Some additional clerical assistance has become necessary, and in order that the large armoury belonging to the force may be properly cared for it is proposed to appoint a fully qualified European Armourer.

The European Force has been increased by ten, and the Indian Force by sixty, the Cantonese Contingent has been fixed at 515 and the Weihaiwei Contingent at 370, being an increase over this year's figures of 140 men. Under "Water Police," provision has been made for the crew of an additional launch. Other Charges show a reduction on account of the transfer of votes to the Harbour Department; the only important increases being due to the rent of premises taken over for additional stations and for married quarters for Indian Police. Special Expenditure is large on account of the necessity of obtaining a new cruising launch to replace No. 4 Launch which was originally used in connection with the construction of the Railway and has been in constant use in Mirs Bay since 1910.

Provision is also made for a new motor van, additional rifles and bayonets, and component parts for repairs, and an armourer's chest. A weigh bridge for motor vehicles has become necessary as the licence fees payable are assessed by weight.

Provision has been made in the Fire Brigade for a small increase in staff and additional machines. It is proposed to purchase a new motor pump with first aid appliances and carrying a forty foot extension ladder to replace the present tender at Mongkok, a trailer

motor pump to replace an old hand drawn steam engine at Shaukiwan, a small motor car to enable the Superintendent to carry out adequately his daily work of inspection and supervision and a Bayley Fire Escape to replace one condemned as unfit for further service. Provision has also been made for Fire Alarms and Pedestal Fire Hydrants which it is proposed to erect next year.

THE PRISONS DEPARTMENT

Expansion in the Prisons Department has become a matter of urgency. The population of the Gaol continues to increase and it has been found necessary pending the erection of the new gaol at Ngau Shi Wan, to provide further temporary accommodation at Lai Chi Kok. The duties and responsibilities of the Superintendent have increased greatly and it is proposed therefore to appoint an Assistant Superintendent who will help generally in administration and will be able to take charge during the absence of the Superintendent. It is also necessary to increase the numbers of the European Prison Officers; one new Assistant Chief Warder being appointed, an additional Principal Warder and nine warders. Increases in Other Charges are due to increased cost of materials and to the larger number of prisoners to be fed and clothed.

THE MEDICAL DEPARTMENT

When addressing the Council last year on the Estimates for the Medical Department I dwelt at some length on the increase of the staff, and again this year I have to report a further increase. Provision is made for two additional European Medical Officers, one of whom will have qualifications in bacteriology which will enable him to afford any necessary assistance to the Government Bacteriologist and to act for him in the event of his absence, while the other will supervise Chinese hospitals and dispensaries. It is also intended to appoint a Medical Officer to examine the pupils in all

Government schools and schools which come under the Education Ordinance. The officers of the Medical Department has already done much good work in this direction in Government schools but it is considered that the time has now come when the services of a full-time officer should be available. The reconditioning of the old building at the Victoria Hospital is expected to be completed by about September next year and as the new building will then be devoted entirely to maternity cases provision has been made for the necessary staff for three months. The Kowloon Hospital is expected to be ready about July and part provision has, therefore, been made for the staff which will be supplied by the Maryknoll Mission of New York. Considerable increases have been made in the various votes in Other Charges on account of the increased number of patients in the various hospitals and to cover the running expenses of the hospitals shortly to be opened.

A third Health Officer of the Port has become necessary not only on account of increased shipping but also in connection with the Quarantine Station which it is hoped may be in operation next year. Under Special Expenditure provision is made for a motor launch for the use of the Health Officers.

The cost of equipment of the new hospitals is estimated at \$122,000 and sums have also been inserted for pharmaceutical apparatus and sterilizing plant to increase the efficiency of the equipment of the Government Civil Hospital.

THE SANITARY DEPARTMENT

Expansion is also taking place in the duties of the Sanitary Department and some addition to the staff is necessary. A new post of Assistant Colonial Veterinary Surgeon has been inserted in order to cope with the increasing amount of work in connection with the Colony's fresh meat supply and three additional Sanitary Inspectors are required for new Health Districts in Hongkong and Kowloon. Twenty-six extra scavenging coolies, 17 bargemen and a few other minor appointments are necessary.

The use of motor lorries for refuse removal has proved a success and the purchase of five more is contemplated.

BOTANICAL AND FORESTRY DEPARTMENT

A few small increases are made in the Botanical and Forestry Department including a larger provision

for forestry both in Hongkong and New Territories, while under Special Expenditure a sum of \$10,000 is inserted for the formation of a Forestry Reserve in the Water Works Catchment Area at Taipo. The area formerly consisted of padi fields which had to be resumed to prevent fouling of the water supply and it is eminently suitable for growing of timber. It is hoped that in time the Government may be able to obtain from this plantation a supply of firewood which will be most useful in case of emergency.

EDUCATION DEPARTMENT

The estimates for the Education Department provide for three more Junior Masters.

Reorganisation is taking place in the Normal Schools for Men and for Women and the necessary staff has been provided, together with a sum under Special Expenditure for initial equipment. A larger sum is required for grants owing to the increasing number of pupils attending the various schools.

VOLUNTEER DEFENCE CORPS

Sums have been inserted, on the advice of the General Officer Commanding, in the Estimates of the Volunteer Defence Corps for larger grants to the Mounted Infantry Section and for the purchase and upkeep of an Armoured Car. I note with satisfaction that there has recently been a marked increase in the interest taken in this Corps, which has not yet reached the strength which would naturally be expected in a community of this size. I am glad to learn that during the last twelve months or so its numbers have increased from about 270 to 420 men. The increase is mainly, I understand, in the Scottish and Mounted Companies, the Commanding Officers of which are, as is Colonel Bird, to be congratulated on the success which has attended their efforts of increase the numbers and the efficiency of their commands. As a result of these increases it is necessary to provide for additional uniforms, rifles and bayonets.

PORT DEVELOPMENT DEPARTMENT

An important change during the current year in connection with Public Works has been the creation of a Port Development Department which will relieve the Director of Public Works of some part of the heavy work of his department. It is proposed to place under the head of this department, who has been given the title of Port Engineer, the supervision of all construction work within the Harbour limits such as docks, wharves and reclamations, though for the present certain construction work on reclamations and maintenance work in connection with existing sea walls and piers and the dredging of foreshores, will continue to be done by the Public Works Department. The chief work on which the Port Engineer is now engaged is that of preparing a general scheme of development and when that has been completed it will be possible to take a wide survey of the future needs of the Port and of the means by which the approved works can be carried into effect. There will be many difficult problems to solve, but with the actual launching of the new department it only remains for experience to show how they can best be dealt with. I think that Honourable Members will agree with me that we are fortunate in having so good an officer as Mr. John Duncan available to take charge of this important department.

PUBLIC WORKS DEPARTMENT

It will also be observed that changes have been made in the Public Works Department tending to throw greater responsibility on the heads of the sub-departments and thus to relieve the Director of Public Works of much detail work, so that he may be able to devote more time to matters of primary importance. The Water Engineer and the Drainage Engineer have many years of important and responsible work before them, while the other sub-departments such as those in charge of Roads and General Works have been somewhat reorganised. The maximum salaries generally of Engineers have been increased, but the reorganisation is not yet complete so far as the Architectural Office and the Survey Department are concerned.

These changes and the recruitment of a considerable number of new men to cope with the extensive programme of works which lies before us have resulted in a very large increase in personal emoluments which have risen by no less a sum than \$300,000, while a further sum of \$109,696 is required to cover the salaries and allowances of the officers in the new Port Development Department. The

additions to staff consist of thirteen additional engineers, five for the Architectural Office, four for the Public Health and Buildings Ordinance Office, one each for Drainage, Waterworks, Wireless and General Works; four Senior Works Inspectors and sixteen additional overseers, two Material Inspectors, a Store Supervisor and Stocktaker, an Office Assistant and Pay Clerk, and additional clerical assistance in the lower grades. Five more European Wireless Operators are also required, six local officers and twelve apprentices. Six more Land Surveyors are necessary and two additional Land Bailiffs. In view of what was said in this Council during the debate on the estimates for this year and on other occasions I have no doubt that Honourable members will readily approve these increases which are unavoidable if we are to continue the policy of developing the Colony as rapidly as our resources will allow.

These increases in staff involve corresponding increases in the votes under Other Charges.

The large increase in recent years in the number of Government buildings, in the mileage of roads and in the cost of materials and labour account for the extra sums asked for under Public Works Recurrent.

The amount provided for Public Works Extraordinary is \$9,187,200 a much larger sum than in any former year, and as in the current year, a considerable amount of revision and re-allocation of funds between various items may be found necessary as the year proceeds. Even with the increased staff of the department it is most unlikely that the total estimate will be exceeded, and it is perhaps more likely than not that it will not be reached, but in order to be on the safe side I have thought it desirable to provide the maximum sum which I think

that it will be possible to spend if all circumstances are favourable. There are not many new items, but the estimated cost of some of the works begun this year has been revised.

Item 1. Officers' Quarters. Eight Senior Officers' Quarters at Wong Nei Chong are approaching completion and six quarters for subordinate officers close to them will probably be begun before the end of this year. It is also proposed to build some houses of moderate size on sites along Harlech Road. Plans will be laid before Honourable Members in due course. In connection with the subject of the provision of quarters in Hongkong I would mention that the Government has recently purchased the property known as Queen's Gardens, which will eventually be developed so as to provide for the accommodation of a considerable number of officers.

With regard to Item 11 I may remark that it is intended to build a larger market on a new site at Saiyingpun. Later on the site of the present market will be sold. The item has been inserted in the estimates for next year as it is hoped to begin construction, but no plans or estimate of the cost have yet been prepared.

The sum of \$30,000 provided under Item 13 for the new Infectious Diseases Hospital may be exceeded as it is desirable to press on with this work, but the site decided on, though excellent as regards position, is not an easy one to develop, and before the plans are finally settled they will have to be considered by the Government in conjunction with the authorities of the Tung Wa Hospital.

The amount required under Item 14 has been increased considerably in order to make adequate provision for the requirements of the Post Office.

Under Item 22 a sum of \$35,000 is provided to complete the building of temporary barracks for police on Hospital Road. It is probable that these buildings will be required for about five years. They will house about 120 Indian and Chinese Police, being members of the force displaced during the rebuilding of Police Station No. 8 and others who require accommodation due to a general increase of the force in Victoria.

Under the heading Communications a sum of \$30,000 is provided for making a narrow road for one way motor traffic to Cape d'Aguilar, which is much needed. The road will be widened in places for the convenience of passing cars, but as it will be used

almost entirely for official purposes it is not considered necessary to go to the expense of making a wide road the whole way.

Items (u), (v), (x) and (aa) all refer to improvements of the Shaukiwan Road, the construction of the access road to Quarry Bay Inland Lot 14 being part of the arrangement made with Messrs. Butterfield and Swire in connection with the removal of a number of their Chinese tenements to the new reclamation.

Under Item 36 a sum of \$87,700 is provided for laying an underground cable to Cape d'Aguilar, in place of the temporary line on wooden posts which cannot be properly supervised and maintained.

Under Item 53 a sum of \$100,000 is provided for the conversion of Bowen Road Filter Beds from a slow sand filter to a rapid filtering system. This matter has already been referred to in Council. The effect of this large expenditure will be to provide a much larger amount of filtered water than is possible at present at a convenient place.

Item 54 will provide for the distribution of water to a large number of houses at a high level.

In Kowloon under buildings I would draw the attention of Honourable Members to the following. Item 63 has been entered and a nominal sum provided. It is proposed to erect some quarters of moderate size to the North of King's Park, but it is doubtful whether it will be possible to begin the work much before the end of next year.

The increase in the police force generally in the Kowloon Peninsula requires the provision of the quarters referred to in Items 70, 72, 73 and 78.

Under Items 61 and 74 provision is made for housing scavenging coolies and the policy adopted in Hongkong of providing such quarters at convenient centres will be followed in Kowloon generally.

The store for Government materials (Item 76) is an urgent necessity. It is hoped that it will eventually form the nucleus of a Government Central Store Department, the desirability of which is becoming increasingly obvious.

Item 77 makes provision for beginning the erection of quarters for members of the Clerical Service. The Committee appointed by me consisting of the Colonial Secretary the Hon. Mr. R. H. Kotewall and Mr. E. W. Carpenter recommended the construction of fifty-four quarters with shops on the ground floor in Nathan Road nearly opposite Gascoigne Road, and of 128 quarters close to Waterlow Road on an excellent site near Yaumati Station. The quarters will be roomy with good kitchens and offices and will be at a convenient distance from the future ferry terminus in Jordan Road. It is proposed that these buildings should be constructed by a private firm of architects. The total cost will probably exceed a million and a half dollars but no exact estimate has yet been made.

Under "Communications" large sums are provided for constructing roads, and for improving existing roads. In this connection I should like to refer to the work of a Committee which I appointed in June last to consider the question of communications in Kowloon. The members of the Committee were:—

Mr. E. W. Carpenter, Public Works Department,
Chairman.

Mr. P. P. J. Wodehouse, C.I.E., Deputy
Superintendent of Police.

Mr. H. H. Pegg, Public Works Department.

Mr. B. Wylie, Chairman of the Kowloon Residents'
Association.

Mr. J. M. Alves, Member of the Kowloon
Residents' Association.

Mr. B. W. Tape, Kowloon City.

The Committee reported on the 2nd September, and their report is now under consideration. In the opinion of the Government the report is a very excellent piece of work and the ability and thoroughness with which the Committee carried out the task entrusted to them will I am sure be appreciated as fully by the community in Kowloon as it is by myself. The Chairman informs me that the work of the Committee was materially assisted by the data supplied by the representatives of the Kowloon

Residents' Association of whose co-operation in this and other matters I should wish to express my keen appreciation.

Under "Drainage" large sums are required, and Kowloon drainage problems are so closely connected with the provision for drainage in the "New Territories" which really means New Kowloon adjoining that they can be conveniently considered together. The heavy expenditure is due to the size of the trained nullahs required for carrying storm water to the sea through the large area of filled in ground, which has been formed by cutting down the foot-hills. This work and the provision of sewers throughout the peninsula will occupy the Drainage Sub-department for years to come.

Under the head "Miscellaneous" a sum of \$50,000 is provided for continuing the scheme of laying underground cables from Mongkok to Lai Chi Kok and from Mongkok to Kowloon City and the New Gaol on the Kai Tak Reclamation.

Under "Water Works" new filter beds are required to cope with the increased consumption of water.

In the "New Territories" the principal works are as follows:—

Item 97. New Gaol and Police Training School.—
A contract has been let for the piling of the site and it may be possible to begin building before the end of next year. The long delay that has occurred in beginning this work is much to be regretted. It has been due principally to the necessity of giving careful and detailed consideration to alternative proposals for the design and lay-out in order to meet the requirements of the departments concerned and to fit the site available. The position finally settled on provides for a hundred foot road on the sea in front of the outer wall while the land at the back consists of hills, which it will, I hope, be possible to cut down gradually by the use of prison labour. Prisoners will thus be provided with useful work for a considerable time to come and the levelled area will provide for the further expansion of the Gaol which will no doubt become necessary if the population continues to increase at its present rate. The

Police Training School will occupy about twelve acres of the Kai Tak Reclamation on the west side of the Gaol.

Item 103.—It has been impossible to make a start with the New Lunatic Asylum as the site selected near Lai Chi Kok has been found very expensive to develop, and it may be necessary to look for a new site.

I referred in my remarks on the Observatory to the necessity of finding a more suitable site for the magnetic instruments and under Item 110 a sum of \$14,000 is provided for huts for the instruments.

The rapid growth of the New Kowloon City on the reclamation makes it necessary to have a resident Sanitary Inspector and provision is made under Item 112 for his quarters.

Under "Communications" the following new works should be noticed:—

(i.) This path is required for the proper patrolling of the frontier to the East of the railway.

(j.) The road from Taiipo Market to Shun Wan is expected to encourage much building development. On the short portion already constructed many applications for land have been received.

(l.) In addition to the widening of the smaller bridges, it is proposed to widen the long bridges at Au Tau and Kum Tsin.

(m.) The Taiipo Road between the 5th and 9th Mile, that is between the reservoir and Shatin, is being straightened in places under Item (c) and it is considered desirable now to macadamize it to meet the needs of the increasing wheeled traffic.

(n.) Refers to the road from Fanling to Sheung Shui and thence to the railway.

Under "Miscellaneous" there are two new works. Item 121 is a proposal to fill in the low-lying land to the South-West of Kowloon City which will shortly be required for building. Item 122 provides for placing the telephone lines between Kowloon and Fanling under ground in order to save the heavy cost of upkeep.

Under "Water Works" provision is made for continuing the work of extending the Kowloon catchwater and of building the Shek Lai Pui reservoir.

A start is to be made with the construction of the Shing Mun Valley Scheme, but the amounts entered under the various items cannot be regarded as anything but tentative estimates. A contract has been let for the construction of the tunnels and conduit.

THE POST OFFICE

A slight re-arrangement of duties has been made in the Post Office, two Assistant Superintendents, one in the Parcel Branch and one in the Registration Branch, have taken the place of the former Superintendent of Registration and Parcels, and a small increase in staff has been required to cope with growing postal business.

THE RAILWAY

The Railway Estimates are this year presented in a new form, with various new sub-heads which require some explanation. Honourable Members will recollect that, at the suggestion of the late Mr. A. R. Lowe, the Government agreed that, for statistical purposes and because we hope some day to be linked up with the main body of Chinese Railways, the Railway accounts should be kept in the same form as that prescribed by the Ministry of Communications in China. The accounts are now being recast in this new form and while it is not essential that the Estimates should appear in the same form it was considered desirable for ease in accounting to remodel them also. The letters and numbers at the beginning of each section are those of the classification of operating expenses now in force in the Railways of China.

The running expenses of the Railway have been kept as low as is consistent with keeping the track and equipment in thoroughly good order. It will be noticed that provision has been made for the Fan Ling Branch Line for 3 months only as it is expected that this line will then be replaced by the motor road now under construction.

Special Expenditure on the Railway has also been reduced as far as possible. The main item is for 6 new carriages

which are required and will prove most useful when through communication is once more established. To accommodate these carriages a further extension of the Carriage Sheds is necessary and it is considered advisable to extend the platform awnings at Kowloon which at present are only sufficient to cover three coaches. Surfacing of platforms at Outstations is also provided for.

The stoppage of through traffic during the greater part of the year has had a disastrous effect on the revenue of the line. We can only hope that conditions will improve so as to admit of the resumption of through traffic next year. Until this happens, it is impossible for the line to pay its way.

FINANCIAL POSITION AS A WHOLE

To revert now to the financial position as a whole, I feel that I am placing a great strain on the patience of Honourable Members but, as it is very possible that this will be the last budget that I shall have the pleasure of placing before this Council I would ask their indulgence while I offer some observations on the financial situation and financial policy as affecting the near future and not only the coming year.

As I indicated at the beginning of this address it is estimated that the year 1924 will close with a deficit of approximately two million dollars and we have budgeted for a deficit of something over $8\frac{1}{2}$ million dollars.

If these forecasts prove correct it is clear that at the end of 1925 we shall have reduced our balances very materially and it will be necessary to give careful consideration to the methods by which future works are to be financed. My own view is that it would not be prudent to reduce our balances much below five million dollars for any long period, as it is very desirable that we should be in a position to meet at once unexpected calls or unforeseen troubles without dislocation of our finances. At the same time I do not think that there is any necessity for trying to maintain them permanently at a higher figure.

I may say here that personally I shall be somewhat surprised if the deficit on the working of the year 1924 reaches the high figure suggested, as I am inclined to think that the Public Works Department has taken an over optimistic view of the amount of work which it will be able to do before the end of the year, unless climate and other conditions prove to be exceptionally favourable, but we must, of course, provide for the maximum expenditure which is

possible in any circumstances.

Similarly, the estimates for next year are based on the sound principle of including the lowest probable returns in the case of revenue and the highest figure of expenditure which can reasonably be expected to be reached. Here again I should be surprised if the gap between revenue and expenditure proves to be in practice anything like so large as it is in the estimates.

But the actual figures are not of much importance in this connection. The point which I desire to discuss is one of policy. I have consistently, ever since I came to Hongkong, advocated the policy of pressing on with works of development as continuously and as rapidly as possible without regard to whether the budget for the year shews a heavy deficit or not so long as we have balances available. That policy has been followed in the present estimates and I propose to follow it in any future budget that I may be privileged to lay before the Council. As I think I said on a previous occasion the process is merely one of changing the form of our assets, so long as the expenditure by which the balances are depleted is on works of development.

It does not therefore matter from this point of view whether the date at which we have reduced our balances to the margin of safety arrives at the end of 1925 or one or two years later. It must come some time in the next few years as we still have before us a very heavy programme of works which it will be convenient to continue to refer to here as "Public Works Extraordinary" though some of them will actually be carried out by the Port Development Department and some perhaps by the Railway or other departments.

We have been in recent years very fortunate in being able to command sufficient balances to
p r o v i d e f o r t h e

heaviest programme which we could undertake but it is clear that this state of affairs cannot last much longer. The works to which we are already committed and those which we have in contemplation are all desirable, most of them are necessary and a considerable number of them will be remunerative in actual cash, but they will cost very large sums of money and it would be unreasonable to expect to be able to find from revenue and balances the funds necessary for instance to provide for the heavy initial expenditure of moving the military establishments to the mainland or to provide deep water wharves for the Harbour.

Within the next few years therefore, as I said just now, we shall have to decide how these works are to be financed. The obvious answer of course is by means of a loan. I have no other answer but I should like to express now my views, not as to the amount of a loan, for is not possible to foresee at present what our requirements will be, but as to the nature of the loan and the objects to which it should be devoted.

Public Works Extraordinary, in the wide sense in which I have used the phrase, fall into three natural divisions:

1. Such works as the provision of new Police Stations, quarters for Government servants, road improvements and widening and similar comparatively minor matters.

2. Costly works which are of permanent utility and which will be of equal importance to future generations as to the present, or possibly even of greater importance, such for instance, as the Shing Mun Water Supply and the Harbour Wharves, works from which a certain return in money may be anticipated but which are not intended to be a source of profit and should at most be expected to pay their way and give in due course a moderate return on the capital invested.

3. Works which involve a heavy initial outlay for a considerable period during which they give no return but which bring in large sums of money on or soon after completion. Such for instance as the Praya East Reclamation and, to some extent at least, let us hope the repro-visioning of the Military Establishments.

The first class of works are correctly classed as Public Works Extraordinary since they are of the nature of capital expenditure but they approximate rather closely to Public Works Recurrent for we may be certain that every year it will be necessary to

expend money on similar works.

This class of works therefore I consider should be provided for from revenue, at least up to the limit of the revenue received from land sales, which as these sales amount to an alienation of capital should not be regarded as available to meet the ordinary expenses of administration.

The second class of works, of which the utility is permanent and the profit small should in my opinion be provided for by a long term loan, *i.e.*, by the issue of Inscribed Stock with the usual arrangement for amortization by means of a sinking fund, so that our successors who will benefit by these works at least as much as ourselves may bear their fair share of the cost.

The third class, I consider, should be dealt with differently. Take for an example the Praya East Reclamation. We are expending large sums on this work but the expenditure is really more of the nature of an advance. As soon as it is finished, we hope to sell the Government share of the new land, so far as it is not required for Government purposes, at a profit. The money which we have expended will therefore come back to us after a few years and it would scarcely be fair to our successors that we should spend this money when we receive it while we leave them saddled with the loan raised for the initial expenditure.

In such cases I submit that the right course would be to raise short term loans by way of debentures or possibly by the issue of Treasury Bills which would be paid off as soon as possible by means of the money received on the completion of the work.

I will not try to go into details as to do so in present circumstances would be premature but I submit these views to Honourable Members as representing a reasonable and practical policy, the adoption of which would, I believe, granted a continuance of reasonable prosperity, make it unnecessary at least for many

years to come to contemplate any materially increased taxation, even if the Revenue from Opium ceases to figure in our returns.

The Bill was read a first time.

The Adjournment

H.E. THE GOVERNOR—I had intended to propose that the Council should adjourn till this day fortnight if hon. members had no objection, but I understand that there may be some other proposal.

HON. MR. HOLYOAK—I should like to ask, Sir, if we might adjourn till the following Monday, November 3rd, at 2.30 p.m.

HIS EXCELLENCY consented.

FINANCE COMMITTEE

A meeting of the Finance Committee was afterwards held, the COLONIAL SECRETARY presiding.

Public Works Votes

The Governor recommended the Council to vote a sum of \$195,000 in aid of the following votes:—

Public Works, Extraordinary:—

Kowloon:

Miscellaneous, 95, Filling in Tidal Flat and cutting down hill between Tai Kok Tsui and Fuk Tsun Heung	\$100,000
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New Territories:

Miscellaneous, 126, Further Reclamation at Sham Shui Po ...	30,000
Miscellaneous, 128, Construction of Waterboat Dock at Lai Chi Kok	40,000
Miscellaneous, 132, Kowloon Bay East Reclamation, Formation of Junk Building and Repairing Yards	25,000
Total	\$195,000

THE COLONIAL SECRETARY — This expenditure has already been approved by the

Finance Committee.

Volunteer Defence Corps

The Governor recommended the Council to vote a sum of \$4,000 on account of the Volunteer Defence Corps, Special Expenditure, Equipment for the Engineer Company.

THE COLONIAL SECRETARY—This sum of \$4,000 is required for the purpose of equipping the newly organised Engineer Company of the Hongkong Volunteer Defence Corps. I do not think it is necessary to read to the Committee the long list of stores required, but they have been submitted by Headquarters, China Command, with a strong recommendation that they should be purchased at once.

Approved.

Government Offices in P. & O. Building

The Governor recommended the Council to vote a sum of \$20,000 on account of Public Works, Extraordinary, Hongkong, Miscellaneous, Fittings and Furniture for Government Offices in the new P. & O. Building.

THE COLONIAL SECRETARY — As hon. members will remember the Government have leased three floors of the new P. and O. building, and the sums required are for the Electrical Department \$3,000; the Port Development Department \$10,000, and the Education Department \$7,000, making a total of \$20,000.

HON. MR. BIRD—When do they move in, Sir?

THE CHAIRMAN—It has been rather delayed. Perhaps the Director of Public Works can say.

THE DIRECTOR OF PUBLIC WORKS— It depends on when the fittings will be ready.

THE CHAIRMAN said he thought they would move in before the end of the year.

HON. MR. ALABASTER—What is the length of the lease?

THE COLONIAL TREASURER—Three years.

Approved.

Public Works Recurrent

The Governor recommended the Council to vote a sum of \$9,700 in aid of the following votes:—

Public Works, Recurrent:—

Hongkong:

Communications, 8, Maintenance of	
Telephone including all cables	\$ 3,200
Miscellaneous, 21, Survey of Colony	6,500
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Total	\$ 9,700
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THE COLONIAL SECRETARY—The first item is for \$3,200. The original vote was \$8,000, which is nearly all spent. The estimated expenditure for 1924 was \$11,200 and the amount voted \$8,000. Can you tell me, Director, the reason for the increase?

THE DIRECTOR OF PUBLIC WORKS — General maintenance charges. All the items are in excess this year.

THE CHAIRMAN—Has there been any extension of lines?

THE DIRECTOR OF PUBLIC WORKS— Yes.

Approved.

THE COLONIAL SECRETARY—With regard to the second item (Survey of the Colony) certain additional expenditure is required for the erection of a number of triangulation stations in the New Territories, and further sums due to the approaching military survey of the Colony. It is an interesting thing. When H.M.S. *Pegasus* is here there is to be a survey of the Colony by aeroplanes, and it is necessary in order for that to be done that the existing stations should be re-cemented and whitened. The estimated expenditure to the end of the year is \$6,500. The expenditure to date is \$5,475. The matter is reported to be urgent as the work is being carried out as quickly as possible in view of the arrival of the H.M.S. *Pegasus*. She will only be here a certain time.

Approved

Medical Votes

The Governor recommended the Council to vote a

sum of \$20,500 in aid of the following votes:—

Medical Department:—

Civil Hospital, Other Charges:

Fuel and Light	\$ 3,500
Provisions for patients	10,000
Washing	1,200

Kennedy Town Hospital, Other Charges:

Provision, etc.	1,500
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Victoria Hospital, Other Charges:

Provisions for patients	3,500
Washing	200

Bacteriological Institute, Other Charges:

Animals and Fodder	600
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Total	<hr/> \$20,500 <hr/>
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THE CHAIRMAN—The \$3,500 for fuel and light for the Civil Hospital is partly due to the increase in the number of patients and partly to the installation of the hot water plant in the sisters' quarters. The increase of \$10,000 for provisions for patients and \$1,200 for washing is due to the increase in the number of patients.

HON. MR. HOLYOAK—What, exactly does this vote of \$3,500 cover—increased equipment?

THE CHAIRMAN—No. I have no reason to believe there is any equipment included. It is for provisioning the increased number of patients, and the other vote is for the increased number of clothes to be washed. I will make enquiry.

THE CHAIRMAN—There is an item of \$1,500 for Kennedy Town Hospital for opening that hospital for the treatment of Police malarial cases. The outbreak at Shataukok has been investigated by Major Hingston, R.A.M.C., who was kindly lent by the Military Authorities, and these cases have been brought in to Kennedy

Town as there was no other suitable place for them and this hospital had to be opened for them.

With regard to the vote for the Victoria Hospital, this increase is chiefly due to the outbreak of typhoid fever. Special diet is required in these cases and there is special washing from the same cause. With regard to the \$600 for the Bacteriological Institute the outbreak of small-pox during the early part of the year is responsible for this increased expenditure.

Approved.

Uniforms for Volunteers

The Governor recommended the Council to vote a sum of \$4,000 in aid of the vote Military Expenditure, "B" Volunteer Defence Corps, Other Charges, Uniform, including Boots.

THE CHAIRMAN—There is a large increase in the numbers of the Corps, the total being over 400 as compared with 250 last year, necessitating further provision. The uniforms for the Scottish Co. are expected to reach the Colony next month. The amount of this year's vote was \$5,000 and there is only a balance of \$200 left.

Approved.

Fire Brigade

The Governor recommended the Council to vote a sum of \$6,500 in aid of the following votes:—

Fire Brigade, Other Charges:

Clothing	\$ 1,200
Incidental Expenses	300
Repairs to Motor Engines and Plant ...	5,000
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Total	\$ 6,500
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THE CHAIRMAN—The \$1,200 required for clothing is due to the Crown Agents, which has cost \$5,243. The local expenditure is \$3,126.

HON. MR. HOLYOAK — I understand that clothing is ordered through the Crown Agents, and not locally?

THE CHAIRMAN—I think it is only ordered locally when a particular article cannot be better

procured locally.

THE COLONIAL TREASURER—The material is obtained through the Crown Agents.

THE CHAIRMAN—Yes. I think the clothing is not made at home. I think under this heading certain gear is included. We will have inquiry made. "Incidental expenses" include repair of furniture and cost of massage for Mr. Moss who was injured in a fire recently. Repairs to the motor engine and plant will cost \$5,000. These are very urgently needed.

HON. MR. HOLYOAK—Is any insurance policy carried?

THE CHAIRMAN—It is not the policy of the Government to insure its property except in a very few instances.

THE COLONIAL TREASURER—It is a matter that has been discussed.

THE CHAIRMAN—I think if you work out the cost over a series of years you will find it is cheaper for the Government not to insure.

Approved.

Belilios Reformatory

The Governor recommended the Council to vote a sum of \$15,000 on account of Public Works, Extraordinary, Miscellaneous, new roof and general repairs to the Belilios Reformatory.

THE CHAIRMAN — This has already been approved by the Finance Committee.

Approved.

A Prison Vote

The Governor recommended the Council to vote a sum of \$6,100 in aid of the following votes:—

Prison Department, Other Charges:

Fuel	\$ 2,700
Incidental Expenses	3,400
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Total	\$ 6,100
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THE CHAIRMAN—With regard to the item of fuel, which amounts to \$2,700, this sum is required owing to the contract price this year being nearly double that of 1923.

HON. MR. BIRD—What is this fuel?

THE COLONIAL TREASURER—It is probably firewood, not coal.

THE CHAIRMAN—Firewood has gone up in price, but it is not so much a question of market price as contract. We had a good contract.

THE COLONIAL TREASURER—The price of fire wood has gone up enormously.

THE CHAIRMAN—Yes, and I presume that the more food there is cooked for the increased number in the gaol the more fires are required. I will enquire into that. But the contract price seems to me to be the essence of the thing, it being nearly double what it was last year.

THE CHAIRMAN—The second item is for \$3,400. This is required to pay the rent for two houses in Hospital Road, occupied by Indian officers, from the 1st of September to the end of the year. Hon. members will remember that the Police also required accommodation for married officers, and in the new houses which have been built in Hospital Road we were able to get some of the flats, and we approved of the Prison getting some. I found out yesterday that the two Indian Police officers, Mohinder Singh and Nawab Khan, are living in these quarters, and described them as extremely comfortable. We have only got a lease for a certain time, pending the erection of temporary buildings close by, which will be ready in a few months, and the re-building of No. 8 Police Station, which will take a little longer.

Approved.

Colonial Secretary's Department

The Governor recommended the Council to vote a sum of \$460 in aid of the following votes:—

Colonial Secretary's Department, Other Charges:

Gas, Electric Fans, and Light	\$ 150
Hansard Reports	160
Incidental Expenses	150
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Total	\$ 460
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THE CHAIRMAN—This expenditure is for the Colonial Secretary's Office. It is not often that this Department comes before you for more money. Electric fans have been installed in the Council Chamber instead of the old punkahs. I do not think Hon. Members will object to that. One or two extra fans have been installed in rooms on this floor. There is an expenditure of \$160 for *Hansard* reports. In 1923 the estimate was found to be \$80 below what was needed, and the estimates for 1924 were not increased, so that this extra sum is needed. With reference to the incidental expenses, several items this year could not be foreseen, such as removing telephones, sending samples to the Colonial Institute, etc., they will be covered by \$150.

Police Passages

The Governor recommended the Council to vote a sum of \$36,000 in aid of the following votes:—

Police Department, Other Charges:

Passages	\$35,000
Subsistence of Prisoners	1,000
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Total	\$36,000
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THE CHAIRMAN—The vote for passages of officers in the Police vote is \$85,000, but there have been a large number of recruits from Home this year and their passages are to be paid for. The excess at present is \$12,019, and further accounts are to come in. It is expected that \$35,000 will be needed. For "subsistence of prisoners" it is estimated that another \$1,000 is necessary, due to more prisoners and witnesses in the cells; although I don't know why witnesses should be in the cells. Probably "prisoners in the cells, and witnesses" is more correct.

Approved.