

21ST MAY, 1925.

PRESENT:—

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

HIS EXCELLENCY THE OFFICER COMMANDING THE TROOPS (COLONEL F. S. MONTAGUE BATES, C.B., C.M.G., D.S.O.).

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

THE ATTORNEY-GENERAL (HON. SIR HENRY POLLOCK, K.C.).

THE COLONIAL TREASURER (HON. MR. C. McI. MESSER, O.B.E.).

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

HON. MR. D. W. TRATMAN (Secretary for Chinese Affairs).

HON. DR. J. B. ADDISON, M.B.E. (Principal Civil Medical Officer).

HON. MR. P. H. HOLYOAK.

HON. MR. A. O. LANG.

HON. MR. CHOW SHOU-SON.

HON. MR. H. W. BIRD.

HON. MR. R. H. KOTEWALL.

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

MR. A. G. M. FLETCHER, C.M.G., C.B.E. (Clerk of Councils).

Minutes

The minutes of the last meeting of the Council were approved and signed.

Papers

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

Report of the Police Magistrates' Courts for the year 1924.

Report on Finances for the year 1924.

Two Orders made by the Governor in Council under section 24 of the Rents Ordinance, 1922, on 12th May, 1925.

Resolution passed by the Legislative

Council under section 31 (1) of the Rating Ordinance, 1901, on 14th May, 1925.

Finance

THE COLONIAL SECRETARY, by command of H.E. the Governor, laid on the table Financial Minutes 18 to 20, and moved 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 Finance Committee (No. 2) and moved that it be adopted.

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

The Telephone Undertaking

THE COLONIAL SECRETARY moved the following resolution which stood in his name on the agenda:—

Whereas the Government has had under consideration proposals for the formation of a local Company to acquire the undertaking of the China and Japan Telephone and Electric Company, Limited, and to provide an improved telephone service;

This Council hereby approves' the following conditions, subject to which and to the terms of an Ordinance such Company shall be permitted to operate.

1.—Such Company shall be styled The Hongkong Telephone Company, Limited, and it shall be registered under the Companies Ordinance 1911.

2.—Directors of such Company (hereinafter referred to as the Company) shall be not less than four and not more than eight in number, and all the Directors shall be *bona fide* resident in Hongkong.

3.—The Oriental Telephone and Electric Company, Limited, during such period as it holds not less than 100,000 fully paid shares in the Company, shall be at liberty to nominate two Directors, provided always that such Directors shall be *bona fide* resident in Hongkong and that the total number of Directors shall not exceed eight.

4.—The capital of the Company shall be \$5,000,000 divided into 500,000 shares of \$10 each.

5.—The capital of the Company shall not be increased, except by permission of the Legislative Council.

6.—The consideration in respect of the acquisition by the Company of the undertaking of the China and Japan Telephone and Electric Company Limited shall be:—

- (a) \$1,155,000 for the plant.
- (b) The landed cost of additions to the plant and property between the 1st January and the 30th June, 1925.
- (c) \$491,335 for land and buildings.
- (d) The value of stores in hand or contracted for on the 30th June, 1925.

Which consideration shall be met, as to \$1,400,000 in the allotment of 140,000 fully paid shares, and as to the balance in cash.

7.—The Company shall have the sole right to supply a public telephone service during a period of fifty years from the 1st July, 1925.

8. — The Company shall, within such period as the Governor in Council may determine to be reasonable, provide an improved telephone service to be approved by the Governor in Council.

9.—The Company shall be authorised to charge the following annual rates to subscribers, with effect from the 1st July, 1925:—

- (a) \$108 within (i) Victoria and Kowloon, as defined by the interpretation Ordinance, 1911, and (ii) within the Peak District, as defined by the Peak District Reservation Ordinance, 1904,

but substituting "700 feet" for "788 feet".

- (b) \$108 within a radius of one mile from any exchange that may hereafter be opened outside the areas referred to in (a).
- (c) An additional charge of \$50 per mile or part of a mile measured outwards from the nearest point of the boundary of the areas referred to in (a) and (b).
- (d) For extension telephones, bells, switches, switchboards, power-circuits, removals, and other services of like nature, such charges as the Governor in Council may approve.

10.—Should the charges above referred to be insufficient to pay to the shareholders of the Company a minimum dividend of eight per cent. per annum on the paid-up capital of the Company for the time being after making provision for maintenance and efficient service, depreciation, reserve or sinking fund and managing expenses, the above rates shall be raised so as to enable the shareholders to receive a minimum of eight per cent. per annum after making the aforesaid deductions.

11.—The net profits of the Company after providing as aforesaid shall be used firstly in payment to the Government of royalty of four dollars in respect of each direct exchange line telephone which has been used and paid for during the whole previous twelve months by a *bona fide* telephone subscriber or one Dollar per direct exchange line telephone for each period of three months or less.

12.—The said net profits shall secondly be applied in payment to the shareholders of the Hongkong Company of the minimum dividend of eight per cent. per annum rising to twelve per cent. per annum.

13. — In the event of the net profits exceeding twelve per cent. per annum then as to the difference between twelve per cent. and eighteen per cent. half thereof shall be distributed in further dividends and the remaining half by way of reduction of the subscription rates; the dividend payable to shareholders being limited to a maximum rate of fifteen per cent.

14.—Any additional surplus shall be used solely for the reduction of subscription rates.

15.—The rights and obligations of the Government and of the Company shall be set out in detail and embodied in a bill which shall be introduced as soon as may be in the Legislative Council.

THE COLONIAL SECRETARY—Sir,—In moving the Resolution which stands in my name I propose to refer quite shortly to the negotiations which took place a few years ago between the Government of Hongkong and Mr. Parker Ness representing the China and Japan Telephone and Electric Co. These negotiations were started as honourable members will remember, owing to the fact that the licence of the Company was due to expire in 1930, and it was desirable that some arrangements should be arrived at considerably before that date, as to the lines on which the public telephone service of the Colony should be conducted. The matter was last before this Council on the 12th October, 1922, when Mr. Fletcher, who was acting Colonial Secretary made a full statement on the subject of the Telephone Company and of the negotiations which had taken place from March, 1920, onwards and a resolution was unanimously adopted to the effect that no new agreement should be entered upon with the China and Japan Telephone and Electric Co. unless that Company agreed to accept certain rates of subscription. These rates were to be \$84 in 1922, \$96 in 1923, \$108 in 1924, \$114 in 1925 and \$120 in 1926. The intention of the Government was that the Company must in future be domiciled in Hongkong and work on a dollar basis and in 1923 the question of the purchase of the undertaking and the formation of a new Company was taken up with Mr. Taggart and others. Certain proposals were put forward and were reported upon by the Telephone Committee of the Chamber of Commerce and the Government thereupon authorised Mr. Taggart to negotiate for the purchase of the Company for a sum not exceeding \$900,000, such sum not to include the land belonging to the Company the buildings there-on or the stores. In January, 1924, the opportunity was taken of the presence in the Colony of Mr. Preece of the firm of Messrs. Preece, Cardew & Rider, Consulting Electrical Engineers to the

Government, and he was asked to examine the position. Subsequently the firm reported as to the value of the present undertaking on the assumption that it was in good serviceable condition, they also reported on the cost of installing a new system. In March, 1924, a draft scheme was prepared much on the lines of the scheme set out in the resolution except that the purchase price for the plant was fixed at \$900,000. The late Mr. A. R. Lowe approved this scheme but he thought that the proposed price was too low seeing that the same figure had been suggested two years previously and that the Company had in the meantime spent about £18,000 in additions to plant. Last summer Mr. Fletcher was in London and he discussed the matter with Mr. Parker Ness and Sir George Gibb and it was agreed that it was to the interest of all parties that Sir George Gibb should come to the Colony to settle matters on the spot. He arrived in January last and after protracted negotiations he and Mr. Taggart signed a provisional agreement embodying most of the terms that are set out in the resolution. The Government was not a party to this agreement as it was not prepared definitely to commit the Colony without the consent of the Legislative Council. The Government has been in close touch in this matter with the two Chambers of Commerce who have concurred in the arrangements which have been provisionally made and in the terms of this resolution, and I now propose to go through such of its terms as require explanation. In doing so I would observe that the object of the Government throughout has been to safeguard the interests of the public and to ensure that the direction of the Company will be entirely in the hands of local directors.

The names of the first directors in Clause 2 of the Resolution are as follows: Mr. Holyoak, Chairman of the General Chamber of Commerce, Chairman, Sir Paul Chater, Mr. Taggart, Father Robert, Mr. Chow Shou Son, Mr. Kotewall, Mr. Shewan and Mr. Scott Harston.

Under Clause 3 the two directors nominated by the Oriental Telephone and Electric Co., Ltd., are Mr. Holyoak and Mr. Taggart. The shares of the Company are to be distributed as follows:—250,000

or 50 per cent. to the general public, 140,000 or 28 per cent. to the vendors, 110,000 or 22 per cent. to the directors. Of the 110,000, 10,000 shares are to be allotted on payment to each director and an additional 15,000 shares on payment to Sir Paul Chater and Mr. Taggart, who are recognised by the Government as promoters of the Company. The shares available for the public are to be issued only to persons ordinarily resident in Hongkong and to be apportioned according to the practice prevailing in England, with the exception that a reasonable quota of shares will be set aside for a small allotment per exchange line to individual telephone subscribers. The sum of \$2.50 is to be paid on the issue of the shares to the public and directors and in addition the sum of \$1 premium is to be charged on such shares. The present position of the money market is such that the Government is satisfied that the shares will be fully taken up without underwriting at the premium proposed. The effect of such premium will be to reduce the yield on the first instalment to 5.7 per cent. while the final return when the shares are fully paid up will be 7.3 per cent.

It is proposed to invite Messrs. Preece, Cardew & Rider to send out an expert engineer who will study the situation on the spot and who will advise as to the best method to be adopted for securing an improved telephone service. Until the report of such engineer has been received it is impossible to estimate the expenditure that will be required for installing a new system, but I may say that a careful study of the figures which have been produced during the last five years leads the Government to hope that it will be possible to maintain the subscription rate shown in the Resolution, for a long time to come without increase, more especially as the proposed premium on the shares will give an additional capital sum of \$360,000 for which subscribers will not have to provide interest.

As regards the rates set out in paragraph 9 of the Resolution I would point out that under sub-paragraph (b) the Company will provide exchanges as soon as possible in the neighbourhood of Shaukiwan, in the northern part of Kowloon Peninsula and at Taipo so that after these exchanges have been opened

there will not be many subscribers who will have to pay more than the \$108 rate. It is also proposed that exchanges shall be opened at certain places such as Aberdeen and Stanley, and in any place where the number of subscribers justifies it.

There are at present a certain number of subscribers in Victoria who are more than one mile from the present exchange who are paying a higher rate than £10 but it is not proposed to require these subscribers to pay more than a rate of \$108 when the new Company begins to operate.

There are a number of points of detail which remain to be settled and these will be set out in an Ordinance which will shortly be introduced in this Council.

I think that honourable members will agree that the proposals are entirely satisfactory from every point of view and that this new public utility company will embark on its career with every prospect of rendering efficient service with due regard to public interests.

I cannot finish without expressing the high appreciation of the Government for the services rendered by all those who have worked to bring this matter to a satisfactory conclusion and I wish particularly to mention the work done throughout the negotiations by Mr. Taggart. The promoters were fortunate in having, during the latter part of the negotiations, the presence of Sir George Gibb in the Colony, a gentleman of wide experience and high standing in business circles. The Government has been ably represented from the earliest stage of the negotiations by Mr. Fletcher whose ability and tact have tended in no small measure to bring matters to a satisfactory conclusion.

I beg to move the resolution.

HON. MR. HOLYOAK—I rise to second the resolution before the Council, and in doing so, in view of the lucid and somewhat elaborate statement made by the Colonial Secretary, I feel that it is unnecessary and indeed would be superfluous for me to dilate upon that which he has said so forcibly. This resolution is the conclusion of five long years of difficult negotiations to procure

a better telephone service for the Colony, and we believe as a result of this it is now within sight. The negotiations, as you have said, Sir, have involved for several years past the careful and continuous attention of two Telephone Committees set up by yourself through the Chambers of Commerce, to which various members have given their quota during all these discussions. Not least of them is one who was at one time a member of this Council but is now unfortunately silent for ever. I refer to the late Mr. A. R. Lowe. His clear thought and judgment helped materially towards the position which has culminated in this resolution. I would like to pay tribute also to the ability, tact and judgment shown by Mr. Taggart, who conducted the final negotiations, and I gladly join in paying tribute to one whom you mentioned, the more so, because the tribute is one which this Council certainly ought to accord. I refer to the assistance rendered by Mr. Fletcher from the earliest stages of these negotiations. In the very early days he successfully resisted the blandishments of Mr. Parker Ness in connection with the suggested new licence in the face of the fact that other Colonies had fallen down before his clever representations and the position had become very difficult to deal with. However, gentlemen, this is a long story, and as I say it goes back over five years of continuous negotiations. The resolution before you is the culmination of these discussions. It will bring the Telephone Company in Hongkong under the control of a local board of Directors, who will be responsible to the shareholders in the Colony, and I hope it will mean that the telephone system, which is to be reported on by Government approved experts brought out from Home, will be all so improved as to result in better service for us. It must take some time yet but I feel certain that the result will be satisfactory to the Colony. I have much pleasure in seconding the resolution.

HON. MR. ALABASTER—I should have liked to have had a little more time to study this resolution and to have got the views of more people than I have been able to reach in the last two days, but it seems to me the resolution is so worded as to afford the public subscribers to the telephone service insufficient protection. In a first glance at the resolution, Clause 9 strikes the subscriber as

very attractive. He sees what he is asked to pay and considers that it not unreasonable. He is apt at the first glance to overlook the fact that Clause 9 is rendered absolutely nugatory by Clause 10, and might not have been there, as Clause 10 says: "Should the charges above referred to be insufficient to pay to the shareholders of the Company a minimum dividend of 8 per cent. per annum on the paid up capital of the Company for the time being after making provision for maintenance and efficient service, depreciation, reserve or sinking fund and the managing expenses, the above rates shall be raised so as to enable the shareholders to receive a minimum of 8 per cent. per annum after making the aforesaid deduction." In the first place it is unusual on the flotation of a public utility company, which is going to make use of public roads and public property, to guarantee to that Company a minimum dividend. It is not unusual to establish a maximum dividend, but it is unusual to guarantee a minimum. In 1883 this Council authorised the Peak Tramway to construct a tram, and they were granted a monopoly for 28 years renewable over various periods of seven years at a time. It limited the rates they might charge the travelling public, but they did not guarantee a dividend. There was a clause in the ordinance which contemplated the insolvency of the Company. The Company has had its good years and its bad years. It has been a paying concern especially in late years and there was no need for that clause. In 1902 the Hongkong Electric Tramway Co.'s Ordinance was passed. That again had a clause contemplating insolvency, but again, it had no guarantee of a minimum dividend. It was not required to pay royalties for ten years, because it was realised that being a new Company it would have to build and establish its position. After ten years they had to pay a royalty of 5 per cent., after which they will have to pay a royalty of 25 per cent. Another public utility Company, the Yaumati Ferry Company has had to submit in exchange for its monopoly, to a schedule of fares. It has no guarantee against insolvency. Indeed, it was put up to auction and very highly competed for. So it seems

to me very extraordinary that the subscribers to this telephone service should be called upon by this resolution to pay a sliding scale of charges which would guarantee the promoters of this Company a minimum dividend of 8 per cent., particularly as that dividend is not to be a dividend of 8 per cent, after deducting working expenses, but to be arrived at only after provision has been made for a reserve fund. There is nothing in the resolution as it stands to prevent the Directors in their wisdom, deciding to put all the first few years' dividends and profits into the reserve and doubling or trebling the rates of subscription. I think the matter can be rectified, without in any way jeopardising the agreement arrived at between Mr. Taggart and the vendor Company, by altering paragraph 10 so that it shall be read in such a way that the rates referred to in paragraph 9 shall not be raised until the Company is given permission by this Council, and then only to the extent which this Council or the Executive Council allows. They should not be able to double the rates at their own sweet will. Therefore, when the time comes, I hope the Government will accept a proviso to Paragraph 10 which will provide that the rates in Paragraph 9 will not be raised without the sanction of this Council.

H.E. THE GOVERNOR — I think the remarks made by the honourable member would have been more in point if this had been the final and formal document on which we are going to work. The agreement with the Telephone Company before it can be operative must be embodied in an Ordinance, in which it will be necessary to introduce a great number of matters which are not touched on in this resolution. The resolution is put before the Council to see whether members agree with it in principle or if they have any definite objection to any of the clauses. It is obvious that we cannot agree to leave in the hands of a company of this kind the sole determination as to what is reasonable expense of management, depreciation, or anything of that kind. But the resolution already goes into a considerable amount of detail, more than is actually necessary, and I think it would be better to leave a matter of the kind referred to by the hon. member until the Ordinance comes before the Council. It is obvious that there

must be somebody to decide what it is reasonable to allow for expenses or reserve fund, and I think that somebody should be this Council. It will also be necessary to provide an arbitration tribunal to settle any difference of opinion between this Company and the Council. These matters, I think, should be left to the Ordinance. The resolution is rather one of principle. I put it to the Council whether they consider the general lines set out there are in accordance with the public interest. You must remember that if we were starting a telephone service entirely new, we might start on somewhat different lines. But we are not proposing to do so, as there is already a company in the field, and we have got to accept some of their views in order to clear them out of the way and make room for improvements before the end of the year 1930.

HON. MR. ALABASTER—Am I to gather that the provision for a consultation of this Council before the rates are raised will be in the Bill?

H.E. THE GOVERNOR—I should certainly be in favour of it, and if the hon. member advocates that I have no doubt Council will take into full consideration his views.

HON. MR. HOLYOAK—I think that it is only fair to say, sir, that all the time these negotiations have been going on it has been quite understood that the directors would have to satisfy the Council.

H.E. THE GOVERNOR—Yes. The question will arise when the Ordinance is before the Council, and I think it will be covered satisfactorily.

The resolution was then put to the meeting, and carried.

Bill to Incorporate the Sailors' Home

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, An Ordinance to provide for the incorporation of the Trustees of the Sailors' Home, Hongkong.

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

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

The Bill having passed through committee without alteration, the ATTORNEY-GENERAL moved its third reading.

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

"Petites Soeurs des Pauvres" Bill

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, An Ordinance to provide for the incorporation of the Mother Superior of this Colony of the Society of the "Petites Soeurs des Pauvres, St. Pern, Bretagne," commonly known as The Little Sisters of the Poor.

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

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

The Bill having passed through committee without alteration, the ATTORNEY-GENERAL moved its third reading.

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

Legal Practitioners' Amendment Ordinance

THE ATTORNEY-GENERAL moved the second reading of the Bill intituled, An Ordinance to amend the Legal Practitioners' Ordinance, 1871.

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

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

The Bill having passed through committee without alteration, the ATTORNEY-GENERAL moved its third reading.

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

Rents Amendment Ordinance

THE ATTORNEY-GENERAL—I beg to move the first reading of a Bill intituled, An Ordinance to amend the Rents Ordinances, 1922 and 1924. Honourable members will have had in their hands the revision of this Bill dated the 15th day of this month, with its revised objects and reasons. I do not think that I need detain honourable members long in dealing with this Bill. This main object of Clause 3A of the principal ordinance which is enacted by Clause 3 of this bill, is to provide for an increase of 15 per cent., upon the standard rent of all domestic tenements to which the principal ordinance is applicable, and in providing for that increase it has been thought fit, inasmuch as it has been represented to the Government that possibly landlords may not wish to increase the rent to such a great extent as 15 per cent. all at one time, that it be provided that the increase of 15 per cent. may be made in different stages provided that the total increase does not under any circumstances exceed 15 per cent. of the standard rent of such domestic tenement. I would point out that the increase which is sanctioned by this clause is not necessarily 15 per cent. on the present rent paid for any domestic tenement, but an increase on the standard rent of such domestic tenement. Therefore, if it so happens that the present rent being paid is not the standard rent then it will not be possible for the lessor to put on 15 per cent. on the present rent. As honourable members will see from the proviso in section 3, proposed to be inserted in the principal ordinance, the lessor is to give the lessee two weeks' notice, in writing, of his intention to increase the rent, and he is also to state in that notice the amount of the standard rent. Turning now to the next clause of the Bill, Clause 4, you will notice that there is a penalty inflicted on the lessor if he incorrectly states the standard rent in any notice to the lessee under clause 3A. That clause makes him liable to a penalty of \$1,000 for incorrectly stating the standard rent unless he proves to the satisfaction of the magistrate that he acted *bona fide*. It has been thought desirable not to include in this 15 per cent. provision cases where under a lease for an unexpired term certain rent has been reserved. Accordingly clause 3A ends with these words: "Nothing

shall entitle any lessor during the currency of any existing or future lease of any domestic tenement for a term which is unexpired to any rent higher than the rent reserved in such lease."

There are just a few more points I might deal with connected with 3A of the Bill. You will notice the words "or from such later date" have been inserted after the words "the 30th day of June, 1925," so as to show that the lessor if he wishes may raise his rent on a later date than 30th June, 1925, and that he does not lose his option of raising the rent if he does not raise it on that particular date. The words, "notwithstanding that such date does not coincide with the last day of any period of time in respect of which such rent is payable," are necessary owing to the fact that the Chinese lunar months do not coincide with our own English calendar months. And the words: "Notwithstanding the existence of any tenancy at the date of the notice" are inserted so as to make it clear that notwithstanding any contractual relations existing, there should be this power to increase the rent 15 per cent. on the standard rent.

Clause 5 of the Bill gives power to penalize any lessor who, under threat of applying for or taking action upon a certificate of reconstruction of any domestic tenement, demands or receives more rent than is recoverable under the provisions of the Rents Ordinance.

I now come to the last clause of the Bill, clause 6, which provides for the extension of the Rents Ordinance to June, 1926. It always seems to be my fate to say something depressing in this Council when the question of the removal of the Rents Ordinance comes on. I know that my views are not shared by some other members of this Council, but I must say that it seems to me very probable that it will not be found possible when the matter is reconsidered next Spring, for the Ordinance to come to an end on June 30th next year. I am not speaking officially on behalf of the Government, it is simply my own opinion, and in support of it I may say that the provisions of English Acts of Parliament dealing with the rents question show how the English Parliament has found it necessary from time to time to postpone the termination of The Increase of Rents Act in England, and we have heard recently that in Bombay they have postponed the termination of the Rents Ordinance there for a period of three years. Another point to be considered is that here in Hongkong we are dealing with premises

with very high rentals. At home in England I think the Rents Act only applies in the metropolitan district to premises of a rental not exceeding £70 a year, or some figure like that, whereas here in Hongkong we are in some cases dealing with premises where rents come to over £1,000 a year. Therefore it is a much bigger problem we have to face in this Colony when we are considering the problem of getting out of rents restriction, because we have to do it so as not to cause serious dislocation either to the wage earner or to the owner of business premises. I know that some people contend that we ought not to pay any attention to the lease holders of business premises, their argument being that they have been protected under this Rents' Restriction Ordinance by a sort of side wind. I am not quite sure whether that contention is correct in point of fact, but it must be obvious to everybody on this Council that it would not be reasonable for the Government of this Colony to repeal the Rents' Ordinance if in fact, whatever the intention was originally in introducing the Rents Ordinance, by repealing it they would cause considerable dislocation of business. I think it right to put forward these personal views of mine. They do not represent the views of the Government. I think it right I should state frankly that in my view it is not at all easy to bring the Rents' Ordinance to a termination, and, Sir, I would also say, as I have said on other occasions in this Council, that in view of the unfortunate state of unrest prevailing in the neighbouring Republic of China — and there has been no real improvement since I addressed the Council this time last year—we must always be prepared for large numbers of refugees coming into the Colony. We shall all be glad if that unhappy state of affairs in China should come to an end, because we feel the unrest in China is detrimental to all our commercial interests in this Colony. We all hope, not only from the point of view of the Rents Ordinance but from the point of view of the general prosperity of this Colony, which is bound up with that of China, that there will be a very speedy return of that Republic to conditions of peace and prosperity. With these remarks, Sir, I beg to move the first reading of this Bill.

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

The Adjournment

H.E. THE GOVERNOR—I propose that we adjourn until this day week at 2.30.

FINANCE COMMITTEE

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

Kowloon-Canton Railway

The Governor recommended the Council to vote a sum of \$24,790 in aid of the vote Kowloon-Canton Railway, special expenditure, construction: Bridge No. 4.

THE CHAIRMAN—When the Estimate for this bridge was being prepared the cost of the girders, which was \$18,461.64, was omitted. The total cost of the bridge has been \$41,787.92, or \$24,784.42 more than the estimate of \$17,000. There was an excess in the contract of \$3,478.78 owing to more reconditioning being required than was anticipated—that is reconditioning of the girders. There were also a few extras as asphalt flooring of the main spans, the amount spent on which makes up the balance of \$2,749.58.

Approved.

Telephone Cables

The Governor recommended the Council to vote a sum of \$37,000 in aid of the following votes:—

Public Works, Extraordinary:—

Hongkong.

Miscellaneous—36, Telephone cables to d'Aguilar Wireless Station \$18,000.00

Kowloon.

Miscellaneous—122, Telephone cable between Kowloon and Taipo and Fanling 16,000.00

Public Works, Recurrent:—

Hongkong.

Communications — 8, Maintenance of telephones including all cables 3,000.00

Total \$37,000.00

THE CHAIRMAN—The first item is for the telephone cable to Cape D'Aguilar Wireless Telegraph Station. The original estimate for the cost of the cable was \$61,500, and the actual cost was \$83,500, a difference of \$22,000. The cost of laying the cable will, however, be somewhat less than the estimate, about \$4,000 less, and the deficit is \$18,000.

HON. MR. HOLYOAK — What is the explanation of this?

THE CHAIRMAN—When the indent was sent home it was impossible to say what the price of cable would be. When the Crown Agents came to place the tender they found it so much more than we had estimated. It depends on the cost of copper. The same remarks apply to the second item. Fortunately, though the cost of cable exceeds the estimate by \$26,900, there is a saving in the cost of laying the cable of \$16,000.

HON. MR. ALABASTER — Is that a Government cable?

THE CHAIRMAN—It is a Government telephone cable.

HON. MR. ALABASTER — Will they duplicate this in the new scheme?

THE CHAIRMAN — This cable is to Government quarters and police stations.

HON. MR. LANG—Will it be possible to come to some arrangement with the new company?

THE CHAIRMAN—I do not think it will be possible to get rid of our Government Exchange. There are certain advantages in having a Government Exchange. I do not think it has been suggested.

HON. MR. LANG—It would obviate laying two lengths of cables.

THE CHAIRMAN — The matter was considered several times, but there are always difficulties. Whether under the new company it will be possible to come to some arrangement I cannot say. The matter can be taken up again. The difficulties were insuperable in the past.

THE CHAIRMAN—The third item \$3,000 is in respect of certain goods, switchboards, cables and telephones ordered in November, 1923. They did not arrive last year, and no provision was made to cover their cost in this year's estimates.

The votes were approved.

Wireless Telephones

The Governor recommended the Council to vote a sum of \$31,769 on account of the following votes:—

Public Works, Extraordinary:—

Hongkong.	
Miscellaneous — Installation of wireless at Waglan lighthouses and General Post Office.....	\$5,158.00
Miscellaneous — Installation of wireless telephone	25,000.00
	\$30,158.00

\$30,158.00

Kowloon.

Miscellaneous — Installation of wireless telephone at the Water Police Station and Cheung Chau Island.....	971.00
Miscellaneous — Wireless receiving station, Royal Observatory.....	640.00
	\$31,769.00

THE CHAIRMAN—The 1st, 3rd and 4th items represent the unexpended balance of sums voted last year in Financial Minutes 13, 14 and 24; so they are really re-votes. The second item \$21,000 has already been approved by the Finance Committee for a wireless telephone to broadcast typhoon warnings and police warnings. Any office will then be able to broadcast urgent matter.

Approved.