

October 4th, 1928.

PRESENT:—

HIS EXCELLENCY THE OFFICER ADMINISTERING THE GOVERNMENT (HON. MR. W. T. SOUTHORN, C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR-GENERAL C. C. LUARD, C.B., C.M.G.).

THE COLONIAL SECRETARY (HON. MR. E. R. HALLIFAX, C.M.G., C.B.E.).

THE ATTORNEY-GENERAL (HON. MR. C. G. ALABASTER, O.B.E., K.C.).

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

HON. MR. H. T. CREASY, C.B.E. (Director of Public Works).

HON. MR. R. A. C. NORTH (Secretary of Chinese Affairs).

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

HON. SIR SHOU-SON CHOW.

HON. MR. R. H. KOTEWALL, C.M.G., LL.D.

HON. MR. A. C. HYNES.

HON. MR. J. OWEN HUGHES.

HON. MR. C. G. S. MACKIE.

HON. MR. B. D. F. BEITH.

MR. H. R. BUTTERS (Deputy Clerk of Councils).

MINUTES.

The minutes of the previous meeting of the Council were confirmed.

NEW MEMBERS.

Hon. Mr. C. G. ALABASTER took the oath upon taking his seat on the Council following his appointment as Acting Attorney-General.

Hon. Mr. C. G. S. MACKIE also took the oath as member of Council representing the Justices of the Peace during the absence of Sir HENRY POLLOCK through illness.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT— Hon. Members of the Legislative Council,—Since our last meeting two events have occurred which have spread a feeling of great sorrow throughout the Colony.

The death of Mrs. Hickling, M.B.E., on September 22nd last took from the ranks of the medical profession in Hong Kong one of its most distinguished members and from the Government Medical Department one of its most devoted servants. Honoured by all classes of the community and revered by the poor, to whom she had devoted her life, Mrs. Hickling carried out her duties with unflagging zeal, undaunted by her own severe illness, till within a few days of her death. To-day the Colony mourns the loss of one whom to know was to admire, and only those who knew her well know how great that loss is.

On Saturday last the news of the dastardly piracy of the s.s. *Anking* sent a thrill of horror throughout the whole Colony. Taken by surprise the Chief Officer, the Chief Engineer and the Quartermaster of the ill-fated ship were foully murdered and the Captain and Third Officer severely wounded—gallant men all, who suffered and fell in the execution of their duty. No words of mine can adequately express the indignation of the Colony at this gross outrage on a British ship on the high seas. The murderers have for the moment escaped with their captives and their booty, but the Government to which they are subject has undertaken to seek them out, and it is our earnest hope that the Government of Canton will give proof of its ability to maintain law and order by exacting a just and speedy vengeance on those who planned and perpetrated this outrage.

There is another sad occurrence to which I know you would wish me to refer. On August 4th last, after a long illness aggravated by overwork in the service of this Colony, there passed away our friend and former colleague, Mr. Henry Thomas Jackman, late Acting Director of Public Works. His devotion to duty and his sterling worth are fully known to those of you who were associated with him during his many years of useful service in Hong Kong; I knew him for but a short space of time, yet learned to realise and to appreciate his loyalty and his devotion to duty. We all deeply regret that he should not have lived to enjoy the rest he had so well earned.

Gentlemen, I ask you to rise and pass in silence a vote of sincerest sympathy with the relatives of those whose loss we mourn to-day.

All members of Council then rose.

PAPERS.

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

Resolution under section 39 (3) of the Rating Ordinance, 1901, on September 20th, 1928.

Regulations under the Public Places Regulation Ordinance, 1870, on September 21st, 1928.

QUESTIONS.

HON. MR. J. OWEN HUGHES asked the Government to state:—

- (a) The year when the scheme for the Training of Teachers at the Hong Kong University was inaugurated?
- (b) The total number who have entered the University with Government assisted Scholarships in each year since the inception of the scheme?
- (c) Total cost to the Government for each of these years? and grand total cost to date?
- (d) Number of graduates who have left the Government service before the expiration of the two years' teaching in Government Schools?
- (e) Number of Scholarship holders who did not complete the degree course?
- (f) Number of Scholarship holders who did not complete the degree course, but who are still teaching in Government Schools?
- (g) Number of Scholarship holders who for different reasons have been called upon to forfeit bonds and otherwise make good to the Government?
- (h) Total amount of such refunds to date?

THE COLONIAL SECRETARY replied—

- (a) The scheme for the Training of Teachers at the Hong Kong University was inaugurated in 1917.
- (b) The total number of those who have entered the University with Government assisted scholarships in each year since the inception of the scheme is as follows:—

<i>Year:</i>	<i>No.</i>
1917	3
1918	3
1919	3
1920	5
1921	11
1922	4
1923	12
1924	9
1925	8
1926	6
1927	5
1928	8
Total	77

- (c) The total cost to Government for each of these years is as follows:—

<i>Year:</i>	<i>Amount in</i>
1917.....	\$ 498
1918.....	3,484
1919.....	4,852
1920.....	4,683
1921.....	10,910
1922.....	21,338
1923.....	32,780
1924.....	40,335
1925.....	45,285
1926.....	40,755
1927.....	32,110

The cost for 1928 will not be known until the end of the year. The total cost to end of 1927 is \$240,030.

- (d) The total number of graduates who have left the Government service before the expiration of their two years' teaching in Government schools is four. Of these one was permitted to resign to take up an appointment in Dutch India; one was dismissed and forfeited his security; one resigned and paid bond and forfeited security; one has recently left without permission and his case is under consideration.
- (e) The number of scholarship holders who did not complete the degree course is 27, including the four mentioned in reply to question (f).
- (f) The number of scholarship holders who did not complete the degree course but who are still teaching in Government schools is four.
- (g) The number of scholarship holders who for different reasons have been called upon to forfeit bonds and otherwise make good to the Government is five.
- (h) The total amount of such refunds obtained up-to-date is \$1,342.05.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. the Officer Administering the Government, laid upon the table the report of the Finance Committee No. 10 of September 20th, 1928, and moved that it be adopted.

THE COLONIAL TREASURER seconded, and this was agreed to.

THE SUPPLY BILL.

THE COLONIAL SECRETARY moved the second reading of the Ordinance to apply a sum not exceeding \$19,478,964 to the Public Service of the year 1929.

THE COLONIAL TREASURER seconded.

HON. SIR SHOU-SON CHOW—Your Excellency, Our veteran leader, the Hon. Sir Henry Pollock, having temporarily left us to join the official ranks, where his presence represents a gain to the Government and a loss to us, the duty of voicing the collective views of the Unofficial Members of this Council on the Budget has again devolved upon me this year. I shall endeavour to discharge this duty to the best of my ability, leaving my honourable unofficial colleagues to bring forward individually any special points to which they may wish to call the attention of this Council.

Speaking for the Unofficial Members, I wish to congratulate Your Excellency upon your first Budget. I also wish to congratulate the Hon. the Colonial Secretary in the same connection, for the present Budget is his first as well. The pleasure it gives me to convey the compliments of the Unofficial Members in this respect is the greater because the Budget is one that must be considered satisfactory, alike for the sound financial position it reveals, and the able and clear manner in which it has been presented.

We fully agree with the conclusions reached by Your Excellency regarding existing conditions of trade in South China, and the factors you consider to be responsible for these conditions. With Your Excellency we sincerely hope that the work which the Governments of Kwangtung and Kwangsi are now doing in the suppressing of piracy and brigandage will not be relaxed; for the return of good order in the neighbouring provinces is the most important step in restoring the prosperity of Hong Kong no less than that of the two Kwangs, with whose future our own is so closely linked. While respectfully joining with Your Excellency in congratulating the Governments of the two Kwang Provinces in the great endeavour they are making to advance the welfare of the areas over which they rule, we wish at the same time to support your view that the hand-to-mouth policy which the Chinese merchants are adopting is in a large measure due to the uncertainty they feel as to the taxation which these Governments may impose in future.

The tribute which Your Excellency paid in your Budget speech to the untiring labour of Sir Cecil Clementi for the re-opening of friendly intercourse between Hong Kong and Canton has our warm support; and we sincerely hope that by the time Sir Cecil returns to the Colony the tact and patience he expended in this cause will have been rewarded with even greater success.

Dealing with the actual Estimates, I should like first to say that the Unofficial Members have been gratified to learn that when the financial year closes the estimated revenue for 1928 is likely to be exceeded by the sum of not less than \$2,571,000. This I think may be taken as evidence that conditions in the Colony are gradually returning to normal. We do not forget that of this increase a sum of over \$1,000,000 is accounted for by land sales which cannot legitimately be regarded as steady income; none the less the bigger demand for building sites

can be taken as proof of a further increase in the population, as well as a healthy sign that confidence in the future of the Colony is being restored.

From the Budget we see that the estimate of revenue for 1929 is nearly \$400,000 below the revised estimate for 1928, a fact which clearly indicates that the Government is pursuing a conservative policy in budgeting. The Unofficial Members of the Council entirely agree with that policy, because, as Your Excellency pointed out at the last meeting, land sales may fall off when the immediate demand for more building sites has been satisfied.

Although normal conditions are slowly returning, times are still none too good in the Colony. The whole community is, therefore, more than relieved to find that the Government has decided not to resort to fresh taxation, but is striving, instead, to meet the Colony's requirements out of surplus balances, and, when necessary, by means of public loans. Until times have improved to a much greater extent the Colony is not in a position to stand any substantial increase in taxation without the most serious effects on its trade—effects which would have immediate reactions on the public finances as well as on the general prosperity of the Colony.

The Unofficial Members agree with the Government that large and important public works should quite properly be financed by means of public loans, so that posterity which benefits as much as, and sometimes more than, the present generation, should bear its share of the burden. At any rate, the present generation has to pay its quota of the interest and sinking fund charges on all loans, as they fall due from year to year. I need not labour this point as on several occasions, particularly at the Budget meeting of this Council last year, I have spoken at some length in support of that policy.

With Your Excellency's permission, I shall now turn to individual items of revenue and expenditure in the Estimates. Quite the most important problem facing the Colony is that of water supply for the island, affecting, as it does, the great bulk of our population. The Unofficial Members are glad to learn from Your Excellency that which ever scheme is finally adopted it will be pushed on with the utmost dispatch. Much valuable time has already been lost in considering alternative proposals, and the people have meanwhile been suffering great hardship through the acute shortage of water. Such hardship has been more severe this year than for many years past owing to the unusually dry summer. Aggravating the position also has been the somewhat peculiar phenomenon of a reservoir that was full to overflowing one week and almost empty a few weeks later! I refer to the Pokfulam Reservoir which supplies the western part of the town, probably the most thickly populated district of the entire Colony. It is to be hoped that the Water Authority will look carefully into the possibility of enlarging the holding capacity of this reservoir. I am given to understand that it has not been dredged
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many years ago; and it is obvious that there must be some thousands of cubic feet of silt which should be cleared. I commend this matter to the serious consideration of the Government.

There are two schools each advocating a different scheme for dealing with the problem of water supply in the island. One school is for constructing a reservoir at Aberdeen in addition to completing the first section of the Shing Mun scheme and bringing the water across to the island. The other school is for pushing on with both the first and the second sections of the Shing Mun scheme with all possible speed, not relying upon the Aberdeen Reservoir, and to bring the Shing Mun water across in the quickest possible way, namely, by laying a pipe-line on the bed of the harbour. The Unofficial Members unanimously support the second proposal for the reasons which I will now give. The Aberdeen scheme, whilst it appears to lend itself to economical development, would seem to be a shortsighted policy to adopt, as calculations go to show that based upon the present annual percentage increase in the population of Hong Kong there will be a deficiency by 1931 in the island's supply even with this scheme completed. Comparisons of existing capacities and estimated requirements of water for the island show that at the present time the former falls short of the latter by some 2.75 million gallons a day. In actual practice this shortage can be rectified to a certain extent by increased pumping, but the fact remains that for the ordinary consumption which is modestly estimated at 10 million gallons a day in 1928, a full supply throughout the 12 months falls short by some 2 million gallons. The Aberdeen scheme is estimated to give an additional daily supply of 2.12 millions at a cost of \$2,627,000, and will take approximately three years to complete—say in 1931, at the earliest. By this time it is estimated that the requirements of the City will be 11.2 million gallons a day against an estimated supply of 9.37 millions (7.25 plus 2.12); whereas the quantity of water available daily for the island from the Shing Mun first and second sections by 1932-3 during the minimum dry period will be 4.35 million gallons, making a total minimum supply of 11.6 million gallons. It is not possible to compare the relative cost of this scheme with the Aberdeen one because the necessary supply for Kowloon has first to be considered in the case of the former scheme.

In the matter of the pipe-line across the harbour there are also two schools holding different views. One school favours bringing the pipe-line across in a concrete trench under the bed of the harbour at a cost of about \$2,000,000; and the other advocates the laying of a pipe-line on and along the bottom at a cost of some \$300,000. The Unofficial Members unanimously favour the second scheme. Even if the pipe-line required extensive repairs from time to time, even if it were completely scrapped after, say, five years, the total expenditure in five years on the cheaper scheme would still be appreciably less than the annual interest charges on the cost of the much more expensive scheme. And we should, in addition, have gained practical experience of the utmost value, while solving an urgent problem that

permits no delay. The cheaper scheme has the further important recommendation that it could be completed in far less time; thus the harassed public would have the satisfaction of knowing that a million precious gallons now running to waste every day on the other side of the harbour was being brought to the island at the earliest possible moment. The relief that would be afforded to tens of thousands of people in this way would be incalculable—so much so that it cannot be measured in terms of money.

The Unofficial Members are pleased to see that the Government is proceeding with the policy of replacing existing principal mains in the city with larger mains so as to enable a greater supply of water to be passed from the main reservoirs to the west end. The present acute shortage of water in the western district is due in some measure to the insufficient pressure of water from Tytam to the west side, for even when there is an ample supply of water in the Tytam reservoir, the pipes are so small that the western district still receives only a limited share. Consequently the assurance given by the Government that this work will be continued with all possible expedition has given great satisfaction to the community.

Before leaving the subject of Water Supply, I should like to refer to the issue of water meters. From time to time complaints have been received by some Unofficial Members that the method adopted by the Government in issuing meters is far from being consistent; and not infrequently these complaints go so far as to allege that discrimination is shown—one applicant being granted a meter and another being refused a meter—for no ostensible reason. While we do not say that such complaints are well founded, we feel that, as they are made, a clear statement of the Government's policy in the matter would go far to reassure the public and remove any misunderstandings.

Turning to revenue, I wish to draw Your Excellency's attention to an item in the Abstract of Revenue, on page 5 of the Draft Estimates— "Miscellaneous Receipts." This item is shown to have produced in 1927 the sum of \$655,584; is estimated to produce this year \$518,940; but is expected to yield not more than \$386,400 next year. Reference to the detailed sub-heads on page 11 of the Draft Estimates elicits no explanation for this expected large decrease. We should be glad if Your Excellency could give us the reason for the big decline anticipated in 1929. The approved estimate for 1928 for "Forfeitures" is given as \$60,000, while the amount inserted for next year is only \$30,000. We should also be glad if Your Excellency could give us an explanation for this 50 per cent. decrease.

Coming to expenditure, the Unofficial Members are disappointed that the Government has not yet succeeded in filling the post of Malariologist. There is no need for me to dwell again upon the urgent need in the Colony for a specially trained malarial research officer, both for the valuable work he can do in combating the disease, and for the steps he can take in preparing an organised effort to eradicate it from the Colony. We trust that the Government
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effort to secure the services of an expert, offering more attractive terms, if failure to fill the post has been due to lack of sufficient inducement.

The Unofficial Members have noted with pleasure that arrangements have been made whereby Nursing Sisters now have four clear days off duty in every month. The change and rest thus afforded will prove a welcome respite from duties that are nearly always arduous and are frequently extremely trying.

The increase in the number of bonuses for language study—nearly fourfold as compared with the 1928 Estimates—is gratifying evidence that more members of the Civil Service have been studying Chinese, and with successful results. Practical encouragement in the form of bonuses or allowances is, therefore welcome.

"Stationery" shows an increase from \$60,000 in 1928 to \$95,000 for 1929. In the absence of any explanation for this big increase in the figures, the Unofficial Members are forced to conclude either that the current year's expenditure has been badly under-estimated, or that the demand for stationery in Government departments has dramatically increased in one leap by 58 per cent. Perhaps there is another explanation which, attention having now been drawn to the matter, the Government may be pleased to vouchsafe.

The Hon. Colonial Secretary, when speaking of Public Works Recurrent—the annual maintenance charges—made the observation that during the past few years economy had been enforced to the lowest point consistent with efficiency. The Unofficial Members are happy to add the tribute that, although working under this disability, the Public Works Department has succeeded in maintaining a high standard of efficiency in the maintenance and upkeep of public works, for which credit is due to the Hon. Director of Public Works and his hard-working staff.

The inability of His Majesty's Government to contribute more than £100,000 towards the cost of the Aerodrome instead of paying three-fourths of the total cost is very disappointing to the community, after it had been told that the Secretary of State for the Colonies had actually proposed to the Imperial Treasury three-fourths of the cost as being its equitable share of the outlay. Feeling that the Secretary of State would not have accepted this proportion as representing the Imperial Government's just obligation unless it had appealed to him as being eminently fair—as I may say it does to us—we earnestly hope that further strong representations will be made to the Imperial Government to increase its contribution to the full three-fourths. The Aerodrome, while it will be a valuable local asset, will be a still more valuable Imperial asset as a vital link in the communications of the Empire.

I now come to "Public Works Extraordinary." Although the Colony has reached the point where it is necessary to draw upon our reserve in order to finance many of the works, the Unofficial Members consider that this step is justified. They also consider that the works selected to be carried out represent, on the whole, those that really need doing first. I am, however, to say that we cannot support sub-head

31—Road to Mountain Lodge \$57,000. The Hon. Director of Public Works has explained this item by stating that the road would be graded to allow for motor traffic, thus providing an approach to Mountain Lodge, the Wireless Station, and houses on private property in the vicinity. We feel that we cannot approve the proposed outlay because, so far as we can see, to grade the present road, which is too narrow for motor traffic, would be a useless expenditure of money involve an road were at the same time widened, which in turn would involve an additional expenditure far beyond a point we think we should be asked to condone in the present straitened times. Without the road being widened as well as graded we cannot see how a motor-car can use it and not be a danger to pedestrians, however, ingenious the Traffic Department might be ready to prove itself in decorating the roadway with the now ubiquitous white lines.

To our mind there is another road which seems in far greater and more urgent need of improvement than the road to Mountain Lodge. I refer to the Mid-Level motor road from Conduit Road to Marble Hall, which would have been continued but for the financial stringency resulting from the strike and boycott. It should now be extended, so that readier access may be given to the houses on May Road level. We have received a representation from the Mid-Level Residents' Association invoking our assistance in urging upon the Government the need for carrying out this work, the estimated cost of which, we understand, is less than \$200,000; and we must say that we sympathise with the request, especially as in a letter dated the 26th May, 1928, to the Association, the Hon. Director of Public Works definitely stated that the work would be "included in the 1929 Draft Estimates." We hope that the matter may be given early consideration.

While still upon the subject of roads we should like to refer to the present system of issuing special permits granting the right to certain owners of motor-cars to use thoroughfares otherwise closed to motor traffic. Instances have been brought to our notice where, the road being both steep and narrow, no such permits should have been issued; instances have also been given where, for the same reasons, no permits should have been issued for a big car where only a small car might proceed with some safety, if carefully driven. These facts, so little consistent with public safety and the rights of pedestrians, apply more particularly to the Higher Levels. We appreciate the necessity for allowing motorists all reasonable facilities, but we feel that in future, having due regard for public safety, great care should be exercised, when permits are applied for, to see that the road can really take such special motor traffic without danger, and also that special regard will be paid to the size of the car for which a permit is being sought. We would go even further than this, and advocate that permits already issued should be withdrawn where revised opinion—particularly in the matter of size of cars—leaves any doubt as to the safety of pedestrians using the same thoroughfare.

With reference to the present method of disposing of the City refuse, we would urge the Government to keep in view the scheme of having the work done by incinerators in the near future. When refuse is dumped into the sea, despite every care to ensure that none returns to the harbour, it has a way of drifting back in quantities, not only to the inner harbour but also to the foreshores of the neighbouring islands, notably Lantau and Lamma Islands, thereby assisting to pollute the waters of the harbour and to disfigure the foreshore, to the detriment of the health of the boat-people and bathers. The question of providing the Colony with refuse-destructors has been under consideration for many years, and one of the arguments raised some years ago against the proposal was the great distance the old bullock-carts had to travel with their loads of refuse to the outskirts of the town. This argument no longer obtains to-day, as the modern motor-lorry has replaced the antiquated bullock-carts. We cannot now see any other reasons for rejecting the scheme when, in point of fact, destructors are being used with complete success by most of the great cities of the world, including our near neighbour Singapore. Hong Kong which usually prides itself on keeping pace with the march of progress, is sadly behind the times in this respect.

The Unofficial Members are glad to see that the Government has decided to proceed with the construction of the Saiyingpun Market. Although the sum required for this work is a large one, we consider that the market is needed to meet the requirements of the growing population in the western district. Moreover, the market is a remunerative undertaking which will pay for itself in due course through the rentals derived from the stalls.

The Unofficial Members are also glad to observe that under sub-heads 124, 125 and 128 provision has been made for filling in certain mosquito-breeding spaces at Kowloon. This important work should be proceeded with, without awaiting the arrival of the malariologist. A sum of \$20,000 is inserted against sub-head 131 for the supply of filtered water to the Dairy Farm lots on Diamond Hill. This provision has our approval; but some of my colleagues desire to be informed why regard has not been paid to similar requests of the Dairy Farm Company for their lots at Pokfulam.

The Hon. Colonial Secretary in his Budget speech at the last meeting stated that the erection of more new buildings for the accommodation of Government offices has become a matter requiring early and anxious attention. The Unofficial Members venture the suggestion that a careful and intelligent re-arrangement of the present accommodation in certain Departments may make it unnecessary to embark upon the provision of more permanent Government office buildings for some time to come.

Last year we expressed our satisfaction at the friendly co-operation existing between the British and the Chinese sections of the Kowloon-Canton Railway. This year we have pleasure in noting that the co-operation still continues, a graceful example being the tangible

assistance given to the Canton section by the Hong Kong Government, to which the Hon. Colonial Secretary made reference at the last meeting of this Council.

Returning to the broader aspects of the Budget, I am to say that the Unofficial Members applaud the Hon. Colonial Secretary's dictum that this is no time for extravagance in expenditure. Although our financial position is expected to be much better at the end of this year than it was anticipated it would be when the 1928 Estimates were framed twelve months ago, we must not forget that we have still to draw heavily upon our surplus balances. Expenditure has an uncanny way of expanding, and unless the closest watch is kept, it simply grown and grows. Even the saving in the Police Department, to which the Hon. Colonial Secretary referred with some satisfaction, when closely examined, is found to be no real saving at all. The total figure for the Department certainly does show a decrease amounting to \$44,765, but it has to be noted that this decrease is due, not to the regular annual charges being any smaller for 1929, but simply to the fact that the requisitions of the Department under the heading of Special Expenditure are not so high as they were last year. Actually the regular annual charges show an increase of \$92,560 for next year, which means that the Police Department, apart from *non-recurring* special expenditure, will cost us that much more in 1929. The Unofficial Members do not say that this increase is not necessary; neither do they in any way intend their remarks to convey any impression that they are lacking in appreciation of the good work done by the guardians of our lives and property. They merely point out the cold fact that in the regular charges of the Department an increase, and not a saving, is the real position.

Without any question, our standing charges have increased enormously during the last two years. A reference to the Abstract showing the differences between the approved estimates of expenditure for 1928 and the estimates of expenditure for 1929 (Sessional Paper No. 5 of 1928) reveals, under the caption "Recapitulation" on page 31, that personal emoluments alone show an increase of \$498,134 for 1929. And this figure does not take into account the item Exchange Compensation Allowance under "Miscellaneous Services," amounting to a further sum of \$350,000, which is also in the nature of personal emoluments. Added together, these two sums yield the large total of \$848,134.

We fully appreciate the necessity for increasing expenditure to keep pace with the growing needs of the Colony, but we find it exceedingly hard to believe that the developments during the last twelve months— half of which period has been one of trade depression and general uncertainty—can possibly have justified the large increase in personal emoluments these figures reveal. The Colony at present is drawing upon its none too large reserve and is borrowing money for several essential works; but expenditure seems to be still mounting up at a rather alarming rate. We would therefore earnestly ask the Government to exercise even greater care in keeping expenditure in every department down to the absolute minimum consistent with efficiency.

Our anxiety to see every possible saving effected must not, however, be taken to imply that we have any lack of faith in the future of the Colony, for we fully share the optimism expressed by Your Excellency and the Hon. Colonial Secretary at the last meeting of this Council. The confidence that all classes of the community showed when the outlook was darkest during the strike and boycott has already been more than justified, and we feel that a yet brighter future, to which we are now looking forward, will reward our faith just as surely. Your Excellency has been good enough to say that you could rely upon our co-operation in all measures for the welfare of the Colony. That co-operation has been extended freely and cheerfully in the past, and it will be given with the same readiness and pleasure in the future.

HON. MR. A. C. HYNES—Your Excellency,—As I happen to be the Senior European Unofficial Member of this Council present to-day, I desire to associate my colleagues and myself with the views which have been expressed by my honourable colleague, the Senior Unofficial Member, and to congratulate him on the masterly manner in which they have been set forth. I also wish to emphasize the fact that the views expressed by my honourable friend are the unanimous and considered opinions of all the Unofficial Members, and I trust that this fact will carry due weight—especially when the most important matter dealt with in the speech calls for further consideration. I need hardly say I am referring to the Water question.

HON. DR. R. H. KOTEWALL said—Sir,—The same circumstance that has made the Hon. Sir Shou-son Chow the spokesman for the Unofficials to-day has likewise placed on me the duty and privilege of presenting the Chinese views on the Budget this year. Though the honourable Senior Unofficial Member has spoken at some length on the question of water supply for the Island of Hong Kong, which he rightly says is quite the most important problem now facing the Colony, I make no apology for referring to and laying some stress on the subject, affecting as it does the Chinese more than the other residents of the Colony. This year, owing to a combination of circumstances which I need not enter into here, the people have suffered greater hardship from a water shortage than they have undergone for many years past; and their suffering was intensified by restrictions on the supply having to be enforced by the Government much earlier in the year and in the swelter of mid-summer. Consequently their pitiable plight has brought home to us, more forcibly than ever before, the need for finding a permanent remedy in the shortest possible way.

The complaints we have heard this year have been particularly bitter. While one may regret such bitterness, one cannot help sympathising with the distress that evokes it. The more intelligent classes know that there are things which are beyond human control; they also know the efforts made by the Government to secure a permanent augmentation of our water supply. But the people bearing the actual hardship cannot be expected to make fine distinctions. All that they know is that year after year, for many years, and sometimes more than

once in the short period of a few months, they have to endure a restricted supply; and that, so far, no tangible evidence of the Government's endeavour to find a permanent remedy is in sight. The feeling of the people is not improved by the fact that one day they are told that a reservoir is full to overflowing and less than a month afterwards, like a bolt from the blue, a restricted supply is clapped on without any explanation and with scarcely any previous warning! Such abrupt action is apt to give rise to all sorts of unpleasant rumours which may have a bad effect on public tranquillity. When the restriction was first introduced in the Western district in July last, there was a rumour that the action was designed to induce the inhabitants of that district, which was overcrowded, to migrate to the Eastern part of the city, then happily on full allowance. There was another talk that the Government, in putting on the restriction, wanted to force the people in the rider-main districts to have water-meters installed in their houses. "These must be the reasons," they said, "or what else can it be, since only a couple of weeks ago we were told that the reservoirs were full to overflowing?" This, Sir, was the kind of gossip going round the town. It was, of course, unfounded and foolish, but none the less harmful. A timely explanation would have prevented it. I would, therefore, respectfully suggest that in future, if the Government finds itself compelled to resort to a restricted allowance, due warning should be given, with the necessary explanation for the proposed step, so as to enlighten the public.

Sir, this problem of water supply is so vital to us and so imperiously urgent that it is to be hoped that the Secretary of State for the Colonies will before long come to a definite decision on the two alternative schemes submitted for his consideration, and that he will cast his vote in favour of that unanimously supported by the Unofficials. My Chinese colleague and I are confident that the Chinese community are behind us in our preference for the first and second sections of the Shing Mun scheme. The people do not want any project which will give them a full supply for only a few years. They would rather spend a couple of million dollars more on works that would ensure for them a supply adequate to their needs for many years to come. The scheme favoured by the Unofficial Members will have the desired result, as the figures quoted by the honourable senior Unofficial Member have shown. The Chinese do not, however, wish to see the Aberdeen scheme given up entirely; they think that it should be kept in view—to be used as a last resource.

Like most of their fellow-residents, the Chinese are anxious that the simpler and cheaper method of bringing the water across by a pipe-line to be laid on the bed of the harbour, should be adopted and proceeded with at once so that, as the honourable senior Unofficial Member has put it, the million precious gallons now daily running to waste on the other side of the harbour may be brought over to the island at the earliest possible moment, to afford relief to the tens of thousands of suffering people. Sir Shou-son Chow and I can assure Your Excellency that the entire Chinese community is ready to support

any expenditure conducive to the happy result of solving, once for all, this difficult and vexed problem.

I have been asked by those interested in the School of Chinese at our University to tender grateful thanks to Your Excellency and to the Government for the generous grant of \$32,200. Without this grant it would not have been possible for the School to commence. As Sir Cecil Clementi has pointed out, the work of the School will be of inestimable value, not only to the students themselves, but also to China and Great Britain in strengthening still further the bonds between the two countries. The promoters of the School hope that with the advent of better times to which we are all looking forward with confidence, the community will make further substantial contributions to the Endowment Fund of the School, so that the grant from the Government may be reduced, or may even cease to be necessary for the maintenance of the School.

The Hon. Sir Shou-son Chow has already expressed the satisfaction felt by the Unofficials at the welcome concession recently made to the nursing sisters in the way of four clear days' respite in each month. With Your Excellency's permission, I should like to add a few remarks that have a personal touch. In the earlier part of the year I had occasion to be a daily visitor to the Peak Hospital for the rather long period of over two months; and the splendid work of its entire nursing staff—their quiet efficiency and their devotion to duty—filled me with admiration. Such is the respect I have for the nursing staffs of the Government hospitals that I gladly embrace the present opportunity of paying them this small tribute.

In regard to the matter of salaries I desire—even at the risk of appearing inconsistent after joining in the plea for stricter economy— to bring to notice the claim of the "local" men in the employ of the Government for fair consideration. More than once in this Council and also elsewhere, I have brought forward their claims for an amelioration of their conditions of service. What they are asking for now is no more than what has been accorded to their more fortunate seniors. The Hon. Colonial Secretary, in dealing with this subject in his Budget address, stated that the reorganisation of the Junior Clerical Service is estimated to cost an increase of \$104,154 next year. He further said that of this increase \$25,050 is due to the necessary increase in numbers, \$19,565 to increments, and \$42,250 to the creation of more higher grade posts. It has been pointed out to me that all these three items cannot be placed in the same category as the all-round increase that has been granted to officers drawing salaries on a sterling basis. The increase in the number of posts does not mean increase in individual salaries. The increase in stipulated increments should not be taken into account here, inasmuch as the "sterling" men receive stipulated increments in precisely the same manner. The creation of more higher grade posts, though it permits quicker promotion, affects only a few whose services and merits at any rate deserve that recognition. For the majority, there is nothing in the way of an increase of salary designed to meet

the rising cost of living, for which the men on sterling salaries were specifically granted the general increase. Simple justice, therefore, requires that the local men also receive some help in coping with the same economic difficulties.

Before concluding, may I, as a representative of the Chinese, join in the congratulations to Your Excellency and to the Hon Colonial Secretary on a first Budget that has revealed such a sound position and such a promising outlook. May I also voice the gratitude felt by the Chinese community towards Sir Cecil Clementi for his great work in bringing about better relations between Hong Kong and the neighbouring provinces of Kwangtung and Kwangsi. Already the closer intercourse resulting from his unremitting labour is having marked results, and I am confident that these results are but the beginning of an era of abiding goodwill and increasing prosperity for the two great sister cities of the South. It only remains for me, Sir, to associate the Chinese with the pledge of co-operation offered to you by the Unofficial Members through their leader to-day; and this I do with peculiar pleasure, as the intelligent classes are showing a growing interest in public affairs, and are ever ready to assist the Government in all its endeavours tending to promote the welfare of the Colony.

HON. MR. J. OWNE HUGHES—Your Excellency,—I desire to supplement the remarks made by the Hon. the Senior Unofficial Member regarding the vote of \$20,000 towards the cost of supplying filtered water to the dairies at Diamond Hill, as asked for by the Sanitary Department for reasons of Public Health. It is gratifying to see that the Government recognise the necessity for providing good potable water to dairies in accordance with the ordinance, and I would respectfully urge that the same consideration be accorded to the Dairy Farm Co. at Pokfulam. It is clearly laid down by the ordinance that dairies should be supplied with water from the Government mains, as was pointed out to the Government by the head of the Sanitary Department in 1924, yet the Company has been forced to provide its own filtering and chlorination. I plead therefore in the interest of Public Health, and in justice to the Dairy Farm Co. that the Government gives a favourable reply to the recent application which the Dairy Farm Co. has made in regard to this important matter.

THE COLONIAL SECRETARY said—Your Excellency, the tone of helpful criticism that pervades the speeches of the Unofficial Members shows that the Budget proposals as a broad whole have received the stamp of their approval: and the value of those criticisms is greatly enhanced by the evidence of their profound knowledge of local conditions and of their careful examination of the draft Estimates. Resting on this sound foundation they breathe a spirit of co-operation for the good of the Colony and it is in that spirit that the Government desires to examine the suggestions put forward. It is I think fair to assume that no point has been overlooked in the unofficial scrutiny for even small clerical errors which had escaped attention in the office have been brought to my notice.

The matter of outstanding importance to which reference has been made in the speeches of the Senior Unofficial Member and the Junior Chinese Member is the water supply.

This matter as you well know has for many years engaged the anxious consideration of the Government and Sir Cecil Clementi from the day of his arrival threw himself wholeheartedly into the task of finding a solution for the Colony's difficulties: for no one has a finer appreciation of the hardships of the Community to which the Junior Chinese Member has referred, or a deeper sympathy with the Chinese of any class in any trouble. Dr. Kotewall asked for the longest possible warning of proposed restriction, and this, of course, can be readily promised.

Honourable Members will, I think, be glad to learn that we have within the last few days received sanction from the Secretary of State to proceed with the scheme for bringing water across the harbour from the reservoirs on the Mainland, and preparatory work is already in progress to enable the scheme to be carried out. This, as Honourable Members know, affords the quickest method of providing a substantial increase in the water supply of the Island. The Senior Unofficial Members has referred to the different views which are held as to the construction of the pipe line. The matter is primarily one for the engineers, and the Government, while taking due note of the views of the Unofficials, feels that it must preserve an open mind until both schemes have been examined in detail and their relative advantages and disadvantages have been carefully weighed. Meanwhile work common to both schemes will be pushed on with the utmost vigour.

The Government notes with interest the very definitely expressed views of the Unofficial Members with regard to the Aberdeen water scheme and their decided preference for what is known as the second section of the Shing Mun scheme. It must not be overlooked that, while it would be possible to make an early start on the Aberdeen scheme, a good deal remains to be done before the Shing Mun second section can be put before the Secretary of State for sanction. The Secretary of State is not unaware of the Unofficial view of this matter, and the views so clearly set forth to-day will be represented to him by telegram before any further action is taken regarding the Aberdeen scheme.

Before I leave the question of Water, two comparatively minor matters remain to be dealt with.

It is essential that a supply of water however small should be maintained in Pokfulam Reservoir for certain outlying districts and the difficulties involved in any attempt to dredge the reservoir while maintaining the required supply are very considerable and would probably outweigh any advantage which might be secured. The matter is one to which the engineers have already given consideration.

A definite policy is followed regarding the issue of meters in Hong Kong on instruction from Government. Domestic supply meters are not now issued in the Rider Main districts
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circumstances which are reported to Government. Applications for meters of any kind are most carefully investigated by the Water Works Department; and very many have to be refused. Delay in these circumstances is inevitable, but the Council may rest assured that every precaution is taken to secure equal treatment for every separate application.

Trade supply meters are issued only to those trades to which water is an essential of the trade and the withholding of the meter would be detrimental to such trade.

To give domestic supply meters within Rider Main districts would make restrictions of little value.

There is no restriction on the installation of meters in Kowloon, where the water supply is adequate.

The Senior Unofficial Members has asked for information on several items connected with Revenue. In the first place he deals with miscellaneous receipts. This item is in its nature one that it is impossible to estimate with accuracy. It so happens that there have been windfalls recently which can hardly be expected to recur. This year for instance among miscellaneous receipts appears a total of \$97,088 made up of the sale of Hong Kong Government buildings in the Yamen at Canton, some \$27,000 unclaimed balances and over \$12,000 representing profit on investments in the War Loan Sinking Fund. These are very exceptional returns and can hardly be considered in estimating for another year. The Senior Unofficial Member referred also to the estimated decline in forfeitures. Forfeitures again are a matter in which exact estimates are impossible. The estimate is admittedly a conservative one.

The possibility that the expenditure on Stationery is unduly high has been referred to by the Senior Unofficial Member. His figures however need a little revision in the light of the reduction in "Miscellaneous Papers" appearing as Item 35 under Head 34. The Government policy is to get as much as possible of the Government printing done in Victoria Gaol and the reduction in "Miscellaneous Papers" represents a step in this direction, while the increase under Item 42 is accounted for partly by the transfer but to a larger degree by the necessity for purchasing stocks of paper against the work that is to be demanded from the Gaol. Honourable Members will remember that under Head 31 Public Works Extraordinary appears an item of \$41,000 for the construction and furnishing of a new printing shop in the Gaol. This is all part of the same policy and I would asked for sufficient latitude to try the experiment out before judgment is passed on it. It is not at the same time denied that there may be some waste of stationery in the Government departments. Attention of all officers has been particularly drawn to the possibility; and with the concentration of orders at the one centre of the Gaol it is hoped that a check may be provided on any department whose demands tend to become excessive.

With respect to the Aerodrome the Government confesses to a sense of disappointment at the Imperial Subsidy as finally voted. The views of the Unofficial Members of Council will
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Authorities in England and if as seems not unlikely more work is to be undertaken in the near future and more expense involved, the Imperial Government will be pressed to shoulder a fair part of the burden.

With regard to the road to Mountain Lodge, I notice that the chief objection appears to be the design of the road. I might explain to the Honourable Members that the road is to be widened as well as graded. I suggest that Honourable Members might be willing to pass the vote for this road subject to an undertaking by the Government that the details of the proposals will be submitted to the Public Works Committee for scrutiny, and that no expenditure will be incurred without obtaining the further approval of the Council.

The question of the mid-level motor road, to which the Senior Unofficial Member refers, will be made the subject of a special investigation by the Government, and views of the Unofficial Members will receive the most careful consideration.

Another question dealing with roads on the higher levels was asked in the speech of the Senior Unofficial Member and it concerns the question of motor, traffic. This question is already engaging the attention of the Government and the views put forward will be given due weight in any conclusions that may be reached.

There is also the question of the incinerator. The matter will be investigated during the year with a view to the inclusion of funds in the next Budget as soon as a satisfactory scheme has been evolved.

The Honourable Member representing the Chamber of Commerce has amplified the reference made by the Senior Unofficial Member to the treatment of the Dairy Farm in the matter of Water Supply. An examination of the facts will I think show at once that no undue discrimination has been shown in this connection and equally that the Government has been duly careful of the Public Health. The Dairy Farm premises at Pokfulam are so situated that it is not possible to supply them with water from the Government filtered water mains. There are records of correspondence and discussions dealing with this question which go back to the early years of the century and which show that the Dairy Farm appreciated the difficulties and undertook to provide their own supply through the construction of an extra intake above the level of the Reservoir. In this construction they were assisted by the Government, but the arrangements required for filtering the water to comply with the requirements of the Sanitary Authorities became a matter for the Dairy Farm, and still remain so.

It would appear that the treatment meted out to the Dairy Farmers on Diamond Hill is responsible for the resurrection of this old question, but the cases are essentially different. The Diamond Hill Dairy Farmers were moved compulsorily by the Government and are in an area which can be supplied with reasonable ease: but even so the Farmers must in many cases instal pumps. On the other hand the Dairy Farm chose its own site which, with all its water difficulties (and they have

always existed) has perhaps other compensating advantages. To construct the works that would be specially required to comply with the Dairy Farm's request at Pokfulam becomes such a large question that the Government cannot hold out any hope of dealing with it in the near future.

Reference was made by the Senior Unofficial Member to the question of Government office accommodation and to the possibility that examination might show that a re-arrangement of the existing accommodation would do all that is required. It has been suggested to me by an Unofficial Member that if one or two of their number could, when the time comes, be associated with the Government officers to whom the enquiry would be entrusted, we should come to a conclusion which would be satisfactory to the Council and to the Government servants who have to use the accommodation provided. The Government welcomes the suggestion, and readily accepts the offer of such valuable assistance. This however is a matter that can well stand over for a few months yet.

In commenting on the Police Estimates, the Senior Member of Legislative Council remarks on the fact that though the total estimate of the department is reduced the reduction is merely a matter of special expenditure and that the vital items of personal emoluments show an increase: and that this same increase colours the whole service, with a tendency to continue through the years, and he asks in effect for a limit to be set. The Government also would be happy to see their way to end any increase of expenditure but in these days when money values have fallen and there has been a steady increase in the standard of living, it would be interesting to know whether any prominent commercial concern has been able to set a limit to its expenditure on personal emoluments and to say "thus far and no further." It must not be forgotten also that the increase of emoluments is partly at least accounted for by an increased number of appointments.

The Government here more perhaps than elsewhere is in such a position that depressed trade and troubles in China (which go hand in hand) tend only to increase official work in the Colony. We get large numbers of refugees with all the extra duties involved for the Police, Medical and Sanitary Departments. Money may be short for the expensive luxury of cases in the Law Courts, but breaches of building covenants and failures to complete contracts add to the work of the Public Works Department which is already seriously increased by the difficulties of providing water for the increased population. The Imports and Exports Office is busier than ever in its work of preventing Hong Kong being used as a cloak for a breach of international agreements, and the Secretary for Chinese Affairs' office becomes over-loaded with troubles connected with Labour, Emigration, and all the smaller worries which unsettled conditions naturally occasion in the life of the people. There is in fact no reflex in the Government departments to the depression experienced in commercial concerns. Further the
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be forgiven if the standard of the Colony was in any way "let down" and we found ourselves unprepared to deal with the anticipated revival of business.

The organisation of the Government Service does not lend itself to rapid changes. It is more difficult under the conditions of the service to reduce staff at any given moment than in commercial firms, and still more difficult to recruit officers with the necessary training at short notice when development becomes rapid. It will perhaps satisfy the Council if they are assured that the Government is fully aware of the dangers of extravagance and will spare no effort in the practice of economy. We must however be in a position to attract the desired standard of recruit; and the proper road to travel between these difficulties being hard to find, it is a matter of satisfaction to the Government that the Secretary of State has now definitely approved of the appointment of a Commission to advise on the salaries of the whole Government Service from the top to the bottom. The composition of the Commission should be published in a few days and the Government has no doubt that it will be of a nature to inspire confidence in its recommendations. This announcement will also I hope make unnecessary any more detailed reply to the Junior Chinese Member's representation of the case of the Subordinate Members of the Service. The Commission will include them also in its purview.

It remains, Sir, only to express to the Unofficial Members the Government's appreciation of their compliments on the presentation of the Budget. It must not be forgotten that every head of a department has had to do his share in the compilation of this book of figures, but I would like particularly to express my own appreciation of the work of Mr. Wynne-Jones and the staff of the Colonial Secretary's Office on whom all the work ultimately centred. Mr. Wynne-Jones is also handling the Budget for the first time and he has carried through the duties energetically and efficiently.

It is gratifying to find that the allocation of expenditure as presented has already received for the most part the approval of the Council, and it is hoped that the explanations now given have removed any obstacle to the adoption of the Estimates as a whole.

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT— My thanks are due both to the Unofficial and to the Official Members of the Council for the very friendly reception which this Budget has received and for the very careful consideration accorded to it, and I very much appreciate the kindly references to the Government services and to myself. In particular my thanks are due to the Colonial Secretary for the very hard work he has devoted to the preparation of the Budget and for the very full reply he has made to the criticisms of the Unofficial Members. So complete has been his reply that I feel there is no need for me to detain you with further words. I therefore

put the motion standing in the name of the Colonial Secretary, which has been duly proposed and seconded, that a bill intituled,

"An Ordinance to apply a sum not exceeding Nineteen million four hundred and seventy-eight thousand nine hundred and sixty-four dollars to the Public Service of the year 1929"

be read a second time.

This was approved and the Bill was read a second time.

THE COLONIAL SECRETARY then moved that the Council go into Committee to consider the Bill clause by clause.

THE COLONIAL TREASURER seconded, and this was agreed to.

No amendment was made in Committee and upon Council resuming,

THE COLONIAL SECRETARY moved that the Bill be read a third time.

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

H.E. THE OFFICER ADMINISTERING THE GOVERNMENT—I thank you, gentlemen, for making provision for the services of the Colony for the coming year. Council stands adjourned *sine die*.

FINANCE COMMITTEE.

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

Votes for supplementary expenditure totalling \$147,746, contained in message No. 11 from H.E. the Officer Administering the Government were considered.

All the votes were approved.
