

25th July, 1929.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR CECIL CLEMENTI, K.C.M.G.).

HIS EXCELLENCY THE GENERAL OFFICER COMMANDING THE TROOPS (MAJOR GENERAL J. W. SANDILANDS, C.B., C.M.G., D.S.O.).

THE COLONIAL SECRETARY (HON. MR. W. T. SOUTHORN, C.M.G.).

THE ATTORNEY GENERAL (HON. SIR JOSEPH KEMP, K.T., K.C., C.B.E.).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. R. A. C. NORTH).

THE COLONIAL TREASURER (HON. MR. M. J. BREEN).

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

HON. COMMANDER G. F. HOLE, R.N. (Retired) (Harbour Master).

HON. DR. A. R. WELLINGTON (Director of Medical and Sanitary Services).

HON. MR. T. H. KING, (Captain Superintendent of Police).

HON. SIR HENRY POLLOCK, K.T., K.C.

HON. SIR SHOU-SON CHOW, K.T.

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

HON. MR. A. C. HYNES.

HON. MR. W. E. L. SHENTON.

HON. MR. J. P. BRAGA.

HON. MR. S. W. TS'O, C.B.E., LL.D.

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

MR. E. I. WYNNE-JONES, (Deputy Clerk of Councils).

MINUTES.

The minutes of the previous meeting of Council were confirmed.

SESSIONAL PAPER NO. 4 OF 1929.

THE COLONIAL SECRETARY.—I desire on behalf of the Government to express my regret that the Honourable the Senior Unofficial Member should have been misled in his remarks in Council on Thursday last regarding the Shing Mun Water Scheme by a misprint which had inadvertently crept in to Sessional Paper No. 4 of 1929. The telegram from the Secretary of State reading as follows:

"With reference to the Shing Mun Scheme second section, I agree to the details being worked out immediately, as it is obvious that this will be required before long in any case."

was dated the 19th October, 1928; the fact that the date was given in the Sessional Paper as the 19th of October, 1925, did not come to my notice until it was referred to by the Honourable the Senior Unofficial Member last Thursday.

PAPERS.

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

Rescission of the Order declaring Bangkok to be an infected place, on 12th July, 1929.

Amendments of the University Statutes under the University Ordinance, 1911, on 15th July, 1929.

Regulations under Section 2 of the Emergency Regulations Ordinances, 1922, on 18th July, 1929.

Report of the Director of Education for the year 1928.

QUESTIONS.

HON. SIR HENRY POLLOCK.—With the permission of your Excellency I beg leave to put the following questions, of which I have given short notice:—

1.—With reference to the statement made by the Hon. Colonial Secretary, at the last meeting of this Council, to the effect that

"In connection with the Dragon's Back West catchwater, a temporary channel dealing with over 150 acres of the area to be drained by that catchwater is being made and will be completed this month, and such temporary catchwater is nearly one mile in length and will have a maximum capacity of ten million gallons per day;"

will the Government, in view of the extreme importance of collecting into Tytam Tuk Reservoir as much rain-water as possible during the present rainy season, consider the advisability of promptly constructing other temporary catchwaters either from the Dragon's Back or Mount Parker or elsewhere which will drain yet further and larger areas in its neighbourhood into that Reservoir?

2.—With reference to the Hon. Colonial Secretary's statement at the last meeting of this Council to the effect that "two Engineers have already been asked for," will the Government state on what date those two additional Engineers were asked for?

3.—With reference to the following statements of His Excellency The Governor at the last meeting of this Council,

"We propose also without delay to carry the pipe-line across the harbour, a single pipe-line in the first place, because it is really in the nature of an experiment. We are not quite certain of the result, but we are all hoping that it will be a complete success. To construct two pipe-lines will commit the Colony to an expenditure which is unwarrantable in view of the many doubts which still hang over the scheme;"

will the Government state

- (i) What are the many doubts which still hang over the scheme?
- (ii) Is it not the fact that many pipe-lines have been successfully carried over the surface of the bottom of Burrard Inlet, Vancouver, at both the First and Second Narrows?
- (iii) Will the Government communicate promptly with the Municipality of Vancouver, with the view of ascertaining by what methods that Municipality has accomplished the laying of pipe-lines across the said Narrows and whether those methods have been successful?

H.E. THE GOVERNOR.—Notice of these questions was given too late for them to be included in the Orders of the Day, but, as the matter is of considerable public interest, I have authorised the Colonial Secretary to make replies.

THE COLONIAL SECRETARY replied:—

1.—It is not considered economical to construct further temporary channels in the vicinity of Dragon's Back or Mt. Parker. The channel now under construction is
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and economical owing to the proximity of the principal stream to Tytam Tuk Reservoir. Any other channels constructed as suggested would have to drain into the present channel which has a maximum capacity of 10 million gallons per day. Their principal yield therefore would be lost by overflow and would not reach Tytam Tuk.

2.—A requisition for two Engineers for the Waterworks Sub-Department was addressed to the Secretary of State on 22nd March, 1929, and a request was made that the services of Mr. Henderson might be utilized in selecting the officers.

- 3.—(i) The pipe line is to be laid along the bed of the harbour. It will be exposed to the risk of dragging anchors, and of ships inadvertently dropping their anchors in the proximity of the pipes even though the area is a prohibited anchorage. The effect of corrosion and abrasion have still to be experienced, also the effect of typhoons upon the shore connections of the pipe-line at each end.

Special joints are required and only experience can show if the type selected will prove the best possible.

The best method of laying the pipes can only be discovered by the experience to be gained in laying the first pipe.

- (ii) Numerous submarine water pipe-lines have been laid in various places including the place referred to by the hon. member.
- (iii) Information from the Vancouver authorities was obtained several months ago and carefully studied, but it was not considered necessary, in view of the information received, to alter the details of the projected scheme for Hong Kong.

The experience of the Administration Board of the Greater Vancouver Water District has shown that the laying of pipe-lines across the bed of a harbour subject to strong tides—which are also a feature of our harbour—has serious disadvantages. Constant movement of sand and gravel by the force of the tides causes serious abrasion of the pipes. Then again pipes are sometimes broken by the hurried casting of ships' anchors in sudden emergencies. This risk of course increases with the steady increase in the volume of shipping.

The Administration Board of the Greater Vancouver Water District
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with its cross-harbour pipe-lines, and is considering the feasibility of boring a pressure tunnel.

Details of the laying of a pipe-line at Guayaquil, Ecuador, where conditions are similar to those of Hong Kong Harbour have also been received and considered.

Kowloon Tong Estate.

HON. MR. J. P. BRAGA asked:—

1.—What are the respective dates and amounts of the premium paid for Crown land leased to the Kowloon Tong and New Territories Development Co., Ltd., under Clause 5 sub-section (a), (b) and (c) of the Agreement dated 26th October, 1922, between the Government and the Company?

2.—Is it a fact that there is still owing by the Company to the Government a sum of \$318,450.14 as the balance of land premium?

3.—In view of the fact that about one-sixth of the estimated total cost of land and building is paid by each out of the 242 subscribers to the Scheme upon his signing the Agreement with the Company, and before any actual work is commenced, what is the explanation for the large sum stated in Question 2 being still unpaid to Government in respect of land premium?

4.—Has the Government knowledge of a circular letter, dated 2nd July, 1929, issued over the signature of the Managing Director in which the sum of \$2,990,258.49 is stated as the sum "which represents the total amount payable by the entire body of Subscribers under their respective Agreements in respect of all the houses embraced within the Scheme," *i.e.*, the Kowloon Tong Estate Scheme?

5.—Is it a fact that the signatory of the letter referred to in Question 4 besides being the Managing Director of the Kowloon Tong and New Territories Development Co., Ltd., is also the paid architect of the said Company and a Director of the Hong Kong Excavation Pile Driving and Construction Co., Ltd., with which the Contract for the carrying out of the scheme has been entered into by the Kowloon Tong Company?

6.—Between the period when the last Managing Director left the Colony early in 1928 and the appointment of the present incumbent to the office on 22nd May, 1929, is it not true that no Managing Director existed, and this being the case to whom did the Government look for the fulfilment of the Agreement of 1922 during that period?

7.—Was the Government cognisant of the fact that for the carrying out of a scheme involving in the end a sum of nearly \$3,000,000 (irrespective of the Government share) there was registered a Company with a capital limited to a liability of only \$20,000 of which not more than \$2,000 was actually paid up?

8.—Was it considered prudent to vest in a Company the right and power of absolute control of a scheme involving a few million dollars in its execution when its only visible capital was a sum of \$2,000 with shares paid up to the extent only of 10 cents each?

9.—Was any and what Government supervision exercised over the Company in the carrying out of the Company's obligations towards the Government in terms of the Agreement with the Government?

10.—Is it not a fact that up to the 31st December, 1924, the following aggregate payments had been made by individual purchasers:—

(a)	In respect of Land	\$556,925
(b)	Building—1st Call	636,000
	2nd Call	127,800
	3rd Call	76,400
		\$1,397,125

representing 18.62%, 21.27%, 4.27% and 2.55%, respectively, of the total cost of \$2,990,258 up to date?

11.—If the reply to Question 10 be in the affirmative, what reason is there for a sum of over three hundred thousand dollars for land premium remaining unpaid to the Government, when the Government had already been informed that \$556,925 had been collected from the subscribers?

12.—What steps is the Government taking to recover the debt from the Company?

13.—Is the Government aware of the fact that, in respect of land for which the Company contracted to pay the Government about \$400,000, the Company is already and had been for several years in receipt from the subscribers of over \$500,000?

14.—Is the Government aware that in the Circular letter referred to in Question 4 the Kowloon Tong Company has given notice to all subscribers calling for the payment of "a further Call to the extent of 9 per cent. of the amount covenanted to be paid by each and every subscriber in respect of each and every House on the Estate" which will make a total of 109% of what the Subscribers covenanted to pay?

15.—Has the demand for payment been made with the knowledge and consent of the Government? Did not the Company write in to the Government subsequent to 1924 sending a List of Subscribers who have fully paid up all monies in respect of their property under the scheme and calling upon the Government to issue Crown Leases for same in terms of Clause 7, sub-section (a) of the Agreement?

16.—In a letter to the subscriber of House No. 111 of the Kowloon Tong Estate dated 26th January, 1926, the General Manager stated:—

"I can now produce the documentary evidence to the Crown Land Agent (*sic*) and ask that your Crown Lease be made at once. The fees therein will be \$30. If you desire the Company to secure this Lease for you, I will make sworn affidavit under the Agreement, and do so for you."

Will His Excellency the Governor kindly direct that the text of the "documentary evidence" referred to above be laid on the table of this Council?

17.—Will the Government appoint a Commission of Enquiry to investigate into and report on the Kowloon Tong Scheme?

THE COLONIAL SECRETARY replied:—

1.—Only the 1st payment of one-fourth of the Premium, viz., \$106,149.78 under clause 5, sub-section (a) of the agreement has been made. This payment was made on the 16th January, 1925.

Under clause (b) of Clause 5 it is provided that one-fourth of the total amount due on the Kowloon Tong property shall be paid on the date of the notification in writing from the Director of Public Works to the Company. Notification was duly made by the Director of Public Works to the Company in a letter dated 11th April, 1928, to the effect that the entire area of the Kowloon Tong property had been formed to the approved levels in accordance with Clause 4 of the Agreement and the Company was called upon to pay into the Colonial Treasury a sum of \$106,149.78 being one-quarter of the premium due on the property.

The Treasurer repeated this demand for payment on the 10th May and received a reply from the Company to the effect "that this Company is not at present in a position to pay the premium demanded."

The Treasurer sent reminders but payment has not yet been made.

2.—When the whole scheme has been completed Government will under sub-clauses (b) and (c) of Clause 5 of the Agreement be entitled to receive in all a sum of \$315,827.22.

3.—This explanation can only be given by the Company.

4.—On 18th June last the Government was informed by the Kowloon Tong and New Territories Development Company, Ltd., that it proposed to issue a circular of which a copy was enclosed.

In this draft circular the sum mentioned is \$3,210,218.49 and this circular may possibly correspond to the circular mentioned by the honourable member.

This communication by the Company was taken by the Government for notification and merely acknowledged.

5.—The Government has no official information on this subject.

6.—The Government has no information as to changes of management of this Company. The Government looks to the Company for the fulfilment of the Agreement.

7.—Government was cognisant of the formation of this Company but has no information as to the amount of its paid-up capital.

8.—In financing this scheme the amount of paid-up capital was relatively unimportant. The important point was for the Company to obtain the confidence and support of a requisite number of subscribers and thereby justify the very costly preparation of a large tract of land for building.

9.—It is not clear to what obligations of the Company towards Government the hon. member refers. A reply will be given when this question is put in more definite form.

10.—The Government is not concerned in this matter and has no information.

11.—The answer to this question is not within the knowledge of the Government.

12.—The Agreement with Government provides that any balance of premium must be paid before Crown Leases are issued. A Crown Lease of each lot will not be issued until the premium in respect of it has been paid.

13 and 14.—The Government has no information on this subject.

15.—From time to time since 1924 the Company has furnished to the Government certificates under Clause 7 of the Agreement to the effect that certain persons were the respective purchasers of the lots and buildings mentioned in the certificate and were the proper persons to whom a Crown Lease should be granted in respect of each lot and that they had one and all paid to the Company under their contracts with the Company all monies which were payable thereunder.

16.—This is not a matter within the cognizance of this Government.

17.—The Government considers that the disputes between the parties interested in the Kowloon Tong Estate are not fit matters for a Public Commission of Enquiry.

FINANCE COMMITTEE'S REPORT.

THE COLONIAL SECRETARY, by command of H.E. The Governor, laid upon the table the report of the Finance Committee, No. 9 of 18th July, 1929, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

MERCANTILE BANK NOTE ISSUE ORDINANCE.

HON. MR. W. E. L. SHENTON moved the second reading of the Bill intituled, "An Ordinance to extend for a further period the powers granted by the Mercantile Bank Note Issue Ordinance, 1911, to the Mercantile Bank of India, Ltd., to make, issue, re-issue and circulate notes in the Colony."

HON. MR. R. H. KOTEWALL seconded and the Bill was read a second time.

Council went into Committee to consider the Bill clause by clause. No amendment to the Bill was proposed in Committee, and upon Council resuming,

HON. MR. W. E. L. SHENTON moved the third reading of the Bill.

HON. MR. R. H. KOTEWALL seconded, and the Bill was read a third time and passed.

WATERWORKS ORDINANCE.

THE ATTORNEY GENERAL moved the second reading of a Bill intituled "An Ordinance to amend the Waterworks Ordinance, 1903." He said: The water situation has improved so much since this Council last met that it has been decided not to make at present the regulations abolishing the so-called "free allowance." It may still be necessary to make these regulations abolishing the free allowance. That will depend on two things, firstly, the rainfall and, secondly, the consumption. It may be that if we get a very dry August—and the minimum rainfall in August is under four inches—we may have to reconsider the making of these regulations. On the other hand, if we get a moderate rainfall but the consumption has risen considerably on account of the relaxation of the restrictions, it may still be necessary to consider making these regulations. It is, therefore, important that economy in the use of water should still be exercised. Hon. members will, of course, understand that if it should be necessary to make these regulations before the end of this current quarter, an event which one hopes will not take place, the new prices contained in the regulations, including the charge for the so-called free allowance, will apply to all water supplied by meter during the current quarter, that is if the regulations are made before the current quarter expires. This temporary proposal, which was dictated by the present emergency, is, therefore, suspended for the time being and may be abandoned altogether. On the other hand, the present emergency is not over though it is less urgent, and it may even last until the next summer rains. We must, therefore, contemplate the possibility of the introduction of these regulations which have been thus suspended.

I am, however, authorised to say on behalf of the Government that if at any future time, after the present emergency has ceased, any abolition of the free allowance is contemplated, an opportunity will be given to the Legislative Council to discuss the proposal before any actual abolition takes place.

What I have said, Sir, refers to the draft regulations which were published in the *Gazette*. Though they are not to be proceeded with at present, it is proposed to continue the enactment of the Bill. I should explain that there is much in the Bill which is of general importance and which is desirable quite apart from any question of the present emergency or the abolition of the free allowance. As a matter of fact the free allowance could be abolished by the Governor in Council at the present moment even without the amending Ordinance. One thing the Bill proposes to do is to bring the penalties for water offences up to more adequate standards. I think it is generally recognised that the present penalties are

inadequate in many cases. It also recognises what has long been the basis of the practical calculation of excess consumption, what I call the "meter readers' quarter." It also makes it possible in any future emergency to make regulations to carry out what perhaps I may be allowed to call the Hon. Dr. Tso's scheme dealing with the water supplies at the street fountains. So in many respects the provisions of the Bill are desirable for general reasons and I submit that the enactment of it should be proceeded with. I beg to move the second reading.

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

Council went into Committee to consider the Bill clause by clause.

THE ATTORNEY GENERAL.—I beg to move that clause 4 be omitted as was explained on the introduction of the Bill and that the succeeding clauses be renumbered.

THE COLONIAL SECRETARY seconded.

The amendment was approved.

THE ATTORNEY GENERAL.—I beg to move sub-clause I of clause 14 be amended to read "by sections 2, 3, 4 and 5 of this Ordinance."

THE COLONIAL SECRETARY seconded.

The amendment was approved.

Upon Council resuming,

THE ATTORNEY GENERAL moved the third reading of the Bill.

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

ADJOURNMENT.

H.E. THE GOVERNOR.—The Council will adjourn *sine die*.

FINANCE COMMITTEE.

Following the Council, a meeting of the Finance Committee was held, the Colonial Secretary presiding.

Votes totalling \$5,735, contained in Message No. 10 from H.E. The Governor, were considered.

All the votes were approved.