

2nd October, 1930.

PRESENT:—

HIS EXCELLENCY THE GOVERNOR (SIR WILLIAM PEEL, K.B.E., 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, K.C., O.B.E.).

THE SECRETARY FOR CHINESE AFFAIRS (HON. MR. A. E. WOOD).

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. E. D. C. WOLFE, C.M.G. (Inspector General of Police).

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

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

HON. MR. J. OWEN HUGHES.

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

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

HON. MR. J. P. BRAGA.

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

HON. MR. J. J. PATERSON.

HON. MR. PAUL LAUDER.

MR. N. L. SMITH (Deputy Clerk of Councils).

ABSENT:—

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

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

MINUTES.

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

PAPERS.

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

Regulations under section 95 of the Liquors Consolidation Ordinance, 1911, on 3rd September, 1930.

Regulations under section 95 of the Liquors Consolidation Ordinance, 1911, and section 3 of the Tobacco Ordinance, 1916, on 3rd September, 1930.

Regulations under section 95 of the Liquors Consolidation Ordinance, 1911, on 3rd September, 1930.

By-laws under section 16 of the Public Health and Buildings Ordinance, 1903, on 4th September, 1930.

By-law under section 16 of the Public Health and Buildings Ordinance, 1903, on 4th September, 1930.

The Liquors Consolidation Ordinance, 1911.

Declaration under the Merchant Shipping Ordinance, 1899, declaring Manila an infected place.

Regulation under section 39 (8) of the Merchant Shipping Ordinance, 1899, on 30th August, 1930.

Order under section 12 of the Rope Company's Tramway Ordinance, 1901, on 5th September, 1930.

Regulations under section 3 (2) of the Electricity Supply Ordinance, 1911, on 9th September, 1930.

Rescission of the Order declaring Cebu an infected place.

General Bonded Warehouses.

Regulation under section 3 of the Live Stock Import and Export Ordinance, 1903, on 23th September, 1930.

Order under section 7 of the Rating Ordinance, 1901, on 23th September, 1930.

Report of the Head of the Sanitary Department for the year 1929.

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. 12, of 4th. September, 1930, and moved that it be adopted.

THE COLONIAL TREASURER seconded and this was agreed to.

MOTIONS.**Vehicular Ferry.**

THE COLONIAL SECRETARY.—At intervals for a number of years past the proposal to construct a Vehicles Ferry has been the subject of discussion in the Colony and the information available was concentrated in Sessional Paper No. 6, of 1928. That paper contains very full details of the whole proposition, though on the financial side I venture to think that a closer study of the traffic would have justified a much brighter picture even then. Since 1928 the question has been more and more often discussed and any feeling of hesitation has been removed by the wide extension of the use of motor cars, by the realization that the Vehicles Ferry will also carry passengers and that therefore the roundabouts will at least pay for the swings until the swings become self-supporting. Applications have in fact been received to undertake the whole work, piers, boats and running and, generally speaking, it must now be accepted that there is a genuine public demand for this ferry and that it will in itself be a not unprofitable business proposition. The linking of the two halves of the Colony has always been a hope held back from fulfilment by the large cost of the schemes proposed to carry it out but the time seems now to have come when a self-supporting scheme will justify the enterprise.

2. The decision reached by the Government after very careful examination, and approved by the Secretary of State, is to undertake at once the construction of the necessary piers and concourse areas on the sites, and broadly speaking in accordance with the plans, set out in the Sessional Paper to which I have referred, the sites being on the Hong Kong side the vicinity of Jubilee Street and on the Kowloon side, the end of Jordan Road. This part of the work it is proposed that the Government should itself undertake, the expenditure to be provided in due course from the loan account, but pending the extension of the loan it is proposed temporarily to provide the finance from the surplus balances of the Colony.

3. The total cost of the piers and concourse areas is estimated at \$1,300,000 calculated at the current rates of to-day of which sum it is anticipated that \$100,000 will be required in the course of the current year if the work can be taken in hand at once. The preliminary arrangements are practically complete and, with the concurrence of the Council in the Resolution now before it, action can be taken with little further delay.

4. It is estimated that two years will be required for the completion of the piers and within that period provision has to be made for the Vehicles Ferry boats themselves. The intention is that they shall be designed to carry a maximum of some 16 5-seater motor cars or lorries and other vehicles to occupy the same space and shall also have generous accommodation for passengers. Three such boats will be necessary to maintain a regular service but the intervals between trips will remain a matter for experience to dictate. The estimated cost of three vehicles and passenger ferry boats as contemplated is some \$1,300,000. Smaller boats estimated to cost say \$235,000 each carrying passengers only will run between the trips of the larger boats. These estimates are based on $\$1=1/3\frac{1}{2}$.

5. No final decision has yet been reached as to the best method of dealing with the boats, their construction and their running, but it is contemplated that the building and the running should be made a matter for public tender and the terms of the tender and the conditions of the running are to receive immediate consideration. With two years ahead of us there remains a sufficient margin for this difficult question to be thrashed out thoroughly, still leaving time for the tenders and for the construction of the boats before the piers are ready.

6. I should note that the construction of the pier on the Hong Kong side will afford an opportunity of which advantage will be taken to provide Pier accommodation for some of the other ferries running in the harbour; and that the expenditure of the sum of \$1,300,000 now requested will obviate the necessity of expending \$500,000 on the rebuilding of the Sham Shui Po and Mong Kok Ferry Wharves on the Hong Kong side. This expenditure of \$500,000 will have to be faced unless it is now decided to proceed with the larger scheme dealt with in the Resolution, in which event the two Pier sites referred to will become available for other use.

7. Since this matter was last before the Council, H.E. has met the Unofficials and has discussed the details with them. The information asked for by them was supplied, and is embodied in this introduction of the Resolution. It is hoped that any doubts they may have entertained concerning the wisdom of the Government's proposals have now been removed; and I beg to move the Resolution in its original form, namely:

- (a) That this Council approves the construction of Piers at Jubilee Street and Jordan Road in connexion with the institution of a Ferry service which will include the transport of vehicles at an estimated total cost of \$1,300,000.
- (b) That this Council authorises the sum of \$100,000 out of the said sum of \$1,300,000 to be charged to a future loan and sanctions an advance of this sum of \$100,000 during the financial year 1930 from the surplus balances of the Colony.

THE COLONIAL TREASURER seconded and the resolution was agreed to.

Sanitary Board By-Law.

THE COLONIAL SECRETARY.—This is a small amendment to the By-law by which in certain of the more unhealthy of the Offensive Trades, notably rag-picking, hair-cleaning and feather cleaning, the employment of children is prohibited. As the By-law now stands the age limit is 10 years but the Sanitary Board is of the opinion that such employment should be prohibited for anyone under the age of 12 years.

I beg to move "that the By-law made by the Sanitary Board under section 16 of the Public Health and Buildings Ordinance, 1903, on the 19th day of August, 1930, be adopted."

THE ATTORNEY GENERAL seconded, and the resolution was agreed to.

Juvenile Courts.

THE HON. MR. R. H. KOTEWALL.—Sir, I beg to move the resolution standing in my name:

"That in the opinion of this Council steps should be taken by the Government to institute Juvenile Courts where offenders under the age of sixteen can be separately tried with a view to the early establishment of some training institutions where such offenders can be segregated after conviction."

At a meeting of this Council held on the 19th June last, I asked certain question relative to this subject, and the answers given by the Government have revealed a state of affairs which shows that in the matter of the treatment of juvenile offenders we are much behind the times. According to those answers, children under the age of sixteen, whilst being detained in custody awaiting trial, are so detained with adult offenders and, when brought before the magistrate, are placed in the dock with adult offenders. The Honourable Colonial Secretary qualified his answer to my questions on these two points with the remark that "in cases where bail has been found the juveniles charged are not detained and, when brought before the magistrate, are not placed in the dock." Those familiar with the practice of our Police Courts know that this procedure applies not only to juvenile offenders but also to every adult defendant who is granted bail, even if he is charged with a serious offence.

My other questions have elicited the fact that during 1929, 985 boys and 137 girls, all under the age of sixteen, were brought before the magistrates; and that of these numbers 268 boys and 7 girls were charged with felonies, 377 boys and 73 girls with hawking, and 340 boys and 57 girls with other offences. Of these young

persons charged, 131 boys and 5 girls were sent to prison; and 433 boys, of whom 125 were convicted of hawking without a licence, were ordered to be whipped.

These figures and the other particulars given by the Government have revealed conditions that call for early remedy, and it is to be hoped that methods more in keeping with those in practice in England may be introduced into this Colony as soon as possible. The English Legislature has long recognised the fact that, in dealing with young offenders, it is bad in principle to subject them to treatment which would cast on them the stigma of criminality. It is with the object of avoiding this stigma, and of helping children who have committed offences to become good citizens, that the Children Act of 1908, aptly called the "Children's Charter," was passed. In this enactment wide powers are given to courts for the purpose of dealing with young offenders in such a manner as to isolate them from pernicious and corruptive associations and influences, and to have them trained in surroundings that should help to eradicate any bad tendencies that may be inherent in them.

I recognise the real difficulties which exist at present in the way of segregating children and young persons while awaiting trial or after conviction; but such offenders, on being tried by the magistrate, would no longer need to be placed in the dock with adult offenders not charged jointly with them, if Juvenile Courts were established at once. I believe that such Courts can be created by executive act, without legislation: in other words, Your Excellency can, on your authority, direct the magistrates to set apart certain hours of the day specially for the trial of juvenile offenders. The provision of a special court-room is not an absolute necessity. Para: 419 on page 178 of volume 17 of Halsbury says: "A court of summary jurisdiction must sit either in a different building or room from that in which the ordinary sittings of the court are held, or on different days or at different times, when hearing charges against children or young persons..." This shows that the law in England in regard to the place of sitting is quite elastic.

If it is considered desirable to have special magistrates to preside at the juvenile courts, many unofficial justices of the peace with the necessary qualifications would no doubt be ready to give their services in an honorary capacity. It may be interesting to note that by section 1 of the Juvenile Court (Metropolis) Act 1920, every juvenile court is constituted "of a police magistrate nominated by the Secretary of State and two justices of the peace for the County of London, of whom one shall be a woman, and both of whom shall be chosen from a panel of such justices nominated for the purpose by the Secretary of State."

Concurrently with the creation of the Juvenile Courts the Government can give careful consideration to the provision of special accommodation for young offenders on detention, and to the

establishment at an early date of some training institutions where such offenders can be segregated after conviction.

Several other measures have to be taken before the Hong Kong system of dealing with juvenile offenders can be brought completely up-to-date, but these measures require legislative action before they can become operative. These are, among other things, the easy provision of bail; the restriction of punishment so that no child under the age of fourteen years shall be sent to prison, and no young person (from 14 to 16) shall be sent to prison unless he is a refractory character; the substitution of places of detention for prisons for young offenders; the empowering of the Courts to require the attendance of the parents of young offenders, and the enabling of such Courts to impose a fine on the parent whose neglect to exercise due care of the child has led to the commission of the offence; and the institution of a system of binding over young offenders so that while they are under bond they can be supervised by "probation officers." These several points are now being carefully considered by the Society for the Protection of Children who, if they think fit, will no doubt make representations to the Government with a view to having legislation introduced to give effect to them. In the meantime, the question of the establishment of Juvenile Courts in the Colony seems to admit of no further delay, and I therefore express the earnest hope that Your Excellency may see your way to adopt the resolution which I have now the honour to move.

THE HON. MR. OWEN HUGHES.—I have pleasure in seconding the resolution so ably proposed by my Hon. friend Mr. Kotewall. In doing so I feel sure that I am voicing the feelings not only of my Unofficial colleagues but the great majority of the public in this Colony. As my Hon. friend has pointed out, legislation on these lines is long overdue and I feel sure that the proposal will have the careful consideration of your Excellency and the Government. I have much pleasure in seconding.

THE HON. MR. S. W. T'SO.—I beg leave to say a few words in support of the motion. According to the teaching of Confucius, Chinese are taught to bear kindly with the faults of the young. The establishment of Juvenile Courts, in which young offenders may be tried separately and apart from hardened criminals and punishments more suitable to their tender age may be inflicted, would meet with great approval and appreciation of the Chinese community; the measure being one which suits their ideals and teachings. Young people, we know, are great imitators. They imitate the action of grown-ups without knowing the whys and wherefores. Nor can they discriminate whether such actions are right or wrong. To punish them like those offenders of riper age, who ought to know better, would be unfair from the humanitarian point of view. In law, contracts entered into by infants under the age of twenty-one years are not binding. Thus, in civil matters, infants are well protected. Should not be the law, therefore, afford them a certain

protection in criminal matters in spite of their own action? The answer from the Chinese is: Yes. With these few words, I beg to support the motion.

THE HON. MR. PATERSON.—Sir, I am in agreement with what has been said so far, but one point I feel I must raise, and that is that it may well be that the scheme is very expensive. I do not know, as I have no details, but it does seem to me that if you create a special Court, which can quite easily be done, you would have to create some special place in which to put these youthful prisoners when you have convicted them. It may be that they can find a home in the new \$4,000,000 gaol, but that will not be finished for some time, and I would rather like details as to how the expense is going to be met.

THE HON. COLONIAL SECRETARY.—The Government, Sir, is prepared to accept the motion now before Council and to consider the appointment of a Committee to make detailed proposals on this subject. It should however be pointed out that the establishment of Juvenile Courts was one of the subjects of discussion at the recent Colonial Office Conference, and it is expected that a model Ordinance dealing with this question will shortly be circulated to this and other Colonies for the consideration of their legislatures. It would be advisable therefore to await the receipt of the expected communication from the Colonial Office before taking further action, and if Honourable members agree this course will be adopted.

H.E. THE GOVERNOR.—I can only add that the point raised by Mr. Paterson will be taken into account when the Committee's report is put forward. This is a matter which will have to depend on the cost. We have had a certain amount of help offered to us in the shape of founding something in the nature of an industrial school by the Salesian Fathers, if the Government will give some assistance, and the Government has promised to give some assistance. How far that can be worked into the scheme to give effect to this resolution is a matter which will be considered by the Committee which I shall appoint shortly.

The resolution was agreed to.

GAMBLING ORDINANCE AMENDMENT, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the Gambling Ordinance, 1891." He said: The object of this Bill is to relax the provisions of the Ordinance so as to permit club sweepstakes on horse and pony races, provided they are conducted with the approval of the Police. The Ordinance of 1891, like many prohibitive ordinances, has been honoured more by the breach than by observance by many people who are otherwise considered law-abiding. As long as those sweeps were small there was no reason why the Government should interfere, but in recent

years they have reached such proportions that, in fairness both to the clubs themselves and to the Government, it has become necessary to take action. In some clubs, such as the Shanghai Race Club, the sale of tickets has been altogether abolished. This Ordinance does not go so far as that, but permits the sale of tickets on the course to people who attend race meetings, thus giving attenders of race meetings a privilege which otherwise would be confined to the membership of the club organising the sweepstake. But, generally speaking, the sale of tickets is to be discouraged. It must be within the recollection of members that there have been many cases, both in this Colony and elsewhere, where there have been rival claimants for a winning ticket and there has been at least one case in which there was no claimant at all for the winning ticket, so that the club got the benefit both of its percentage and what would otherwise have been distributed among the subscribers. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

The object of this Ordinance is to give conditional legal sanction to the ordinary club sweepstakes conducted on horse or pony races which it has hitherto been the practice to ignore though illegal under the existing Gambling Ordinance. The sanction is limited to horse and pony races as it is considered undesirable to give a general permission which may encourage new forms of sweepstakes.

LIFE INSURANCE COMPANIES ORDINANCE AMENDMENT, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the Life Insurance Companies Ordinance, 1907." He said: The object of this Ordinance is to give properly sanctioned authorisation to the Registrar of Companies so that deposits made with the Registrar of Companies under the principal Ordinance may be dealt with by his successor, or by a person acting for him while he is away on leave, without causing reference to the previous holder of the position. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

Section 3 of the Life Insurance Companies Ordinance, 1907, provides for the deposit of securities with the Registrar of Companies; but does not provide for the continuity of that office so as effectually to pass the legal estate to successive holders of the office.

This Bill removes that difficulty by an amendment on the lines of section 3 (2) of the Trustees Ordinance, 1901, which makes similar provision in the case of successive holders of the office or Official Trustee.

**FIRE AND MARINE INSURANCE COMPANIES DEPOSIT ORDINANCE
AMENDMENT, 1930.**

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the Fire and Marine Insurance Companies Deposit Ordinance, 1917." He said: The object of this Bill is exactly the same as the object of the last bill.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

Section 5 of the Fire and Marine Insurance Companies Deposit Ordinance, 1917, provides for the deposit of money or securities with the Registrar of Companies; but does not provide for the continuity of that office so as effectually to pass legal estate to successive holders of the office.

This Bill removes that difficulty by an amendment on the lines of section 3 (2) of the Trustees Ordinance, 1901, which makes similar provision in the case of successive holders of the office of the Official Trustee.

COLONIAL TREASURER INCORPORATION ORDINANCE, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to incorporate the Colonial Treasurer." He said: This again is a conveyancing Bill and will make it easier for the Government to deal with securities, particularly mortgage securities which are placed in the hands of the Government as securities for loans, such as the recent trade loan. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

1. The object of this Ordinance is to incorporate the Colonial Treasurer. From time to time the Government has occasion to take securities in the Colony. The practice has been to take such securities in the name of the Governor, for and on behalf of the Government. In cases where an equitable mortgage can be accepted this practice is unobjectionable. There have been many cases where a legal mortgage has been preferred, and similar cases in the future must be contemplated. The taking of legal mortgages, with the advantages incidental thereto, has rendered necessary the giving of powers of attorney by former Governors, and the execution of deeds and other instruments out of the Colony, with consequential correspondence and delays. The inconvenience of such practice, and the need for legislation on the lines of this Ordinance have become abundantly clear. It is considered that the Colonial Treasurer should hold and deal with securities and other property taken for and on account of the Hong Kong Government.

2. The Ordinance is modelled, in part, on the Treasury Solicitor Act, 1876, 39 & 40 Vict. c. 18, and the Secretary for Chinese Affairs Incorporation Ordinance, 1928, Ordinance No. 3, of 1928.

3. Section 3 follows closely the wording of section 4 of Ordinance No. 3 of 1928, the object and reason for which was stated as follows:—

"Section 4 is drafted with the intention of enabling the officer for the time being performing the duties of the office to deal with the legal estate, whether he be the substantive holder of the office or only an acting Secretary for Chinese Affairs. It is also intended to obviate the rule that a lease granted to a corporation sole passes to the personal representative of the occupant and not to his successors: see Halsbury, Vol. 8, para. 821, p. 371, and Arundell's Case (1615) 1 Roll. Abr. p. 515 cited in Fulwood's Case (1591) 4 Co. Rep. 64 b, note A."

4. Section 4 deals with the manner in which deeds and other documents are to be sealed and signed, or signed if under hand only, in order to be receivable in evidence.

5. Section 5 provides a means of resolving any doubt as to who is, or was at any time, the occupant of the corporation. The method adopted is that of a certificate by the Colonial Secretary.

6. Section 6 provides a means of vesting in the corporation the legal estate or interest in property acquired or held by a Governor or any other officer of the Colony who has died or otherwise vacated his office.

PAWNBROKERS ORDINANCE, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the law relating to pawnbrokers." He said: This is a consolidation Ordinance and it revises and amends the principal Ordinance, which has been on the Statute Book ever since 1860. It is very fully explained in the objects and reasons and follows generally the English law on the subject. I should like to draw attention to sub-section 3 of Section 24, which provides that the pawnbroker shall not be responsible for damage from fire, rats, insects and other causes not attributable to his fault. The reason why this sub-section has been added to the Ordinance is because I am informed by the Hon. Secretary for Chinese Affairs that such a clause is included on Chinese pawn tickets and that the Chinese community, who deal with these pawnshops far more than the community in general, would prefer that some such provision should be legalised. Of course, somebody must be responsible for damage caused by fire, rats or insects, and apparently the Chinese think that if they are to be insured the insurance should fall on the pawner rather than on the pawnbroker. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

1. The object of this bill is to amend the law relating to pawnbrokers.
2. Section 2 defines "Month" and "Pawnbroker." The effect of the new definition of month is to make interest payable by the Chinese moon instead of by the English Calendar month, as being in accordance with custom.
3. Section 3 is new and confers power on the Governor in Council to make regulations for the better carrying out of the provisions of this Ordinance.
4. Section 4 makes pawnbrokers responsible for the acts and omissions of their servants or agents if done in the course of or in relation to the business and authorises such servants or agents to deputise for their principals. This is based on s. 8 of the Pawnbrokers Act, 1872. In Ordinance No. 1 of 1860 it was mixed with the definition.

5. Section 5 extends the rights of pawners to their assigns and personal representatives on proof of title as in section 9 of the Act of 1872.

6. Section 6 limits the application of the Ordinance to loans up to \$500 which figure was used in the definition section of Ordinance No. 1 of 1860. It is considered better to deal with the matter in a separate section as is done in section 10 of the Act of 1872.

7. Section 7 differs verbally from section 3 of Ordinance 1 of 1860 and makes it clear that the licence required shall be a valid licence on which all due fees have been paid.

8. The new section 8 (1) transfers the power of prescribing the conditions, fees, etc., of pawnbrokers licences from the Captain Superintendent of Police, now known as the Inspector General of Police, to the Governor in Council. This is in conformity with the usual policy in such matters, and fits in with section 3 of this Ordinance which confers power on the Governor in Council to make Regulations under this Ordinance.

9. Section 9 and 10 and sections 13 to 27 inclusive of this Ordinance, are, apart from verbal alterations, to the same effect as sections 5 and 6 and 9 to 22 of Ordinance 1 of 1860. The use of Chinese characters is called for by section 10 and permitted by sections 13 and 14. Section 16 of this Ordinance contains additional words requiring the pawnbroker to give a receipt for the principal and interest, and section 23 substitutes "unlawful conduct" for "unlawful practice," as being more definite. A new sub-section has been added to section 24 and a note added to the pawn-ticket because a clause to that effect has become a conventional part of every Chinese pawn-ticket.

10. Section 11 which confers power to inspect goods pledged and pawnbrokers' books is made more elastic by substituting the words "police officer not below the rank of sergeant," for the previous language "inspector of police" and by empowering the Inspector General of Police to give general authority to a constable to inspect pawnbrokers' books in general. In practice a limited power to search the books of specified pawnbrokers only has been found inadequate.

11. Section 12 differs from section 8 of Ordinance 1 of 1860 in the following respects:

- (i) In making simple interest only chargeable—hitherto some pawnshops have been charging compound interest, with monthly rests.
- (ii) In conferring upon the Governor in Council power to alter the rates of interest chargeable.

- (iii) In providing for special rates of interest, specified in the Second Schedule, for certain special classes of goods. This provision takes the place of the proviso in section 8 of Ordinance 1 of 1860, which states that "special rates may be charged for cotton quilts, shoes, leather trunks, copper, iron, lead, tin, gold and silver watches, jade, and precious stones."
- (iv) In prohibiting any pawnbroker from demanding interest in excess of the authorised rate.
- (v) In enacting that no loans shall be made by any pawnbroker, and no interest charged by him thereon in any currency other than the currency of the Colony.

This last provision will do away with loans in taels and with any consequential disputes about rates of exchange. The change from taels to Hong Kong currency has been in practical operation since 1925 when it was adopted by the principal pawnbrokers.

12. Section 28 (1) differs from section 24 (1) of Ordinance 1 of 1860 mainly in substituting "goods," which is the term used in other sections for "goods and chattels."

13. By section 24 of Ordinance No. 1 of 1860 the court or magistrate is empowered to make an order for the restoration to the owner of an article which has been stolen and pawned, or unlawfully pawned, on payment of the whole or part of the loan, or without payment. As the law stands at present, if an order has been made which is adverse to the owner it can be wholly disregarded by him, at least in cases where it has not been made on his application, and in spite of the order he can still sue for the return of the article without payment to the pawnbroker: see *Leicester & Co. v. Cherryman* (1907) 2 K.B. 101. It seems desirable, however, that, if an order is made, it should be final. Section 28 of this Ordinance accordingly provides that an order of this kind shall be a bar to any other remedy for the recovery of the article. It is, however, provided that both the owner and the pawnbroker must be given an opportunity of being heard.

The provisions of section 88 of the Larceny Ordinance, 1865, and of section 24 of the Sale of Goods Ordinance, 1896, are in conflict with this amendment, and have therefore been specially referred to in section 28 (3).

14. Section 29 gives the penalties.

15. Section 30 repeats section 28 of Ordinance 1 of 1860 in exempting pawnbrokers from certain provisions of Ordinance 1 of 1845.

16. Section 31 repeals Ordinance 1 of 1860.

17. Sections 23 and 27 of Ordinance 1 of 1860 are not re-enacted in the present Ordinance, because the latter section seems quite unnecessary. Moreover they would conflict with section 28 of the present Ordinance.

18. The First Schedule contains the scale of fees for pawnbrokers licences, in different districts, which is now in use. The Second Schedule contains special rates for special classes of goods, referred to in section 12. The Third Schedule contains Forms similar to those in the Schedule to Ordinance 1 of 1860 but to remove doubts of persons who have not access to the Ordinance but only the book or pawn ticket to go by the word "moon" is printed instead of "month."

CRIMINAL PROCEDURE AMENDMENT ORDINANCE, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the Criminal Procedure Ordinance, 1899." He said: This Bill amends the principal Ordinance in a number of different ways which experience has suggested are necessary. Amongst other things, it abolishes, as in England under the Criminal Justice Act, 1925, the presumption of coercion in felonies where husband and wife are charged together. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

1. Section 2 of this Ordinance restores a sub-section which was omitted from section 5 of the principal Ordinance (No. 9 of 1899) when the Ordinances were revised in 1923. The sub-section in question was one which gave the Chief Justice power to order a special criminal session in addition to the ordinary sessions. The sub-section was probably omitted in reliance on the proviso at the end of section 77 (2) of the Magistrates Ordinance, 1890, which provides that "the court may.....order the accused to be tried on such date as the court may fix." Probably this gives sufficient power to fix any date for the trial of a case committed to the criminal sessions, but it is arguable that it only gives power to fix some date within some actual criminal session of the court. Further if a case is tried on some date which is not within any actual criminal session, ordinary or special, provided by Ordinance or directed by the Chief Justice, the usual rule as to commencement of a sentence, *i.e.*, that it dates from the first day of the session, is inapplicable. For these reasons it has been decided to restore the sub-section in question.

2. Sections 12 and 13 of the principal Ordinance, give the Attorney General power in certain cases to refer a committed case back to the magistrate for further inquiry or to be dealt with summarily. Section 14 gives the magistrate power in that event to direct the Superintendent of Prisons to bring up the prisoner before him, but it makes no provision for the communication to the Superintendent of Prisons of the Attorney General's direction. Section 3 of this Ordinance corrects this slight defect.

3. Sub-section (2) of section 17 of the principal Ordinance provides that when the Attorney General declines to file an indictment against any person committed for trial he may issue a warrant in a certain form to the Registrar, who must thereupon issue an order to the officer in whose custody the person is, directing him to discharge the accused from custody in respect of the offence mentioned in the order. The sub-section in question takes no account of the case in which an accused person is admitted to bail. Section 4 of this Ordinance accordingly adds a few words to the sub-section so as to meet the point.

4. It sometimes happens that an accused person is not indicted on the charge on which he was committed for trial but on some other charge. It also sometimes happens that an accused person is committed for trial on several charges and that only some of these charges are made the subject of an indictment. Sections 5 and 6 of this Ordinance amend sections 30 and 31 of the principal Ordinance so as to provide machinery for giving early information to the Superintendent of Prisons in any such case. It seems desirable that this information should be given to the Superintendent of Prisons, although he obtains it in another way at the end of the criminal sessions for the month in question.

5. Section 7 of this Ordinance amends section 52 of the principal Ordinance so as to give the court a discretion as to the acceptance of a plea of guilty in capital cases. Persons have been known to plead guilty to offences which they could not have committed (*R. v. Verney*, 2 Cr. App. R. 107). Again some persons might plead guilty in one of those border-line cases where on hearing the whole evidence a jury might bring in a verdict of manslaughter. Moreover a similar discretion is given elsewhere (*e.g.* Ceylon Ordinance No. 15 of 1898, s. 220).

6. Sub-section (1) of section 79 of the principal Ordinance provides that upon conviction of any person of an indictable offence, the court may order any property found in his possession, or in the possession of any other person for him, to be delivered to the person entitled thereto. Sub-section (2) of the same section provides that when any person is convicted of having stolen or dishonestly obtained any property, and it appears that the property has been pawned, the court may order the delivery of the property to the owner, either on payment of the loan or part thereof or

without payment. The sub-section goes on to provide that with certain small exceptions no order made under this section is to affect the rights of the parties. The effect of this appears to be that an order made under this section may be wholly disregarded by the owner, and that even if the pawnbroker has to hand over the property he still preserves any rights of action which he had in respect of the property. In connexion with this, see *Leicester & Co. v. Cherryman* (1907) 2 K.B. 101. It seems desirable, however, that if an order of this kind is made it should be final. The same point arises on section 24 of the Pawnbrokers Ordinance, 1860, Ordinance No. 1 of 1860. That section is being altered in a new Pawnbrokers Ordinance which will be introduced at the same time as this Ordinance. The new section will provide that if any such order is made it shall bar any other civil remedy. It is, however, provided that both the owner and the pawnbroker must be given an opportunity of being heard before any such order is made. Accordingly section 8 of this Ordinance repeals sub-section (2) of section 79 of the principal Ordinance, and makes the general power given by sub-section (1) of that section subject to the provisions of the new Pawnbrokers Ordinance.

7. Section 9 abolishes the old presumption of law that an offence committed by a wife in the presence of her husband is committed under the husband's coercion, but it provides that, except in the cases of treason or murder, it shall be a good defence to prove that the offence was committed in the presence of, and under the coercion of, the husband. The law on this point was altered in the United Kingdom by the Criminal Justice Act, 1925, and it seems desirable that this Colony should follow suit.

8. Sentences of imprisonment do not always involve hard labour nor do they always run from the first day of the session. It is therefore considered desirable that the Superintendent of Prisons should be definitely informed as to each case so that no misapprehension can arise. Accordingly section 10 of this Ordinance substitutes a new form for Form 5 in the Schedule to the principal Ordinance.

PUBLIC HEALTH AND BUILDINGS AMENDMENT ORDINANCE, 1930.

THE ATTORNEY GENERAL moved the first reading of "A Bill to amend the Public Health and Buildings Ordinance, 1903." He said: The object of this Bill is two-fold. The first is to relieve the Honourable Director of Medical and Sanitary Services of his duties as a member of the Sanitary Board and to restore to that Board the Medical Officer of Health, who was a member until last year; and, secondly, to improve the regulations as to the construction of staircases by which, it is hoped, they will be rendered less liable to fire. I beg to move the first reading.

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

Objects and Reasons.

The "Objects and Reasons" for the Bill were stated as follows:—

The object of this Ordinance is to substitute for section 121 of Ordinance No. 1 of 1903, —a section which dealt with rules relating to soffits and the tread and rise of staircases—a new section in which further rules, making for safety in cases of fire, are laid down for the construction of future stairways; and also to restore the Medical Officer of Health to his former position as a member of the Sanitary Board in place of the Director of Medical and Sanitary Services who was appointed ex-officio to the Board last year the better to enable him to make a study of its workings.

THE BUDGET.

THE COLONIAL SECRETARY.—Sir, I rise by Your Excellency's command to move the first reading of a Bill intituled "An Ordinance to apply a sum not exceeding twenty-three million three hundred and sixty-five thousand three hundred and thirty-five dollars to the Public Service of the year 1931."

In preparing the Budget which is now before the Council the Government has had to take account of a number of factors which are new. First and foremost must be ranked the world-wide trade depression the effects of which it is impossible to escape. It has taken just over ten years for the full effect of the enormous wastage of material, the destruction of millions of the world's best producers, and above all the almost complete stagnation for four and a half years of productive industry, which were the chief economic features of the Great War, to make themselves felt. Until fairly recently the War's legacy of living on capital and on credit produced something like prosperity. But it is now clear that the world is at last having to face hard economic facts and to make good by a general decrease in the standard of living for its years of living on an over-draft. Hong Kong was as little affected by the war as any place in the world and it appears that the Colony has been up to the present less affected by the universal depression than most places. But it would none the less be idle to suppose that we are or can be permanently untouched by that depression. To this world depression must be added the more direct effect on the Colony of the very disheartening continuation of the Civil War in China. A new rearrangement of party leaders seems now to be emerging, but a sound basis for lasting peace has yet to be found.

Locally the framing of the Budget for 1931 has been seriously influenced by three considerations. In the first place the unprecedented fall in the exchange rate of the dollar has caused a

situation which by itself would necessitate a very drastic increase in the provision to be made for sterling commitments, including, of course, the salaries of all officers paid on a sterling basis. In the Budget for 1930 the exchange rate of 1/10d. was adopted. In the Budget which is now before the Council it will be observed that the rate has been put at 1/4d., after much consideration of the uncertain factors which will control the prevailing rate for 1931. Even where a sterling figure remains unaltered the increase in dollars of 37½% which a drop of 6d. in exchange involves would be a sufficiently disquieting situation for any Government to face in a single financial year.

Revised Scale of Salaries.

The second factor to be considered is the revised scales of salaries which are now in force as a result of the recommendations of the recent Salaries Commission. These were fully debated by this Council in June last and it is unnecessary for me to make further comment thereon. While leaving salaries as settled Government has however set up a very influential and energetic Retrenchment Commission to investigate not only how far the personnel is justified by the volume of work performed but also to what extent economies may be effected in other directions.

Retrenchment Commission.

The establishment of the Retrenchment Commission constituted another influence on the policy of the Government while framing the Estimates. It is natural that the major part of the work of the Commission should be a consideration of the personnel, and confusion might well have resulted if the same work had been tackled from opposite sides. Obvious reductions, of course, the Government was ready to make and wherever possible recruiting arrangements already made have been cancelled and development which could by any reasonable means be postponed has been suspended with a consequential reduction of the extra staff that would have been required.

But the special effort at Retrenchment of Personnel now required needs close and prolonged study, with a perspective not limited to the inside of Government offices: and the Retrenchment Commission as constituted is particularly well qualified for this work, and can be depended upon to do it thoroughly. Questions of personnel have therefore largely been left over for the time: but new appointments have been avoided, and limited contracts are not being extended to permanent service, wherever it has been possible to follow this line. And meanwhile close touch is being maintained with the Retrenchment Commission.

Retrenchment on other heads of Expenditure, however, is another matter, as Hon. members will have occasion to notice when I come to deal with Public Works Recurrent and Public Works Extraordinary especially.

I should like to dispel at this stage any idea that the duty of retrenchment is in any way the prerogative of a commission specially appointed for this purpose. Every year the smallest details of each department's estimates are scrutinised with the greatest care before they are allowed to be included in the Budget and any items which in the light of past expenditure appear excessive are reduced. Nor do I think I am wrong in saying that every head of department considers it his primary duty to give the taxpayer the best value for his money consistent with efficiency.

At the same time it is only natural that Government activities should expand when revenue is coming in well. And in hard times like the present the urgent necessity of balancing the Budget calls for something more than the ordinary processes of scrutiny. For this reason the Government, as my predecessor said in this Council on the 19th of June, will be delighted if the recommendations of the present Retrenchment Commission make it possible to effect any considerable economies in the business of running the Government.

Financial Position.

The total expenditure for 1931 is estimated at the figure of \$29,787,855 which exceeds the total in the Bill now before the Council by the sum of \$6,422,520, this being the estimated amount of the Military Contribution on the 1931 Revenue (\$4,784,290) and the charges on account of public debt (\$1,638,230). The Revenue total is \$27,488,759 and it therefore appears that the Budget has been prepared with the possibility of having to face a deficit of \$2,299,096 at the close of the coming year. Not too favourable a position admittedly, but in all the circumstances not one that need occasion alarm. It will be remembered that for the current year the estimated deficit amounted to approximately four and a half millions.

Appendix A. attached to the Treasurer's Memorandum on Revenue shows that our surplus balance at the end of the current year is estimated at \$5,425,351. While our balances can stand the strain of the estimated deficit for 1931, they are being reduced to too low a figure. It is hoped however that as a result of the Retrenchment Commission's work and of a possible revival in trade of which there are already slight signs, the deficit next year may prove less than is shown in the Estimates. It will be noted that the total expenditure for 1931 exceeds the revised estimate for the current year by a sum of \$1,484,353 in spite of the drastic cuts to which reference will be made later. The value of these cuts is more than counter-balanced by the lower value of the dollar (1/4d. as against 1/10d.) and the increase of some \$900,000 in the Military Contribution. It should be mentioned that the alteration in salaries resulting from the Salaries Report affects both years equally.

The copies of the Estimates now in the hands of Hon. members are very fully detailed and annotated, and, leaving salaries on one side, few departures except in the direction of savings from the 1930 Estimates will be found. There are however a few details which will require further explanation to which I will shortly refer. But first I would draw attention to the Summaries which are now, as requested by the Unofficial Members last year, added to each departmental estimate showing as near as may be the total cost of each department.

H.E. The Governor.

Head 1. H.E. the Governor contains an addition of \$2,500 under the sub-head "Furniture" in order to duplicate certain articles which at present have to be frequently conveyed between Mountain Lodge and Government House. This method is entirely uneconomical and the expenditure now asked for may be expected to justify itself in a short time by saving constant transport costs.

Cadet Service.

Head 2. Cadet Service shows a disproportionate increase over 1930 owing first to the accidental fact that a larger number than usual of Unpassed Cadets (six as against a normal two) are expected to pass their final examinations during 1931, and secondly to the increase, on the recommendation of the Salaries Commission, of the number of Class 1 posts from five to seven. One retirement is anticipated and one new Cadet has been asked for in the forthcoming competitive examination as it was too late to cancel the advertised vacancy when the Retrenchment Commission had begun its work. Hon. members will, in the case of these and other sterling salaries, bear in mind that the 1930 figures as printed under the various Heads were considerably supplemented from the Miscellaneous Services vote "High Cost of Living Allowance" which no longer appears in the 1931 Estimates.

Clerical Services.

Head 3. Senior Clerical and Accounting Staff shows as regards the graded staff no change in the total number of posts. But a reference to the Personal Emoluments sub-head of the Imports and Exports Office (Head 12) and of the Supreme Court (Head 16) will show a reduction of two posts: against that reduction however two additional posts of stenographer who are urgently required have been inserted for approval.

Head 4. Junior Clerical Service similarly shows the same figures as in 1930, but eight posts of Computers at the Royal Observatory have been transferred to the Royal Observatory head as the work was too specialised for inclusion in the Junior Clerical Service generally. The maintenance of the same total therefore implies an increase of eight posts, which is considered necessary as

this branch of the service has been very short handed in 1930 and if work is not to be seriously hindered this increase is the minimum required. The distribution as at present estimated of these two clerical services is shown in Appendices I and II.

Head 5—Colonial Secretary's Office.

An addition of \$500 to the vote for cleaning of offices is asked for in order that proper supervision may be afforded to this work.

Head 6—Treasury.

The post of Deputy Treasurer is a temporary one, as Hon. members are aware and will disappear in the course of next year.

Head 11—Post Office.

The considerable increase in transit charges of \$40,000 is due to the new international rates of carriage of mails, and to the depreciation of the dollar. The new postage rates are an offset to this but I can assure Hon. members that they are getting their money's worth and more every time they post a letter to England via Siberia.

Head 13—Harbour Department.

A small launch as replacement is asked for by the Police for work in shallow waters on the frontier. The only other launch included is a tug for the Sanitary Department's refuse disposal, but it is intended not to authorise the expenditure, if now generally approved, without further reference to the Council. Departments asked for a number of other launches but it is anticipated that retrenchment of launches generally by means of a redistribution of duties may be possible in the course of 1931.

Head 13. B—Air Services.

A reduced subsidy of \$50,000 for commercial aviation has been included, as none of this year's vote of \$100,000 has so far been used. It is anticipated however that there may before long be a forward movement in this respect and Government will be prepared to come to the Council for further funds if the case for an increase of the subsidy can be made good. The salary of the Superintendent of Aerodrome is inserted on the new Salaries scale.

I regret an error which appears under Head 13. B. Air Services on page 34 of the printed Estimates. Sub-head 6, an item of Special Expenditure entitled "Initial Grant to Flying Club" for which \$60,000 was voted in 1930 should under 1931 show "nil" as this is a non-recurrent item. This will reduce the expenditure for 1931 by this amount. The remark in brackets "\$300,000 in five years" was erroneously printed in the 1930 Estimates and by an oversight perpetuated this year.

This is not a matter which affects commercial aviation branch subsidy which is a separate matter.

Head 14—Royal Observatory.

A new post for a stone polisher in connexion with lithographic work is asked for.

Head 15—Fire Brigade.

This shows a reduction in drivers and firemen and the Special Expenditure, which has in recent years been considerable, has been cut down to a minimum, but there is no reason to think that efficiency has been in any way endangered.

Head 23—Police Force.

I would draw attention to the new sub-division "Anti-Piracy Guards" under Personal Emoluments (\$91,234 in all) with a corresponding sub-head (\$24,000) under Other Charges, making a total of \$115,234. Hon. members are aware of the new system under which those Guards are now operated and I will deal with the method of financing it when I come to the new Revenue sub-head opened for this purpose.

Apart from this the Police Estimates call for no special remark except that small additions to the numbers of Constables under all the contingents except European (which shows a decrease of 9) have been entered.

Head 24—Prisons Department.

A Hydro-extractor is asked for in connexion with the laundry which is one of the chief industries in Victoria Gaol. Personal Emoluments show an addition of one Linotype Operator for the new machine.

Head 25—Medical Department.

Many desirable expansions have been unavoidably deferred and the only important additions are the proposed motor dispensary for the mainland and the provision of equipment and staff for the new Maternity Block at Kowloon Hospital. A grant to the Sheklung Leper Asylum, which is desirable in view of the use which the Colony makes of this Institution, has been inserted. The personnel of the department remains almost as on the 1930 basis. It is not proposed to fill the posts of Secretary to the Director of Medical and Sanitary Services, Dental Surgeon and Dental Mechanic for which provision was made in the current year's Estimates.

Head 26—Sanitary Department.

Here it has been impossible to maintain literally the 1930 basis. Engineers and Attendants are necessary for new Bath houses,

Drivers for new motor vehicles and Steersmen and Bargemen for new refuse barges. Hon. members are already aware of the need for the meat porters in connexion with the Sanitary Board's policy for conveying all meat from slaughter house to market stall. A reduction in the number of cleansing coolies is shown. Under Special Expenditure the Board's recommendations have been inevitably cut down to the minimum necessary for a continuation of its efficiency. The motor cars included for approval are to replace two departmental vehicles which have for some years been in a state of dissolution and are now past work.

Head 27—Botanical and Forestry Department.

This calls for a new post of storeman which is considered essential.

Head 28—Education Department.

Subsidies to Elementary Vernacular Schools have been reduced of necessity and various other sub-heads of Other Charges show reductions.

Head 29—Public Works Department.

A number of officers whose duties are entirely connected with Loan Works have been taken out of the departmental estimates; details appear in Appendix VII. The only additional staff asked for is two Waterworks Inspectors whose appointment has already been approved by the Finance Committee.

The posts of four engineers and four overseers which became vacant this year through retirements, etc., have not been filled and no provision is made for them in 1931 Estimates in view of the smaller programme of work.

Head 30—Public Works Recurrent.

Drastic reductions have been made, as will be observed, in almost every item of this vote. The Colony has for long been accustomed to very high standards from the Public Works Department: but, with the devil of necessity driving it is felt that a proper margin of efficiency can still be secured at a lower cost though perhaps a reduction of the finish that adorns the department's work may be necessitated.

Head 31—Public Works Extraordinary.

Here again the utmost possible economy has been enforced, and most of the expenditure is in the nature of commitments for works already in hand. We cannot call an absolute halt in the matter of development but when the business of balancing the Budget was taken in hand it was clear that expenditure under this Head

beyond a figure of two and a half million dollars simply could not be contemplated and the Director of Public Works has drawn up his programme, or rather cut it down, with this figure in his mind: his customary memorandum on the subject is in the hands of Hon. members. Many desirable items have in the circumstances necessarily been deferred such as markets and latrines asked for by the Sanitary Board, the C. Block of Kowloon Hospital, Postal developments in the Kowloon Peninsula and of course road extensions. The drastic nature of the cuts made will be realised when I state that the total of the suggestions, requirements and demands received from all Department under this Head reached a figure exceeding ten million dollars: and the average allocation in the Estimates for the past five years has been over \$3,684,000 though the provision has not usually been expended. No doubt members of this Council will miss from the completed list one work or another which they would have liked included: and equally no doubt variations of the list which would remain "just as good" are possible: but the programme now before you represents the best effort of the Government after very careful consideration of detail to fashion its coat according to the attenuated supply of cloth available. It will be no party dress, but it is hoped it will prove a useful working garment.

Head 32—Kowloon-Canton Railway.

Considerable reductions are shown under Other Charges and the only Special Expenditure item calling for remark is the re-building of Sheung Shui Station which had to be rebuilt or abandoned. The increase in Engine drivers under E. 3-1-1-1 has already been approved by Finance Committee. Under E. 4-9 six more men are needed for the Central Mechanical Works.

Head 33A—Volunteer Defence Corps.

This shows considerable decreases in Other Charges and less Special Expenditure than usual.

Head 34—Miscellaneous Services.

The grants to the Civil Service Cricket Club, to the Royal Society of Tropical Medicine and for the proposed History of Hong Kong constitute commitments which have already been approved by Finance Committee, as also has the increased subsidy for Broadcasting. It has been necessary to insert a sum of \$50,000 for the decennial Census due next year, and a lump sum of \$50,000 for the Chinese New Year bonus recommended by the Salaries Commission. A new sub-head "Acting pay" has been entered. This expenditure has as a rule been met from the lapsing pay of each department, but the creation of the new sub-head is considered to be in better order. The general subsidy to the University has been put at the revised 1930 figure of \$350,000 for which approval was recently obtained in this Council.

Head 35—Charitable Services.

Only two additions are made both of which I am sure will be acceptable to Hon. members, *viz.* grants to the Tung Wah Eastern Hospital and to the Salvation Army.

Estimates of Revenue.

I now turn to the Estimates of Revenue. The Treasurer has prepared his usual memorandum on Revenue covering the three years 1929, 1930 and 1931 and copies of this are in the hands of Hon. members: and he shows the additional taxation already imposed in 1930, namely the new tobacco duties, increased rates of postage and the tax on petrol, and the estimated return from these sources during 1931. In spite of the economic basis on which the estimates of expenditures have been prepared, the causes referred to at the beginning of my speech render further taxation inevitable to reduce to reasonable dimensions the gap between the estimated Revenue and Expenditure for 1931. How to ensure that the incidence of new taxes will be such as can most easily and fairly be borne by the Colony has received the most careful consideration and I trust that Hon. members will agree that the Government's proposals in this respect should be adjudged equitable and as little burdensome as it is possible to make them. The Amusement Tax which was foretold by my predecessor in this Council on the 19th of June is expected to produce some \$300,000. Further it is proposed to increase the Light Dues and the Fees for the use of Government Buoys to continue the scale for Sunday working cargo (which now stops at ships of 2,000 tons only) and to bring the method of signing ships' crews on and off into consonance with that in force in other parts of the Empire and legislation to this end will be proposed before the end of this year. The total increased return is expected to approximate to \$364,832. The Government is loth to take any step that increases the charges on the shipping of the port, but Shipping Companies in the majority of cases either operate on a gold basis or have increased their dollar charges. The present Light and other Dues were imposed when the dollar was worth something about double its present value so that the proposed increases cannot be regarded as other than fair and equitable.

But the most important item in the Government's programme for raising additional revenue is the proposal to increase the General Assessment Rate by 4%. This is the fairest in its incidence of all forms of direct taxation, and is the easiest and the most economical to collect. Extra taxation being unavoidable, early examination of this source was equally so: and it could not help but be selected. I would remind Hon. members that the extra rate was 7% during the War Period, and even if the Government had to reimpose this figure now—action which it is hoped to avoid—reference to Mr. Southorn's speech in this Chamber on the 19th of June, 1930, will show that we would still remain a lightly taxed community in comparison with our

neighbours in the East, or indeed with almost any other community. All taxation is distasteful: but it is hoped that Hon. members will agree that this ingredient in the medicine we must necessarily take for our condition has been correctly prescribed.

The Government further proposes in accordance with a recommendation of the Board of Education to raise slightly the fees for some of the higher classes in the public schools, to increase certain stamp fees, notably those on receipts, cheques and Bills of Lading, and to increase the maximum percentage of death duties.

I may say that in raising the stamp fee on receipts Government proposes to raise the amount below which exemption from a stamp is allowed to \$20. This will provide a measure of relief in the case of small amounts.

One Head of Revenue calls for further notice. The contributions from Shipping Companies for Anti-piracy escorts (which are not liable to Military Contribution) are estimated at a total of \$143,272 and as the expenditure under Police Force is put at a total of \$115,234, it would seem at first sight that the Government actually proposes to profit from this source to the extent of \$28,000. The contributions however were fixed to cover a number of items for which Government accepts the liability—such as pensions, gratuities and passages where payable, and also overhead charges which would require an elaborate system of accounting to separate from the general Police Estimates which will bear them. The figures of the contributions have been agreed with the companies concerned.

One observation it is perhaps desirable to make before leaving, Revenue. It will be observed that under Licences and internal Revenue the head "Carriage etc. Licences" has now been altered to the head "Vehicles" with sub-divisions for the various classes of vehicles.

For information on the general financial state of the Colony I would refer Hon. members to Appendices IV to VI of the draft Estimates which contain very full statements of the position.

Loan Account.

I now turn to the Loan Account. The Appendices show the present position as regards the 1927 Public Works Department Loan which is due for repayment in 1932, and it is clear that in the course of the coming year the floating of a fresh loan must be contemplated for the repayment of certain sums amounting to some two million dollars already owed to Surplus Balances for loan works and for a start to be made on certain other important works which it is hoped to finance by these means. A new Gaol and a new Government Civil Hospital are such works: the expenditure on Ferries is already included though more discussion of this matter will be necessary before Government can consider expenditure beyond the \$1,300,000 required

for the piers. I may add that in regard to the Government Civil Hospital and Water schemes it is proposed to apply for some assistance from the Colonial Development Fund.

Lightly Taxed Colony.

While the gravity of the financial situation as shown by these Estimates is clear to see, I should like to end in a more cheerful strain. The Colony is, as has so often been said, lightly taxed and will still be lightly taxed in 1931 if the proposals now being made are accepted. The dislocation occasioned by the rapid drop of some 8d. in exchange was a disaster. But, now that the first shock is over, trade, as I am informed, is showing some signs of settling down again. Money is easy by reason of the glut of silver and there should be no difficulty in financing a loan on easy terms when the time comes. The share market indicates that commercial undertakings are expected to prosper. Land sales are at a high level and on all hands we see building in progress. And the Colony has the legacy of many fat years in the way of fine roads, substantial buildings and solid Harbour assets. It would be idle to deny that there must be some anxiety about the immediate future, but a revival, and within a measurable time, is inevitable: and one the opportunity for which they are daily waiting is afforded, the wonderful recuperative power of the Chinese Race will make the recovery a rapid one.—(Applause).

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

PILOTS ORDINANCE, 1930.

THE ATTORNEY GENERAL moved the second reading of "A Bill to provide for and regulate the employment of pilots." He said: Before this Bill was introduced into this Council it was submitted to the members of the Pilotage Board. The only change that has been made in it is the note in Appendix "B" on page 8 of the Bill that pilotage charges between sunset and sunrise will be doubled. 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.

Upon Council resuming,

THE ATTORNEY GENERAL reported that the Bill had passed through Committee without amendment, and moved the third reading.

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

ADJOURNMENT.

H.E. THE GOVERNOR.—It is proposed that the Council should adjourn until October 16th, if that will give Unofficial members sufficient time to consider the Estimates.

HON. MR OWEN HUGHES.—Yes.

FINANCE COMMITTEE.

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

Votes totalling \$60,199, contained in message No. 13 from H.E. the Governor, were considered.

Item 115: \$3,200.

THE COLONIAL SECRETARY.—Honourable members will notice that this is a slightly new departure. Instead of having a separate Minute for each detail of the excess in amount owing to the difference in exchange, a schedule has been put at the end of the Message.

All the votes were approved.
